

[ON PAKISTAN STAMP PAPER]

PERFORMANCE GUARANTEE¹

To: Chief Executive officer
Alternative Energy Development Board
Ministry of Water & Power
Government of Pakistan
On behalf of the President of the
Islamic Republic of Pakistan

Date of the Performance Guarantee: [---]²

Amount of this Performance Guarantee³: US\$ [---] (United States Dollars ---)⁴ (hereinafter, the “Guaranteed Sum”)

Validity upto: [---]⁵

THIS PERFORMANCE GUARANTEE is executed at [---place---] on this [---] day of [---month---] [---year---] by:

(i) [---Name of the issuing Bank---] having its office at [---] (hereinafter referred to as the “**Guarantor**,” which expression shall mean and include its successors, administrators and legal representatives);

(ii) on the request and on behalf of [*Names of the Company and the Sponsors*] (hereinafter referred to as the “**Project Company** and the “**Sponsors**”, which expressions shall mean and include their successors, executors, administrators and legal representatives, jointly and severally);

(iii) in favour of the Alternative Energy Development Board (**AEDB**), Islamabad (hereinafter also referred to as the “**Beneficiary**,”), and the [respective provincial government department] () as the **joint beneficiary**, which expressions shall mean and include their successors, administrators and legal representatives, jointly and severally.

WHEREAS:

¹ The Performance Guarantee should be issued by a reputable bank acceptable to AEDB, with a credit rating of ‘A’ or higher.

² Dates and figures should also be mentioned in words.

³ The Project Company will be required to post a Performance Guarantee of two thousand five hundred United States Dollars (US\$) per MW in favor of AEDB. [Per RE Policy]

⁴ Amount must be only in US\$.

⁵ The Performance Guarantee must be valid till three (3) months beyond the Financial Closing Date

As required by the Beneficiary, prior to the issuance of the Letter of Support (the “**LOS**”) to the Project Company and in consideration thereof, the Guarantor, at the request and on behalf of the Sponsors and the Project Company, hereby furnishes this irrevocable, unconditional, without recourse, on demand bank guarantee (hereinafter referred to as the “**Performance Guarantee**”) in favour of the Beneficiary to secure the performance of the Sponsors’ and the Project Company’s joint and several obligations under and in accordance with the LOS: (i) to cause the execution of the Implementation Agreement with AEDB on behalf of the President of the Islamic Republic of Pakistan (IA), the Energy Purchase Agreement with the Power Purchaser (EPA), the Land Lease Agreement (LLA) [and Water Use Agreement (WUA)⁶] with the Government of [•] (together the “**Project Agreements**”); and (ii) to achieve Financial Closing under and in accordance with the terms of the LOS, and (iii) to pay the Termination Payment (as defined in the LOS) if the Project Company exercises the Termination Option (as defined in the LOS) under and in accordance with the terms of the LOS (hereinafter, the “**Guaranteed Obligations**”).

NOW THEREFORE, this Performance Guarantee witnesseth as under:-

1. In the event that the Sponsors or the Project Company at any time during the validity of this Performance Guarantee default in, delay, or fail to perform any or all of the Guaranteed Obligations, with the Beneficiary being the sole arbiter of the default or delay in or failure of performance of the Guaranteed Obligations by the Sponsors and/or the Project Company, the Guarantor shall, on the Beneficiary’s first written demand, pay to the Beneficiary by any method of payment acceptable to the Beneficiary, the entire sum of, or any portion demanded by it, of the sum of, [---*amount of this Performance Guarantee in words*---] (US\$ ---). Such first written demand of the Beneficiary shall only be required to state without more that the Sponsors and/or the Project Company has defaulted in, or delayed, or failed to perform one or more of the Guaranteed Obligations.
2. The Guarantor hereby binds itself unconditionally and irrevocably and undertakes and guarantees to honour the Beneficiary’s first written demand and to pay the Guaranteed Sum to the Beneficiary within two (2) working days of the date of demand by the Beneficiary (excluding the date of demand but including the date of payment), as primary obligor and not merely as surety, on first written demand by the Beneficiary, without protest or demur and without reference, notice or recourse to either the Sponsors or the Project Company or any other person. The Guarantor hereby expressly waives all rights to deny its obligation under this Performance Guarantee to the Beneficiary irrespective of any dispute, difference, or disagreement between either the Sponsors and the Beneficiary or the Project Company and the Beneficiary or contest by any other party or person.
3. This Performance Guarantee shall remain in full force and be effective for a period of up to [---*validity of this Performance Guarantee*---], and the Guarantor’s obligation under this Performance Guarantee shall be for the

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payment of the Guaranteed Sum or part thereof, as may be demanded by the Beneficiary from time to time.

