

SINDH RENEWABLE ENERGY COMPALNY LIMITED

And

M/S XXX (PRIVATE) LIMITED

SITE SUB-LEASE AGREEMENT

-RELATING TO-

**A SOLAR POWERED 120 MW (CONTRACT CAPACITY) POWER GENERATION COMPLEX
AT**

**DEH HALKANI & DEH BUND MURAD , DISTRICT WEST
PROVINCE OF SINDH, PAKISTAN**

**MADE AT
KARACHI, PAKISTAN**

SITE SUB-LEASE AGREEMENT

This **SITE SUB-LEASE AGREEMENT** (the “**Site Lease Agreement**”) is made at _____ on this XX day of month XX, 20XX

By and Between

SINDH RENEWABLE ENERGY COMPANY (PVT.) LIMITED, a public limited company, fully owned by Energy Department, Government of Sindh established under the laws of Pakistan (hereinafter referred to as “**SRECL**” which expression shall, wherever the context requires or permits, include its successors in interest and permitted assigns)

And

M/S XXX (PRIVATE) LIMITED, a private limited company incorporated under the laws of Pakistan, having its registered office at (address), Pakistan (hereinafter referred to as the “**Company**”, which expression shall, wherever the context so requires or permits, include its successors in interest and permitted assigns).

Each of SRECL and the Company is hereinafter referred to individually as a “**Party**” and, collectively, as the “**Parties**”.

RECITALS

- A. **WHEREAS**, pursuant to the Alternative and Renewable Energy Policy, 2019 (the “**ARE Policy 2019**”) of GOS (as defined herein below), to involve the private sector in the development and generation of Alternate or Renewable Energy (as hereinafter defined), SRECL has been established to promote and facilitate power generation through Alternative or Renewable Energy sources;
- B. **WHEREAS**, consistent with the Government policies and guidelines on development and generation of Alternative or Renewable Energy, the Company has proposed to design, engineer, construct, commission, insure, finance, operate and maintain the Complex (as hereinafter defined), together with allied and incidental infrastructure and facilities at the Site (as hereinafter defined), for supply of electric power in terms of the Energy Purchase Agreement (as hereinafter defined);
- C. **WHEREAS**, for the purposes mentioned above in Recitals A and B, SRECL has procured certain parcels of land from the GOS through Sindh Solar Energy project pursuant to Statement of Conditions 2015 issued on 11th June 2015, and further agreed to sub-lease the Site (as hereinafter defined) to the Company for purposes of the Project (as hereinafter defined) under this Site Lease Agreement.; and
- D. **WHEREAS** the Company, having been granted the Letter of Intent dated (insert date) by K-Electric Limited (“**KE**”) after being declared a successful Bidder vide Competitive Bidding under National Electric Power Regulatory Authority (Electric Power Procurement) Regulations, 2022, and entering into the Energy Purchase agreement with KE, SRECL hereby agrees to demise unto the Company the Site by way of an exclusive sub-lease, together with all rights, easements, and privileges appurtenant thereto, to be held and enjoyed by the Company for purposes of the Project (as hereinafter defined), upon terms and conditions specified in this Site Lease Agreement.

NOW, THEREFORE, in consideration of the mutual benefits to be derived and the representations and warranties, conditions and undertakings herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

ARTICLE I DEFINITIONS & RULES OF INTERPRETATION

1.1 Definitions

Wherever used in this Site Lease Agreement, the following terms shall bear the meaning ascribed below:

“Alternate or Renewable Energy” – Refer to ARE Policy 2019, and when used in relation to the Complex, means electric energy generated from solar energy by use of Solar PV Modules.

“Arrears” - Any cesses, dues, demands, fees, impositions, levies, liabilities, rents, taxes, or similar other charges payable to the GOS or any Govt agency on account of the use or occupancy of the Site, except the solar park fee and any payment claimed by GOS on account of default by the Company of the terms of this Site Sub-Lease.

“Company” - The meaning ascribed thereto in the Recitals to this Site Lease Agreement.

“Complex” - The meaning ascribed thereto in the Energy Purchase Agreements with KE.

“Competitive Bidding” - " shall mean the competitive process of pre qualification, obtaining bids and auction award, organized and carried out by K-Electric Limited as SOLR under the National Electric Power Regulatory Authority (Electric Power Procurement) Regulations, 2022;

“Dispute” – Any dispute or disagreement or difference arising under, out of, or in connection with or relating to this Site Sub-Lease, including, any dispute or difference concerning the existence, legality, validity or enforceability of this Site Sub-Lease or any provision hereof or the obligations or performance of a Party under any provision hereof.

