

STAMP OFFICE CITY COURT, KARACHI.

Issued to: Shah Alam Khan

NIC/CNIC No: 288

Vide D.S. No. 1 dated 8.2.15

On behalf of Chohan No: 118 Dt. 8.2.15

for the purpose of RD

Sl. No: 8 Dated 8.2.15

[Signature]
Sr. Officer Deposits

DECLARATION OF TRUST

K-ELECTRIC LIMITED
(Issuer)

AND

PAK BRUNEI INVESTMENT COMPANY LIMITED
(Sukuk Trustee)

In respect of
Secured and Listed
Issue of Sukuk Certificates
for an amount of up to PKR 22,000,000,000/- (Pak Rupees Twenty Two Billion Only)
inclusive of a green shoe option of an amount of PKR 2,000,000,000/-
(Pak Rupees Two Billion)

Dated: February 10, 2015

[Signature]
SYED MOHAMMAD RABBI LAHALMI
Chief Financial Officer
K-ELECTRIC LIMITED

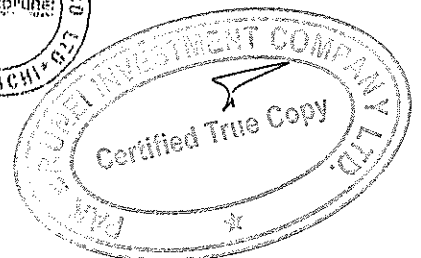
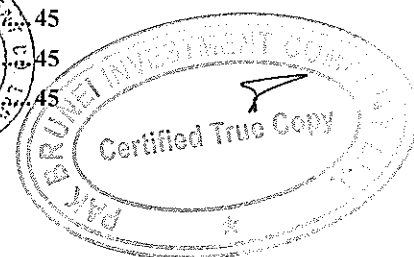



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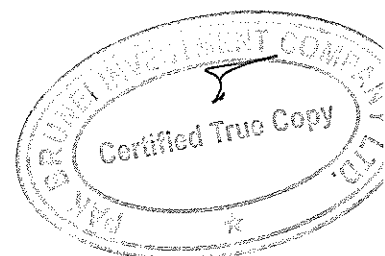
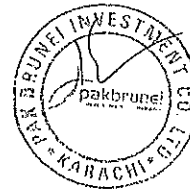
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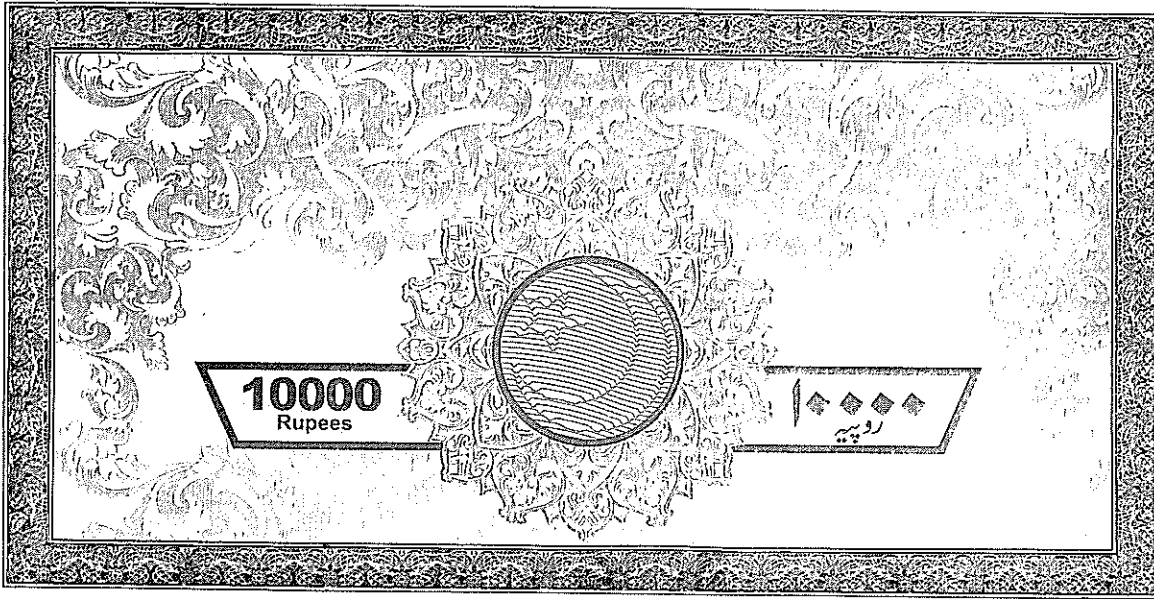
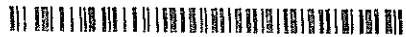
SYED SAAD HUSSAIN
 Chief Financial Officer
 K-ELECTRIC LIMITED



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 SYED MOHAMMAD ABDULLAH ALMI
 Chief Financial Officer
 K-ELECTRIC LIMITED





STAMPED OFFICE (CITY COUNCIL, KARACHI) _____
 Treasurer: *Shah Wali Khan*
 No: *288*
 Date: *10/2/15*
 On behalf of: *118/29*
 for the purpose of: *112/15*
 U.E. No: *8*

[Signature]

DECLARATION OF TRUST

THIS DECLARATION OF TRUST is executed on this 10th day of February, 2015 (this Declaration)

By

K-ELECTRIC LIMITED, a public limited company incorporated under the laws of the Islamic Republic of Pakistan and having its registered office at KE House, Plot No.39/B, Sunset Boulevard, DHA Phase II, Karachi (hereinafter referred to as the **Issuer**), which expression shall unless repugnant to the context include its successors-in-interest and permitted assigns) of the first part;

In favour of:

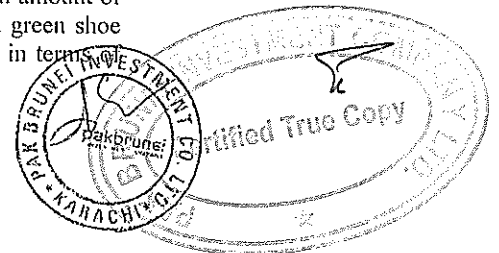
PAK BRUNEI INVESTMENT COMPANY LIMITED, a development financial institution/banking company incorporated under the laws of Islamic Republic of Pakistan and having its registered office at Horizon Vista, Commercial 10, Block No. 4, Scheme No. 5, Clifton, Karachi (hereinafter to be referred as **Sukuk Trustee** which expression shall unless repugnant to the context include its successors-in-interest and permitted assigns) of the second part.

(The Issuer and the Sukuk Trustee are hereinafter collectively referred to as the Parties).