4. The Beneficiary may, if and when and in such manner as the Beneficiary in its sole discretion deems appropriate, grant time or other indulgence to, or accept or make any composition or arrangement with the Sponsors or the Project Company and/or vary, renew, discharge, realize, release, enforce or deal with any other securities, guarantees, obligations, decrees, contracts or agreements, now or hereafter made or held by the Beneficiary, and such acts shall not affect in any way whatsoever the Beneficiary's rights under this Performance Guarantee and shall not affect in any way whatsoever the Guarantor's liability hereunder or discharge the Guarantor from its obligations under this Performance Guarantee.
5. The Guarantor's obligations as set out in this Performance Guarantee shall be continuing obligations and shall not be modified or impaired upon the happening, from time to time, without the Guarantor's assent or otherwise, of any act or omission, or any circumstances or events which would otherwise discharge, impact or otherwise affect any of the Guarantor's obligations contained in this Performance Guarantee.
7. Demands under this Performance Guarantee may be made at any time and from time to time in accordance with its terms up to the Guaranteed Sum. For the avoidance of doubt, the Beneficiary is entitled to raise multiple demands not exceeding in the aggregate the Guaranteed Sum.
8. No delay or failure to exercise any right or remedy under this Performance Guarantee by the Beneficiary shall constitute a waiver of such right or remedy. No single or partial exercise of any right or remedy shall preclude any other or further exercise thereof or of any other right or remedy. No waiver by the Beneficiary shall be valid unless made in writing.
9. No set-off, counterclaim, reduction, or diminution of any obligation or liability that the Guarantor has or may have against the Project Company, the Sponsors or the Beneficiary shall be available to it against the Beneficiary in connection with any of its obligations to the Beneficiary under this Performance Guarantee. The Guarantor shall make all payments under this Performance Guarantee in US Dollars and in full, without set-off or counterclaims and free and clear of any deductions or withholdings, in immediately available, freely transferable, cleared funds for value on the due date to the Beneficiary, provided that if the Guarantor is required to make any deduction or withholding from such payments under applicable law, it shall pay to the Beneficiary such additional amount necessary to ensure that the Beneficiary receives an amount equal to the amount which it would have received had no such deduction or withholding been made.
10. The Guarantor hereby declares and confirms that under its constitutive documents and applicable laws and regulations it has obtained the necessary power and authority and all necessary authorizations, approvals and consents thereunder to enter into, execute, deliver and perform the obligations it has undertaken under this Performance Guarantee, which obligations are valid and legally binding on and enforceable against the Guarantor under the laws of Pakistan. The Guarantor further represents and warrants that the signatory(ies) to this Performance Guarantee are the Guarantor's duly authorized officers.

11. This Performance Guarantee shall be governed by the laws of Pakistan and shall come into full force and effect on the date of its issuance by the Guarantor.
12. The Guarantor's maximum liability under this Performance Guarantee is limited to the Guaranteed Sum. This Performance Guarantee shall expire at the official closing of the counters of the Guarantor, [---name of the Branch---] [---city---], on the [---] day of [---month---] [---year---]. The Guarantor's obligation under this Performance Guarantee is limited to payment of claims lodged in writing and delivered via courier or by facsimile to [---name of the Branch---] [---city---] [---facsimile number---], on or before the expiry date, following which date, and without prejudice and subject to any liability for demands made or presented on or before the expiry date, the Guarantor shall stand fully discharged and released from any and all obligations, claims and liabilities under this Performance Guarantee whether or not this Performance Guarantee is returned to the Guarantor.
15. The Guarantor acknowledges and agrees that all the consents and approvals from the relevant entities including but not limited to the State Bank of Pakistan have been obtained authorizing the Guarantor to pay the Beneficiary the Guaranteed Sum in United States Dollars on demand in accordance with the terms and conditions of this Performance Guarantee.
16. Capitalised terms not otherwise defined herein shall bear the meaning ascribed to them in the LOS.

For and on behalf of the Guarantor:

*[To be signed by the authorized signatory(ies) of the Bank,
Dated and Stamped with the Bank's Stamp]*

*[Also to be witnessed by two adult male witnesses, specifying in each case, the
full name, National Identity Card # if any, and address]*