“Encumbrances”- Any mortgage, charge, lien or any other arrangement or agreement having the legal effect of creating security on whole or part of the Site.

“Energy Purchase Agreement” - The Energy Purchase Agreement entered or to be entered into by and between the Purchaser and the Company in relation to the Project, for the purchase and sale of electric energy generated by the Complex, as may be amended by the parties thereto from time to time.

“Financial Closing” – The meaning ascribed thereto in the Energy Purchase Agreement

“GOS” - The Government of Sindh, Pakistan.

“Laws of Pakistan” - The meaning ascribed thereto in the Project Agreements.

“Lenders” - The meaning ascribed thereto in the Power Purchase Agreement.

“Letter of Intent” - The award of project by KE after successful Competitive Bidding.

“Party” or “Parties” - The meaning ascribed to it in the Recitals to this Site Sub-Lease.

“Project” - The meaning ascribed thereto in the Energy Purchase Agreement.

“Purchaser” - The meaning ascribed thereto in the Energy Purchase Agreement.

“Site” - All that piece and parcel of land, measuring 612 acres of land situated in Deh Halkani , Deh Bund Murad, District West, Karachi, Sindh and more particularly described in Schedule I (*Description of the Site*), being sub-leased to the Company by SRECL under this Site Sub-Lease, including the water-ways, roads, wells, rights-of-way, and other interests in land and any rights, permits and licences acquired or leased to the Company for the purposes of the Complex on, through, above or below the land described in Schedule I (*Description of the Site*) on which all or any part of the Complex is to be built or pursuant to which access thereto is obtained or which is reasonably necessary or appropriate for the operation and maintenance of the Complex.

“Site Lease Agreement” - This Site Sub-Lease Deed entered into by and between the Parties pursuant to Allotment of Land , as may be amended, varied or modified by the Parties from time to time.

“Schedule” - A Schedule to this Site Sub-Lease, which shall constitute an integral part of this Site Sub-Lease.

SOLR “ Supplier of Last Resort.

“SRECL” - The meaning ascribed thereto in the Recitals to this Site Lease Agreement.

“Term” - The term of this Site Sub-Lease as set out in Article IV (*Term and Termination of the Site Sub-Lease*).

1.2 Rules of Interpretation

For the purposes of this Site Sub-Lease, the rules of interpretation agreed to in the Energy Purchase Agreement with KE shall be incorporated by reference herein, with references to GOS construed as references to SRECL.

ARTICLE II GRANT OF SUB-LEASE

- 2.1 SRECL represents and warrants to, and covenants with, the Company that SRECL is well seized of and has, and shall have and maintain during the Term, good and valid legal and beneficial leasehold ownership, right, title and interest in and to the Site, and is entitled under the Laws of Pakistan to grant the exclusive rights therein to the Company for purposes of the Project in accordance with the terms of this Site Sub-Lease.
- 2.2 In consideration of the Company agreeing to enter into, and performing under, the Energy Purchase Agreement and agreeing to pay the solar park fee in accordance with Article III below, herein reserved, SRECL hereby demises unto the Company the Site by way of an exclusive sub-lease, together with all rights, easements and privileges appurtenant thereto, free from any Encumbrances or Arrears, to be held and enjoyed by the Company for the Term and under the other terms and conditions herein specified.
- 2.3 The Company accepts the Site, and as a sub-lessee thereof, undertakes to develop at the Site, in accordance with the Project Agreements, an Alternative or Renewable Energy supported electric power generation facility in an efficient and timely manner, in accordance with the terms of the Energy Purchase Agreements, including in particular this Site Sub-Lease. A copy of the current allocations of land by SRECL to other projects is attached herewith as part of Schedule I (*Description of the Site*).
- 2.4 For the purposes of this Site Sub-Lease, it shall be a breach or default of SRECL if any representation or warranty given by SRECL herein is or proves to be incorrect or misleading.

ARTICLE III
SOLAR PARK FEE & LATE PAYMENT CHARGE

3.1 Solar park fee:

A	Land Site	Deh Halkani
B	District	West
C	Size (Acres)	612
D	Est Capacity (MW)	120
E	Charge (per acre per year)	PKR 65,000
F	Annual Tariff Component Charge per MW (USD)	1,105

3.2 The Company shall, for purposes of the Project, pay to SRECL the solar park fee in the manner as follows: :

- (a) For the period after LOI issued by KE, SRECL acknowledges receipt of a sum in PKR equivalent to USD 1,105 per MW as Rent for such period and confirms that the same has been credited in the designated account of SRECL ;
- (b) For the Term, the solar park fee is fixed and shall be paid by the Company in advance for each year, on or before the 5th day of December , commencing from the issuance of LOI by KE;

provided that, Solar Park Fee shall be paid at the above agreed rates *pro rated* to the number of days remaining in the relevant month . The State Bank of Pakistan’s Official Conversion rate of that particular day will be used for the purpose of payment of solar park fee in Pak rupees.