Whereas:

- A. The Issuer proposes to issue Shariah compliant Shirkat-ul-Milk Sukuk (Sukuk), being an issue of redeemable capital under Section 120 of the Ordinance upto an amount of PKR 22,000,000,000/- (Pak Rupees Twenty Two Billion) inclusive of a green shoe option of an amount of PKR 2,000,000,000/- (Pak Rupees Two Billion) in terms of this Declaration (Sukuk Issue).

[Signature]
 SYED MOHAMMAD ARDUJAN ALVI
 Chief Financial Officer
 K-ELECTRIC LIMITED



- B. The Issuer is the legal owner of the Musharaka Assets and the Sukuk Holders (through the Investment Agent) are intended to be the beneficial owners of the Musharaka Assets pursuant to the Sukuk Transaction Documents.
- C. The Issuer has agreed to execute this Declaration and the Sukuk Trustee will be appointed as the trustee of the Trust Assets for and on behalf of the Sukuk Holders in accordance with the provisions of these presents.
- D. The Sukuk Trustee has agreed to act as Sukuk Trustee under these presents and to hold the benefit of the Trust Assets for and on behalf and in trust for the Sukuk Holders.
- E. The Issuer proposes to apply the sums paid to it by the Sukuk Holders pursuant to the Sukuk Issue towards the acquisition price of the Musharaka Assets as authorised and directed by the Sukuk Holders in the Conditions, and to issue Sukuk to Sukuk Holders representing their proportionate ownership in the Musharaka Assets (as agreed to and accepted by the Sukuk Trustee) in accordance with terms and conditions of the Sukuk Transaction Documents.
- F. This Declaration sets out the terms and conditions for the trust being created by the Issuer in respect of the Sukuk and is intended to secure the Issuer's obligation to pay the Rental Payments on the Rental Payment Dates and purchase the Sukuk on the relevant Buy Out Payment Dates and such other dates as specified in this Declaration.

NOW, THEREFORE, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 DEFINITIONS

The following capitalized terms shall have the following meanings:

Accounting Standards means the International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS), as applicable in Pakistan, promulgated by the International Accounting Standards Board (IASB) (which include standards and interpretations approved by IASB and International Accounting Standards issued under previous constitutions), together with its pronouncements thereon from time to time, and applied on a consistent basis;


ADB Loan Agreement means loan agreement entered into between K-Electric and Asian Development dated June 4, 2007 and Loan Agreement Amendment Agreement dated May 5, 2010 in respect of USD 150,000,000/- loan, as amended from time to time;

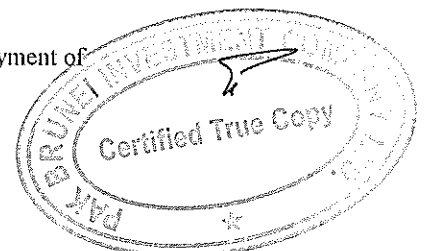
Agency Agreement means the document titled the "Agency Agreement (Investment Agent)" dated on or about the date hereof entered into between the parties thereto, appointing and authorizing the Investment Agent (as defined therein) to act in such capacity;

Amended and Restated Security Sharing Deed means the Second Amended and Restated Security Sharing Deed dated April 30, 2014 between the parties thereto in relation to the Security Sharing Deed;

Amended and Restated Collection Agreement (TFCs and Musharakah) means the Amended and Restated Collection Agreement dated February 14, 2012 executed, inter alia, between K-Electric, the Collection Bank, the Collection Agent, Musharakah Investor and the TFCs Trustees (all as specified therein);

Applicable Rate means the rate per annum specified in the Prospectus for payment of Rental Payments i.e. three (3) months KIBOR + 1%;


 SYED MOINUDDIN ALI
 Chief Financial Officer
 K-ELECTRIC LIMITED



Asset Purchase Agreement means Asset Purchase Agreement to be executed between the Issuer and the Investment Agent for purchase of the Musharaka Assets;

Authorisation means:

- (a) any authorisation, consent, registration, filing, agreement, notarisation, certificate, licence, approval, resolution, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents; or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law or regulation if an Authority intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action;

Authority means any national, supranational, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person, whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank) (including, without limitation, any stock exchange or any self-regulatory organisation established under any law or regulation);

Bin Qasim Equipment Supply Agreement means the agreement dated June 13, 2008 entered into between K-Electric and the Bin Qasim Equipment Supply Contractor for the supply of equipment for the Generation Expansion at the Bin Qasim Plant;

Bin Qasim Equipment Supply Contractor means Harbin Power Engineering Company Limited, a limited company organized and existing under the laws of People's Republic of China;

Bin Qasim Plant means K-Electric's Bin Qasim thermal power station located on the Bin Qasim Site;

Bin Qasim Site means that piece of land bearing No. EZ/1/1, measuring 903000 square meters, situated within the Port Qasim Area and within the jurisdiction of Bin Qasim Police Station, within the registration district, and sub district of Karachi, Pakistan, and bounded on the North by Old Pak Steel Boundary, on the South by Gharo Creek, on the East by Pasmic Intake Channel and on the West by Port Operation Zone, including all buildings and structures thereon;


Book Entry Securities means and includes the following:

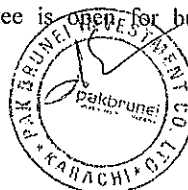
- (a) the Sukuk issued in the form of scripless book entry securities maintained in the CDS;
- (b) the Definitive Sukuk subsequent to their issuance converted into scripless book entry securities and maintained in the CDS;

Bridge Financier means Habib Bank Limited, a banking company incorporated under the laws of Pakistan;

Bridge Facility Agreement means Master Murabaha Facility Agreement dated on or about the date hereof;

Business Day means a day on which banks are open for the transaction of domestic and foreign exchange business, and the Sukuk Trustee is open for business, in Karachi;


SYED NOORUDDIN ALI
Chief Financial Officer
K-ELECTRIC LIMITED



Buy Out Price Payment Dates means the Periodic Buy Out Price Payment Dates, the Termination Date, the Call Option Date and the Sponsor Change Redemption Option Date;

Buy Out Price (Applicable Upon Termination) means the aggregate amount to be paid by the Issuer to the Sukuk Holders as payment for purchase by the Issuer of the Sukuk as a consequence of enforcement upon a Dissolution Event in terms of Section 8 of this Declaration and the Purchase Undertaking, to be calculated in terms of Condition 8.3 and Schedule 4 hereto;

Buy Out Prices means the Periodic Buy Out Price, the Buy Out Price (Applicable Upon Termination), the Buy Out Price (Early Purchase) and the Buy Out Price (Sponsor Change Redemption);

Buy Out Price (Sponsor Change Redemption) means the aggregate amount to be paid by the Issuer to Sukuk Holders as payment for purchase by the Issuer of the Sukuk upon exercise of the Sponsor Change Redemption Option by the Sukuk Holders pursuant to Section 3.4 below and the Purchase Undertaking, to be calculated in terms of Condition 8.7 and Schedule 4 hereto;

Buy Out Price (Early Purchase) means the aggregate amount to be paid by the Issuer to the Sukuk Holders as payment for purchase by the Issuer of the Sukuk as a consequence of the Call Option in terms of Section 3.3 of this Declaration and the Sale Undertaking, to be calculated in terms of Condition 8.6 and Schedule 4 hereto;

Call Option is defined in Section 3.3.1;

Call Option Date is defined in Section 3.3.2;

CDS means the Central Depository System of the CDC;

CDC means the Central Depository Company of Pakistan Limited;

CDC Sukuk Holder means and includes each person to whom the Sukuk are issued as Book Entry Sukuk and / or who converts the Definitive Sukuk into Book Entry Sukuk, at any time after the Issue Date;

Charter means the Memorandum and Articles of Association of the Issuer;


Collection Account Agreement (Senior Lenders) means the Collection Account Agreement dated June 25, 2007 (as amended from time to time), inter alia, entered into between the K-Electric, Senior Lenders and the Borrower's Account Bank (as defined therein);

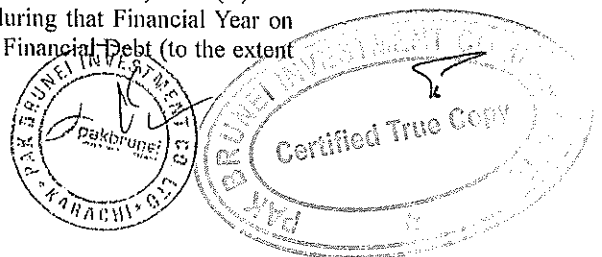
Conditions means the terms and conditions governing the Sukuk and attached herewith as **Schedule 3 (Terms and Conditions of the Sukuk)**;

Consumer Receivables means consumer receivables which are secured under the Letter of Hypothecation (Senior Lenders) as Hypothecated Consumer Receivables;

Debt Service Coverage Ratio means the ratio obtained by dividing:

- (i) the aggregate, for the Financial Year most recently ended prior to the relevant date of calculation for which audited financial statements are available, of the Issuer (A) Net Income, (B) Non-Cash Items (excluding provisions for debts considered doubtful) and (C) the amount of all payments that were due during that Financial Year on account of interest and other charges on Financial Debt (to the extent deducted from Net Income);

 by
SYED MOONIS AHMED
Chief Financial Officer
K-ELECTRIC LIMITED



- (ii) the aggregate of (A) all scheduled payments (including balloon payments) that fall due during the Financial Year in which the relevant date of calculation falls on account of principal of Long Term Debt and interest and other charges on all Financial Debt and (B) without double counting any payment already counted in the preceding paragraph (A), any payment made or required to be made to any debt service account under the terms of any agreement providing for Financial Indebtedness but excluding voluntary prepayments;

where, for the purposes of paragraph (ii) above:

- (x) subject to paragraph (y) below, for the computation of interest payable during any period for which the applicable rate is not yet determined, that interest shall be computed at the rate in effect at the time of the relevant date of calculation; and
- (y) interest on Short Term Debt payable in the Financial Year in which the relevant date of calculation falls shall be computed by reference to the aggregate amount of interest thereon paid during that Financial Year up to the end of the period covered by the latest quarterly financial statements prepared by the Issuer multiplied by a factor of 4, 2 or 4/3 depending on whether the computation is made by reference to the financial statements for the first quarter, the first two quarters or the first three quarters, respectively;

Delivery Date means the date on which the Sukuk are delivered to the Sukuk Holders in accordance with the Conditions, provided such Delivery Date will be on or before expiry of thirty (30) Business Days from last subscription date or closure of subscription period (whichever is earlier), as specified under the Prospectus;

Dissolution Event means and includes each of the events listed in Section 8.1 (*Dissolution Events*);

Definitive Sukuk means the Sukuk that are Issued in, or are subsequently thereafter converted into, the form of definitive registered Sukuk with each such Definitive Sukuk substantially in the form of Definitive Sukuk attached herewith as **Schedule 1** (*Form of Definitive Sukuk*);

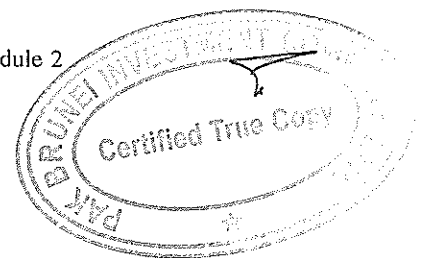
DIB Musharakah Facility Agreements means the Musharakah Facility Agreement dated March 28, 2014 between K-Electric and Musharakah Investor in respect of PKR 640,000,000 and all Transaction Documents (as specified therein), as amended from time to time;

Existing Letter of Hypothecation (Units Conversion Lenders) means Letter of Hypothecation dated April 15, 2014, as amended from time to time, executed by K-Electric in favour of Security Trustee (Units Conversion Lenders) for the benefit of Units Conversion Lenders;

Excluded Current Assets shall mean the Hypothecated Properties as defined in the JPP;

Excluded Insurance Proceeds means: (a) 85% (eighty five percent) of the insurance proceeds received in respect of the Insurances and the Insurance Contracts relating to stores and spares of K-Electric; and (b) all insurance proceeds received in respect of the Insurances and the Insurance Contracts relating to Fuel;

Extraordinary Resolution has the meaning set forth in paragraph 20 of Schedule 2 (*Provisions for Meetings of Sukuk Holders*);



FBL Facility Agreement means the Term Finance Agreement dated March 28, 2014 between K-Electric and Faysal Bank Limited in respect of PKR 1,360,000,000 (Pak Rupees One Billion Three Hundred Sixty Million) as amended from time to time;

First PKR Syndicate Agreement means the Syndicated Term Finance Agreement dated May 23, 2007 between K-Electric and Habib Bank Limited, National Bank of Pakistan, United Bank Limited and MCB Bank Limited in respect of PKR 8,000,000,000/-, as amended from time to time;

Financial Indebtedness means any indebtedness of the Issuer for or in respect of:

- (a) borrowed money;
- (b) the outstanding principal amount of any bonds, debentures, notes, loan shares, commercial paper, Sukuk, acceptance credits, bills or promissory notes drawn, accepted, endorsed or issued by the Issuer;
- (c) the deferred purchase price of assets or services (except trade accounts incurred and payable in the ordinary course of business to unsecured trade creditors);
- (d) non-contingent obligations of the Issuer to reimburse any other Person for amounts paid by that person under a letter of credit or similar instrument (excluding any letter of credit or similar instrument issued for the account of the Issuer with respect to trade accounts incurred and payable in the ordinary course of business to trade creditors within ninety (90) days of the date they are incurred and which are not overdue, provided that such letter of credit or similar instrument matures within such ninety (90) day period);
- (e) the amount of any obligation in respect of any Financial Lease;
- (f) amounts raised under any other transaction having the financial effect of a borrowing and which would be classified as a borrowing (and not as an off-balance sheet financing) under the relevant Accounting Standards;
- (g) the amount of the Issuer's obligations under derivative transactions entered into in connection with the protection against or benefit from fluctuation in any rate or price (but only the net amount owing by the Issuer after marking the relevant derivative transactions to market);
- (h) any premium payable on a mandatory redemption or replacement of any of the foreign items; and
- (i) the amount of any obligation in respect of any guarantee or indemnity given by the Issuer for any of the foregoing items incurred by any other person;

Financial Lease means any lease or hire purchase contract which would, under the IFRS, be treated as a finance or capital lease;

Financial Indebtedness Documents means loan/financing documents, security documents, deeds and any other documents executed by K-Electric in relation to the Financial Indebtedness of K-Electric;

Fuel means the Residual Fuel Oil stored at the Bin Qasim Site, the Korangi Site, the Korangi Gas Site and the S.I.T.E. Plant Site;

Future Secured Lenders' Undertaking means the Future Secured Lenders' Undertaking to be executed by the Sukuk Trustee in favour of each of the Senior Lenders in the form and substance attached as **Schedule 5**;

Hypothecated Assets means all present and future:

SYED MOHAMMAD ABBAS / MANAGER
CHIEF FINANCIAL OFFICER
K-ELECTRIC LIMITED



- (a) assets and properties (excluding stores, spares and Fuel) existing and located on each of the Bin Qasim Site (other than Units 3 and 4 of BQPS-1), the Korangi Site, the Korangi Gas Plant Site and the S.I.T.E. Plant Site, including without limitation:
- (i) all plants, machineries and equipments existing and located in each of the Bin Qasim Plant (other than Units 3 and 4 of BQPS-1), the Korangi Plant, the Korangi Gas Plant and the S.I.T.E. Plant;
 - (ii) the assets and properties forming part of the Generation Expansion and the Jenbacher Project Expansion;
 - (iii) the assets and properties supplied to K-Electric by the Bin Qasim Equipment Supply Contractor under the Bin Qasim Equipment Supply Agreement, the Korangi Equipment Supply Contractor under the Korangi Equipment Supply Agreement and the Jenbacher Supplier under the Jenbacher Supply Contracts; and
- (b) such stores and spares of K-Electric, wheresoever located, which are of a value not more than fifteen percent (15%) of the aggregate value of all stores and spares, wheresoever located, of K-Electric;

(other than immovable properties, the Excluded Current Assets, the Hypothecated Consumer Receivables, the Hypothecated Account and Deposits, the Project Document Rights, the Insurance Monies, the Insurance Rights, Hypothecated Receivables (Facility Parties) and Hypothecated Account and Deposit (Facility Parties);

Hypothecated Consumer Receivables shall have the meaning assigned to the term in the Letters of Hypothecation (Senior Lenders);

Hypothecated Account and Deposits shall have the meaning assigned to the term in the Letters of Hypothecation (Senior Lenders);

Hypothecated Receivables (Facility Parties) shall have the meaning assigned to the term in the Letter of Hypothecation of Receivables (Units Conversion Lenders);

Hypothecated Account and Deposit (Facility Parties) shall have the meaning assigned to the term in the Letter of Hypothecation of Receivables (Units Conversion Lenders);

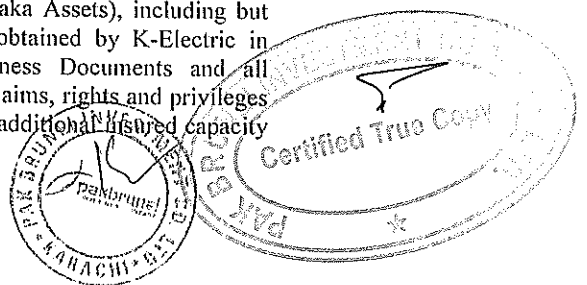
Hypothecated Properties means each of the following:

- (i) Hypothecated Assets;
- (ii) Project Document Rights;
- (iii) Insurance Monies; and
- (iv) Insurance Rights;

IFC Loan Agreement means loan agreement entered into between K-Electric and IFC dated March 22, 2007 and Loan Agreement Amendment Agreement dated May 5, 2010 in respect of US 125,000,000/-, as amended from time to time;

Insurance/Takaful means all contracts and policies of insurance and reinsurance of any kind relating to (in whole or part) assets and properties of K-Electric taken out or to be taken out from time to time and maintained (in whole or part) in relation to the assets and properties of K-Electric (including the Musharaka Assets), including but not restricted to the Insurances/Takaful required to be obtained by K-Electric in accordance with the terms of the Financial Indebtedness Documents and all amendments and renewals thereof including the benefits, claims, rights and privileges of any secured parties by virtue of any loss payee and / or additional insured capacity of such secured parties;

SYED A. H. HUSAIN
 CHIEF FINANCIAL OFFICER
 K-ELECTRIC LIMITED



Insurance Contracts means the policies and other insurance arrangements pertaining to the Insurance/Takaful, including but not restricted to the policies of insurance listed in **Part 1 of Schedule 6** and any supplemental/amendment/extension thereof;

Insurance Monies means and includes all amounts that may be paid and / or that K-Electric may have a claim on pursuant to the Insurances and the Insurance Contracts;

Insurance Rights means all the rights to and benefits of, K-Electric under the Insurance/Takaful or the Security Trustee (Senior Lenders) by virtue of loss payee and / or additional insured provisions related to the Insurance, and includes all claims and other sums (including refund of premium) payable under, and the right to make all claims and recover all sums payable under all Insurance Contracts provided however excluding, at all times, the Excluded Insurance Proceeds;

Investment Agent means Pak Brunei Investment Company Limited and the Investment Agent is acting as agent in respect of the Sukuk pursuant to the Agency Agreement;

Investment Agent's Musharaka Share means the share of the Investment Agent in the Musharaka Assets (for the benefit of the Sukuk Holders) as envisaged in the Musharaka Agreement;

Issue Date means the date on which the Sukuk are Issued, provided such Issue Date is not later than thirty (30) Business Day from last subscription date or closure of subscription period (whichever is earlier), as specified under the Prospectus;

Issued means entering the name of the Sukuk Holders into the Register as being the registered holder of the Sukuk entered against the name of each such Sukuk Holder;