- 3.3 The solar Park fee envisaged in terms of Clause 3.1 is all inclusive and shall not be subject to any variation, upwards or down wards, except as expressly provided herein. The Company shall not be liable to pay to the GOS or any local government or authority any additional amounts, rates, charges, taxes, levies, cesses or other impositions of whatever nature and howsoever called in relation to the sub-lease of the Site by SRECL to the Company hereunder, except any such demand on account of default by the Company of this Site Sub-Lease.
- 3.4 The Solar park fee paid, and payable hereunder, shall be liable to withholding and deduction in accordance with the Laws of Pakistan, and the Company shall furnish SRECL evidence of payment of such withholding or deduction promptly.
- 3.5 The Company covenants to pay SRECL a late payment charge in respect of each day of delay in the payment of any installment of the Solar park fee, due and payable hereunder, and agrees that such late payment charge shall be an amount equal to KIBOR plus four and half percent (4.5%) per annum, calculated for the actual number of days which the relevant Rent remains unpaid on the basis of a three hundred and sixty five (365) day year.
- 3.6 For the purposes of this Site Sub-Lease, it shall be a breach or default of the Company if any representation or warranty given by the Company herein is or proves to be incorrect or misleading or any obligation undertaken herein is not fulfilled.

ARTICLE IV
TERM AND TERMINATION OF SITE SUB-LEASE

- 4.1 The Term of this Site Sub-Lease shall commence on the date hereof and shall, subject to Clause 4.2 below, continue in full force for a period equal to the term of the Energy Purchase Agreement. For the avoidance of doubt, in the event there is an extension in the term of the Energy Purchase Agreement or on expiry of the Energy Purchase Agreement the Company enters into an agreement for the sale of electrical output of the

Complex with a prospective purchaser, the term of this Site Sub-Lease shall be correspondingly extended.

- 4.2 Notwithstanding anything to the contrary herein contained, this Site Sub-Lease shall be deemed void *ab initio* and of no legal effect if the Company does not achieve project milestones in accordance with the Letter of Intent issued by KE.
- 4.3 In the event Clause 4.2 becomes applicable, the Company covenants to immediately hand over peaceful possession of the Site to SRECL. Upon such handing over of possession of the Site to SRECL, SRECL shall refund to the Company the solar park fee paid by the Company in advance, if any, for the unutilized period of the Term. The Parties agree that in the event of any delay in handing over the possession of the Site to SRECL as aforesaid, SRECL shall be entitled to deduct corresponding solar park fee for such period of delay plus the late payment charge as specified in Clause 3.4 above.
- 4.4 In the event this Site Sub-Lease expires or terminates in accordance with Clause 4.1 at any time in either case after the Company has achieved Financial Closing or project targeted milestones, the Parties shall enter into and execute such further agreements, deeds, instruments or documents as may be necessary or reasonably required by SRECL to give effect to such expiry or termination. For such purpose, the Company hereby appoints SRECL as its duly authorized agent to effect the deregistration of this Site Sub-Lease and to execute such further agreements, deeds, instruments or documents as may be necessary or reasonably required by SRECL to give effect to such deregistration.
- 4.5 In the event the Company fails to pay advance solar park fee as stipulated in this Site Sub-Lease, and this non-payment persists for three (3) consecutive months, or if the Company defaults on the late payment charge under Clause 3.4 for a period of three (3) consecutive months, the Company shall be in material breach of this Site Sub-Lease, provided, however, that no late payment charge as aforesaid shall be payable by the Company if there subsists at the time of payment of advance solar park fee under this Site Sub-Lease, a breach by the Purchaser under the Energy Purchase Agreement or by the SRECL under this Site Sub-Lease.