Jenbacher Supplier means GE Jenbacher GmbH & Co. OHG;

Jenbacher Supply Contracts means the two contracts dated November 22, 2009 for the supply of 64 GE gas engines between K-Electric and the Jenbacher Supplier;

Jenbacher Project Expansion means the expansion and placing into operation of new power generation facilities of up to 90 MW in aggregate at the Korangi Gas Plant and up to 90 MW at the S.I.T.E Plant;

JPP the document entitled Joint Pari Passu Letter of Hypothecation dated April 26, 2010, as amended from time to time, entered into by K-Electric and the Short Term Financiers (as specified therein) under which K-Electric provides Liens over certain of its assets in favour of the Short Term Financiers;

Korangi Equipment Supply Agreement means the agreement dated January 23, 2007 entered into between K-Electric and the Korangi Equipment Supply Contractor for the supply of equipment for the Generation Expansion at the Korangi Plant;

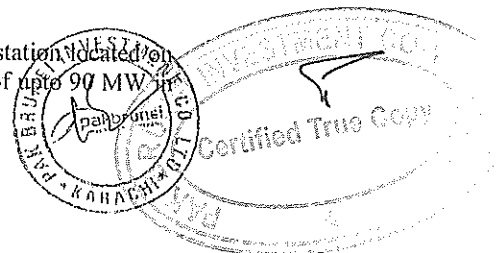
Korangi Equipment Supply Contractor means Metal Constructions of Greece S.A. (Metka), a company organized and existing under the Hellenic Republic of Greece;

Korangi Plant means K-Electric's Korangi thermal power station located on the Korangi Site consisting of the existing power generation facilities of 250 MW and new power generation facilities of up to 220 MW in aggregate constructed at the Korangi Site as part of the Generation Expansion;

Korangi Site means that piece of land measuring approximately 60 acres at Deh Ibrahim Hyderi, Bin Qasim Town, Karachi, Pakistan, including all buildings and structures thereon;

Korangi Gas Plant means K-Electric's 80 MW gas turbine power station located on the Korangi Gas Plant Site and the new power generation facilities of up to 90 MW in

SYED
CH. F. H. H. H.
K-ELECTRIC



aggregate constructed at the Korangi Gas Plant Site as part of the Jenbacher Project Expansion;

Korangi Gas Plant Site means that piece of land measuring approximately 4 acres at Naclass-376, Deh Pihai, Korangi Town, Korangi Industrial Area, Karachi, Pakistan, including all buildings and structures thereon;

Letter of Hypothecation means Letter of Hypothecation to be executed by the Issuer in the form and substance attached as **Schedule 8**, in terms whereof a second ranking hypothecation charge by way of hypothecation over the Hypothecated Properties will be created in favour of the Sukuk Trustees (for the benefit of the Sukuk Holders), which: (a) will be subordinated to charges previously created in favour of Senior Lenders and the Units Conversion Lenders under Letters of Hypothecation (Senior Lenders) and the Existing Letter of Hypothecation (Units Conversion Lenders); and (b) shall in every respect rank pari passu with subordinated charges created in terms of the Letter of Hypothecation (Units Conversion Lenders) and the Letter of Hypothecation (Bridge Financier);

Letter of Hypothecation (Units Conversion Lenders) means Letter of Hypothecation to be executed by the Issuer in favour of Security Trustee (Units Conversion Lenders) for the benefit of Units Conversion Lenders on or about the date hereof, in terms whereof a second ranking hypothecation charge by way of hypothecation over the Hypothecated Properties will be created in favour of the Security Trustee (Units Conversion Lenders) for the benefit of Units Conversion Lenders, which: (a) will be subordinated to charges previously created in favour of Senior Lenders and the Units Conversion Lenders under Letters of Hypothecation (Senior Lenders) and the Existing Letter of Hypothecation (Units Conversion Lenders); and (b) shall in every respect rank pari passu with subordinated charges created in terms of the Letter of Hypothecation and the Letter of Hypothecation (Bridge Financier);

Letter of Hypothecation (Bridge Financier) means Letter of Hypothecation to be executed by the Issuer in favour of the Bridge Financier on or about the date hereof, in terms whereof a second ranking hypothecation charge by way of hypothecation over the Hypothecated Properties will be created in favour of the Bridge Financier, which: (a) will be subordinated to charges previously created in favour of Senior Lenders and the Units Conversion Lenders under Letters of Hypothecation (Senior Lenders) and the Existing Letter of Hypothecation (Units Conversion Lenders); and (b) shall in every respect rank pari passu with subordinated charges created in terms of the Letter of Hypothecation (Units Conversion Lenders) and the Letter of Hypothecation;

Letter of Lien and Set-Off means the Letter of Lien and Set-Off to be issued by the Issuer in favour of the Sukuk Trustee creating a lien over the Sukuk Payment Account in the form and substance attached as **Schedule 7**;

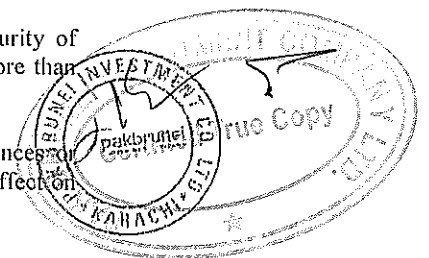
Letters of Hypothecation (Senior Lenders) means: (a) Foreign Letter of Hypothecation dated May 5, 2010, as amended from time to time, executed by K-Electric in favour of the Security Trustee (Senior Lenders) for the benefit of certain foreign Senior Lenders; and (b) Local Letter of Hypothecation dated May 5, 2010, as amended from time to time, executed by K-Electric in favour of the Security Trustee (Senior Lenders) for the benefit of certain local Senior Lenders;

Letter of Hypothecation of Receivables (Units Conversion Lenders) means Letter of Hypothecation of Hypothecated Receivables and Accounts dated April 15, 2014, as amended from time to time, executed by K-Electric in favour of Security Trustee (Units Conversion Lenders) for the benefit of Units Conversion Lenders;

Long Term Debt means that part of Financial Indebtedness the final maturity of which, by its terms or the terms of any agreement relating to it, falls due more than one (1) year after the date of its incurrence;

Material Adverse Effect means the occurrence of any event or circumstances or series of events or circumstances which is likely to have a material adverse effect on

SYED ANWAR HUSSAIN
CHIEF FINANCIAL OFFICER
K-ELECTRIC LIMITED



the ability of the Issuer to perform and comply with any of its obligations under any Sukuk Transaction Document;

Musharaka Agreement means the Musharaka Agreement to be executed between the Co-Owners (as defined therein);

Musharaka Assets means the assets jointly owned by the Co-Owner and the Investment Agent (as defined in the Musharaka Agreement), as a consequence of the purchase by the Investment Agent of an undivided share of the such Assets from the Issuer pursuant to the Asset Purchase Agreement and with the Investment Agent's share therein being 73.1208% and the share of the Issuer being 26.8792% in accordance with terms and conditions of the Musharaka Agreement;

New Security Sharing Agreement is defined in Section 4.1.3(a);

Net Income means for any Financial Year, the excess (if any) of gross income over total expenses (provided that income taxes shall be treated as part of total expenses) appearing in the audited financial statements for such Financial Year;

Non-Cash Items means for any Financial Year, the net aggregate amount (which may be a positive or negative number) of all non-cash income and non-cash expense items which (under accrual accounting) have been added or subtracted in calculating Net Income during that Financial Year, such items including, without limitation, equity earnings in subsidiaries, credits resulting from revaluation of the assets' book value, depreciation, amortization, deferred taxes and provisions for severance pay of staff and workers;

Original Financial Statements means audited accounts of the Issuer as of June 30, 2014 and subsequent quarterly financial statements issued by the Issuer upto the date of this Declaration;

Obligations means and comprises of the following:

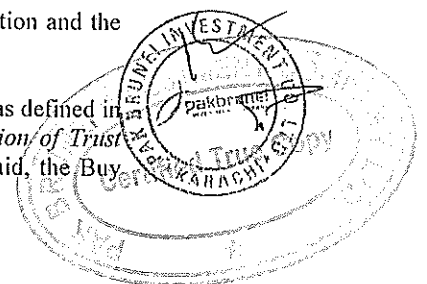
- (a) the obligation of the Issuer to redeem the Sukuk in accordance with the Conditions and to pay (i) the Rental Payments to the Sukuk Holders on each respective Rental Payment Date, as set out in the Conditions; (ii) the Buy Out Prices on relevant Buy Out Price Payment Dates; and (iii) all other amounts payable by the Issuer to the Sukuk Holders and / or the Investment Agent in accordance with the terms of this Declaration and / or the Conditions, as the case may be;
- (b) all amounts outstanding and payable by the Issuer to the Sukuk Holders in respect of the Sukuk;
- (c) all amounts outstanding and payable by the Issuer to the Investment Agent for the benefit of the Sukuk Holders, under any Sukuk Transaction Document; and
- (d) the obligation to pay to the Investment Agent all costs, charges, fees and expenses that may be payable by the Issuer pursuant to the terms and conditions of any Sukuk Transaction Document;

Ordinance means the Companies Ordinance, 1984;

Outstanding means in relation to the Sukuk, all the Sukuk issued, other than:

- (a) those Sukuk which have been redeemed pursuant to this Declaration and the Conditions;
- (b) those Sukuk in respect of which the Scheduled Dissolution Date (as defined in paragraph 8.1 (*Scheduled Dissolution*) of Condition 8 (*Dissolution of Trust and Redemption of Sukuk*)) has occurred and have been duly paid, the Buy

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K-ELECTRONIC



Out Price (Applicable Upon Termination) (as defined in paragraph 8.3 (*Unscheduled Dissolution*) of Condition 8 (*Dissolution of Trust and Redemption of Sukuk*)) has been duly paid to the Investment Agent in terms hereof (and where appropriate notice to that effect has been given to the Sukuk Holders in accordance with Condition 13 (*Notices*)) and remains available for payment against presentation of the relevant Sukuk;

- (c) those mutilated or defaced Sukuk which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to paragraph 2.7 (*Replacement of Sukuk*) of Condition 2 (*Issuance, Delivery and Transfer of Sukuk*); and
- (d) (for the purpose only of ascertaining the face amount of the Sukuk outstanding and without prejudice to the status for any other purpose of the relevant Sukuk) those Sukuk which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to paragraph 2.7 (*Replacement of Sukuk*) of Condition 2 (*Issuance, Delivery and Transfer of Sukuk*); provided that for each of the following purposes, namely:
 - (i) the right to attend and vote at any meeting of the Sukuk Holders or any of them;
 - (ii) the determination of how many and which Sukuk are for the time being outstanding for the purposes of Condition 8 (*Dissolution of Trust and Redemption of Sukuk*), Condition 12 (*Enforcement and Exercise of Rights*), paragraph 2.7 (*Replacement of Sukuk*) of Condition 2 (*Issuance, Delivery and Transfer of Sukuk*), Condition 14 (*Meetings of Sukuk Holders*), Condition 15 (*Modification, Waiver, Authorisation and Determination*) and Condition 16 (*Indemnification, Liability, Removal and Retirement of the Sukuk Trustee*);
 - (iii) any discretion, power or authority (whether contained in this Declaration or vested by operation of law) which the Sukuk Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Sukuk Holders or any of them;
 - (iv) the determination by the Sukuk Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Sukuk Holders or any of them; and
 - (v) those Sukuk (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer

shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

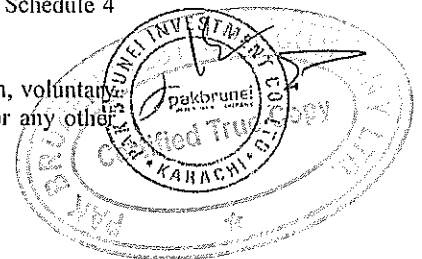
Payment Dates means the Rental Payment Dates and the Buy Out Prices Payment Dates;

Periodic Buy Out Price Payment Dates means the Rental Payment Dates commencing from twenty seventh (27th) month from the Issue Date, when the Issuer shall purchase the Sukuk, from time to time, and make payment of the Periodic Buy Out Price to the Sukuk Holders;

Periodic Buy Out Price means the amounts to be paid by the Issuer to a Sukuk Holder as payment for purchase of the Sukuk by the Issuer pursuant to Section 3.2 and the Purchase Undertaking, to be calculated in terms of Condition 8.2 and Schedule 4 hereto;

Person means any natural person, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity;

SVED INCORPORATED
Chief Executive Officer
K-ELCISCTIVE LIMITED



PKR or Pakistan Rupees means the legal currency of the Islamic Republic of Pakistan;

Pre-IPO Placement means allocation of Sukuk by the Issuer to institutional investors by way of pre-IPO private placement of upto 68% of total Sukuk amount i.e. PKR 15,000,000,000 (Pak Rupees Fifteen Billion), which will be part of the Public Offer;

Project Documents means the project documents in relation to projects of K-Electric including the documents listed in **Part 2 of Schedule 6**;

Project Document Rights means:

- (i) all sums of money payable under the Project Documents to K-Electric;
- (ii) K-Electric's right to make claims and recover sums payable under the Project Documents; and
- (iii) all rights, privileges, prerogatives and other benefits accruing to K-Electric under the Project Documents;