**ARTICLE V
MISCELLANEOUS**

- 5.1 Any notice, demand, or communication required or permitted under this Site Sub-Lease shall be in writing and shall be either: (i) delivered personally; (ii) mailed by certified mail, return receipt requested; (iii) sent by courier delivery service; or (iv) facsimile machine, to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

SRECL:

Sindh Renewable Energy Company (Pvt.) Limited

3rd Floor, State Life building No.3,

Dr. Ziauddin road , Karachi

Email:

The Company:

Address ;XXXXXX

Attention +92

Email:

- 5.2 The Company shall not assign or transfer any of its rights under this Site Sub-Lease, except to the Lenders as permitted under Project Agreement, and for the purposes of this Site Sub-Lease, the Lenders shall be entitled to exercise the rights conferred thereunder in the same manner hereunder, with all references to the “GOS” Agreement being construed as references to the SRECL (in its capacity as lessor under the Site Sub-Lease), all references to the Seller shall be construed as references to the Company (in its capacity as lessee under the Site Sub-Lease), and all references to this Agreement being construed as references to the Site Sub-Lease. At the request of the Company, SRECL shall execute and deliver acknowledgements to the Lenders with respect to any assignment granted to the Lenders pursuant to this Clause 5.2, and the rights of such parties in and to this Site Sub-Lease, as the Lenders may reasonably request in accordance with customary practices in transactions of this nature. SRECL shall not assign or transfer any of its rights and obligations under this Site Sub-Lease or under the Master Lease Deed (to the extent sub-leased to the Company hereunder) without the prior written consent of the Company.
- 5.3 This Site Sub-Lease constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior understandings and communications between the Parties in respect thereof, however, nothing herein shall derogate from or supersede any obligation of the Company under any of the Project Agreements.
- 5.4 This Site Sub-Lease shall not be amended or modified orally and no amendment or modification of this Site Sub-Lease shall be effective unless and until the same is in writing and duly executed as an instrument by both Parties.
- 5.5 The failure to exercise or delay in exercising a right or remedy under this Site Sub-Lease shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies and no single or partial exercise of any right or remedy under this Site Sub-Lease shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy.
- 5.6 This Site Sub-Lease shall be governed by and construed in accordance with the laws of the Islamic Republic of Pakistan.
- 5.7 The Parties shall enter into and execute such further agreements, deeds, instruments or documents as may be necessary or desirable to give effect to this Site Sub-Lease.

- 5.8 Each Party represents and warrants to the other that it has all power, authority and approval required to enter into, execute and deliver this Site Sub-Lease and to perform fully its obligations hereunder, and that it has duly executed and delivered this Site Sub-Lease, which constitutes its valid and binding obligation, enforceable in accordance with the terms hereof.
- 5.9 Subject to Clause 5.2, SRECL shall not dispose of, or create or allow any Encumbrance against its interest and estate in the Site or any part thereof, provided that nothing herein shall affect the rights of the Company in this regard under this Site Sub-Lease.
- 5.10 Any Disputes between the Parties hereunder shall be resolved in accordance [with the provisions of Statement of Conditions 2015 issued by Land utilization Department] as if references to this Site Sub-Lease and references to the GOS are to the SRECL. The Senior Member Board of Revenue , Govt of Sindh or his nominee will be the final Authority.
- 5.11 The Parties recognize that the Site can be used for energy plantation without adversely affecting, among others, the erection, construction, maintenance and the production output of the Project. As a further commitment to enhancing the adoption of renewable sources for power generation, the Company is encouraged to undertake plantation of *Jatropha* or other similar plants producing bio fuel throughout the Term of this Site Sub-Lease, subject, however, to soil conditions to be verified by SRECL. The Company is encouraged to start energy plantation as aforesaid within three (3) years after the Commercial Operations Date (as defined in the Energy Purchase Agreement) to the extent it does not adversely affect the Project.
- 5.12 Subject to the Company holding and maintaining a valid letter of support or another similar approval for another alternate or renewable energy project, as may have been approved by the SRECL or any other Public Sector Entity, if any, the SRECL agrees to execute an amendment in this Site Sub-Lease to cater for any such project specific requirements upon such terms and conditions as may be mutually agreed at that time.

IN WITNESS WHEREOF the Parties hereto have hereunto set their hands and seals in the presence of subscribing witnesses:

SIGNED, SEALED AND DELIVERED.

On behalf of SRECL

On behalf of Company

By:.....

By:

Title:

Title: Company Secretary.

Signature:

Signature:.....

In the presence of Witnesses:

(1)

(2)

SCHEDULE-I

DESCRIPTION OF SITE

Details of the land

612 acres land in Deh Halkani & Deh Bund Murad, District West, Karachi

coordinates of which are as follows:

[To be inserted]

Measurement and plan of land bounded by: -