Purchase Price means each amount received or to be received, as applicable, by the Issuer from the Sukuk Holders in terms of the Asset Purchase Agreement;

Prospectus means a document of the nature described in sub-section (1)(29) of Section 2 of the Ordinance issued / to be issued by the Issuer in respect of the Public Offer, in accordance with the provisions of the Ordinance;

Public Offer means the offer made by the Issuer to the public at large, inviting the public to subscribe to the Sukuk Issue;

Purchase Undertaking means the document titled the "Purchase Undertaking (Periodic Redemption and Termination)" to be provided by the Issuer, in favour of the Investment Agent (as agent for and on behalf of the Sukuk Holders);

Register of Sukuk Holders means the Register of Sukuk Holders herein covenanted to be kept by the Issuer or a Registrar appointed by the Issuer;

Register means the register of Sukuk maintained in accordance with the Agency Agreement;

Regulations means the Debt Securities Trustee Regulations, 2012;

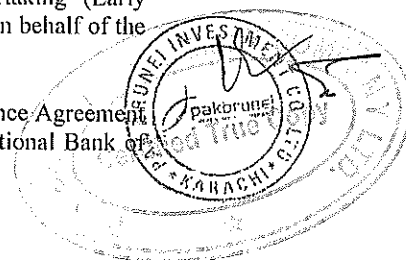
Rental Payments means the amounts to be paid by the Issuer under the Rental Payment Agreement for the use of the Musharaka Assets and which the Investment Agent, after receiving from the Issuer, in turn will pay to the Sukuk Holders to the extent of the ownership share of the Sukuk Holders in the Musharaka Assets;

Rental Payment Agreement means the Rental Payment Agreement to be executed between the parties thereto for the purposes of paying rental payments for the use of the Musharaka Assets by the Issuer;

Rental Payment Dates means the dates on which the Sukuk Holders share in the Rental Payments is to be paid by the Issuer to the Sukuk Holders through the Investment Agent in accordance with the Rental Payment Agreement;

Sale Undertaking means the document titled the "Sale Undertaking (Early Purchase)" to be provided by the Investment Agent (as agent for and on behalf of the Sukuk Holders) in favour of the Issuer;

Second PKR Syndicate Agreement means the Syndicated Term Finance Agreement dated June 29, 2010 between K-Electric and Habib Bank Limited, National Bank of



Pakistan and Standard Chartered Bank (Pakistan) Limited in respect of PKR 8,500,000,000/- facility, as amended from time to time;

SECP means the Securities and Exchange Commission of Pakistan;

Secured Properties means the Hypothecated Properties and shall include such other properties on which any further Security is created in accordance herewith from time to time;

Security means the Security Interest created pursuant to the Security Documents and any other Security Interest created in accordance herewith;

Security Documents means and includes following:

- (a) the security documents executed by the Issuer in terms of Section 4 of this Declaration; and
- (b) all other documents designated as a Security Document with the mutual consent of the Issuer and the Sukuk Trustee;

Security Sharing Deed means the deed entitled Amended and Restated Security Sharing and Security Trust Deed dated May 5, 2010 entered into among the Senior Lenders setting out, inter alia, appointment of the Security Trustee (Senior Lenders) and setting forth consultation mechanisms, certain arrangements for the pari passu sharing of proceeds derived from enforcement of security and the exercise of the Senior Lenders' rights under their respective loans agreements and the security documents;

Security Trustee (Senior Lenders) means Habib Bank Limited, acting in its capacity as security trustee for the Senior Lenders in accordance with the terms of the Security Sharing Deed, or such other Person appointed in terms thereof;

Security Trustee (Units Conversion Lenders) means Habib Bank Limited, acting in its capacity as security trustee for the Units Conversion Lenders in accordance with the terms of the Security Trust Deed (Units Conversion Lenders), or such other Person appointed in terms thereof;

Security Trust Deed (Units Conversion Lenders) means the Security Trust Deed dated March 28, 2014 executed between K-Electric, the Units Conversion Lenders and the Security Trust Deed (Units Conversion Lenders);

Senior Lenders means lenders who have provided loans/facilities under the Senior Loan Agreements;

Senior Loan Agreements means ADB Loan Agreement, IFC Loan Agreement, First PKR Syndicate Agreement, Second PKR Syndicate Agreement and each of the other loans/facilities agreement entered into by K-Electric as permitted pursuant to the Senior Loan Agreements;

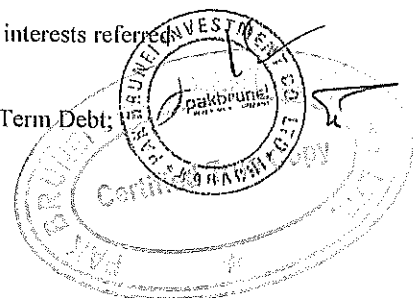
Security Interest means;

- (a) a mortgage, pledge, lien, charge, assignment by way of security, hypothecation, secured interest, title retention arrangement, trust arrangement or other arrangement with respect to any of the assets or rights of the Issuer, having the same or equivalent legal effect as a grant of security; or
- (b) an agreement or arrangement to create or give the rights and interests referred to in paragraph (a) of this definition;

Short Term Debt means all Financial Indebtedness other than Long Term Debt;

Sponsors means;

CHIEF EXECUTIVE OFFICER
K-ELECTRIC LIMITED



- (a) AIML;
- (b) Al Jomaih Holding, a company organised and existing under the laws of the Kingdom of Saudi Arabia; and
- (c) National Industries Holding, a organized and existing under the laws of the State of Kuwait;

Sponsor Change Redemption Option is defined in Section 3.4;

Sponsor Change Redemption Option Date is defined in Section 3.4;

S.I.T.E means Sindh Industrial Trading Estate, a company incorporated under the laws of Pakistan having its registered office at S.I.T.E. Limited, Mangophir Road, Karachi;

S.I.T.E. Gas Plant means the existing K-Electric's 100 MW site plant located at S.I.T.E and the new power generation facilities of up to 90 MW in aggregate constructed at the S.I.T.E Plant Site as part of the Jenbacher Project Expansion;

S.I.T.E. Plant Site means that piece of land measuring approximately 5.68 acres at F-255, Sindh Industrial Trading Estate, Karachi, Pakistan, including all buildings and structures thereon;

Shariah Advisory Board means Shariah Advisory Board appoint by the Issuer in relation to the Sukuk Issue;

Syndicate Finance Agreement means the Syndicated Term Finance Agreement dated March 28, 2014 executed between K-Electric, Habib Bank Limited, United Bank Limited and NIB Bank Limited and the Agent as specified therein in respect of PKR 5,700,000,000 as amended from time to time;

Stock Exchanges means any or all of the following stock exchanges: (i) the Karachi Stock Exchange Limited; (ii) the Lahore Stock Exchange Limited; and (iii) the Islamabad Stock Exchange Limited;

Sukuk means the Shariah compliant Shirkat-ul-Milk Sukuk of redeemable capital under Section 120 of the Ordinance upto an amount of PKR 22,000,000,000/- (Pak Rupees Twenty Two Billion), inclusive of a green shoe option of an amount of PKR 2,000,000,000/- (Pak Rupees Two Billion), by way of Pre-IPO Placement and Public Offer, whether in the form of Book Entry Securities or in the form of Definitive Sukuk, issued by the Issuer and forming the Sukuk Issue, with each Sukuk having a denomination of PKR 5,000/- provided however the Sukuk may be issued in multiples of PKR 5,000/- by the Issuer at the specific request of a Sukuk Holder and all Sukuk issued in multiples of PKR 5,000/- would be deemed to be included in the definition of the Sukuk;

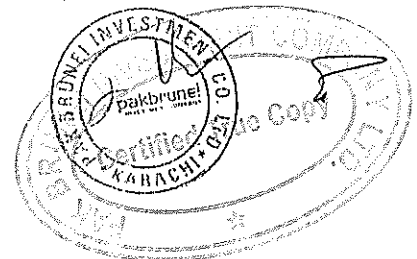
Sukuk Holders means and includes each Person who has subscribed Sukuk Issue in accordance with terms of the Prospectus and Pre-IPO Placement and in whose names the Sukuk are for the time being registered, as set out in the Register, and includes the Sukuk Holder and the CDC Sukuk Holder and shall be treated by the Issuer and the Sukuk Trustee as the holder of the Sukuk in accordance with and subject to the Conditions and the expressions Sukuk Holder, holder of Sukuk and related expressions shall (where appropriate) be construed accordingly;

Sukuk Payment Account means A/c No. 5000-79003562-03 (Titled: KE Sukuk Musharakah Payment Account) maintained with Habib Bank Limited, Islamic Banking, Finlay House, I.I. Chundrigar Road, Karachi;

Sukuk Documents means:

- (a) the Agency Agreement;
- (b) this Declaration;

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K-ELECTRIC LIMITED



- (c) the Asset Purchase Agreement;
- (d) the Musharaka Agreement;
- (e) the Service Agency Agreement;
- (f) the Rental Payment Agreement;
- (g) the Purchase Undertaking; and
- (h) the Sale Undertaking;

Sukuk Issue is defined in the recitals;

Sukuk Transaction Documents means collectively the following:

- (a) the Sukuk Documents;
- (b) the Security Documents;
- (c) any other document executed pursuant to the Sukuk Documents and the Security Documents and/or designated as a "Sukuk Transaction Document" by the Issuer and the Investment Agent;

Taxes include all present and future taxes (other than income taxes payable by the Sukuk Trustee, the Investment Agent and Sukuk Holders and other similar taxes payable by the Sukuk Trustee, the Investment Agent and Sukuk Holders on their income), duties, levies, imposts, deductions, octroi, excise duty, sales tax, VAT, registration charges, and any other charges and withholdings whatsoever, together with any interest/profit/rental payments and penalties payable in connection with any failure to pay or delay in paying any of the above;

Termination Date is defined in Section 9.1;

TFCs Trustee means Pak Brunei Investment Company Limited;

TFCs Issues means: (a) Secured and Listed Issue of Term Finance Certificates for an amount of upto PKR 500,000,000/- pursuant to Declaration of Trust dated February 14, 2012; and (b) Secured and Listed Issue of Term Finance Certificates for an amount of upto PKR 1,200,000,000/- pursuant to Declaration of Trust dated February 14, 2012;

TFCs Holders means holders of TFCs under the TFCs Issues;

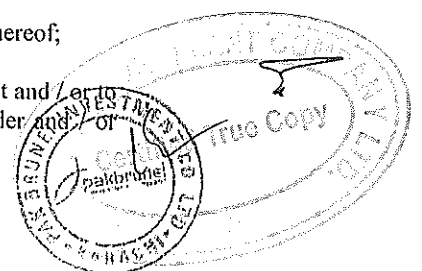
Total Debt to Equity Ratio means the measure of the Issuer's financial leverage calculated by dividing its total Financial Indebtedness by stockholders' equity, indicating what proportion of equity and debt the company is using to finance its assets;

Trust means the trust established for the benefit of the Sukuk Holders in terms of this Declaration;

Trust Assets means and comprises of the following:

- (a) the Issuer's obligation to redeem the Sukuk in accordance with the Conditions;
- (b) the Investment Agent's undivided share in the Musharaka Assets;
- (c) the Investment Agent's entitlement to the Musharaka Assets;
- (d) all amounts paid by the Issuer under the Sukuk Documents;
- (e) the security created by the Security Documents and the proceeds thereof;
- (f) the rights, benefits and entitlements vested in the Investment Agent and to be vested in the Investment Agent at any time in the future, under and arising from any Sukuk Transaction Document;

SYED ERIC
Chief Executive Officer
K-ELECTRICAL LTD.



- (g) the right to the recovered proceeds upon the institution of an enforcement action in terms of this Declaration;
- (h) includes all other rights, title and benefits of the Investment Agent and the Sukuk Holders arising directly or indirectly from the Sukuk and the execution of the Sukuk Documents; and
- (i) all proceeds of the foregoing.

Units Conversion Facility Agreements means: (a) the Syndicate Finance Agreement; (b) FBL Facility Agreement; and (c) DIB Musharakah Facility Agreements;

Units Conversion Lenders means the Syndicate Lenders, the Musharakah Investor and FBL and includes, where the context so requires, their respective successors-in-interest and permitted assigns

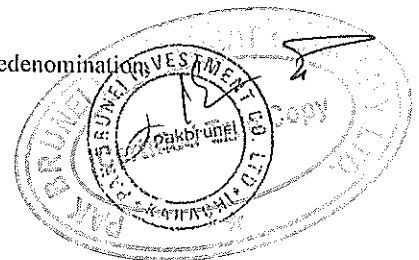
Units Conversion Lenders Collection Agreement means the Collection Agreement executed inter alia between Units Conversion Lenders dated March 28, 2014;

1.2 CONSTRUCTION

1.2.1 In this Declaration, unless the context shall otherwise require:

- (a) a reference to any legislation or legislative provision includes any statutory modification or re-enactment of, or legislative provision substituted for, and any subordinate legislation under, that legislative provision;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a Person and / or person means any natural person, corporation, company, partnership, firm, trust, Authority, voluntary association, joint venture and / or any other entity whether acting in individual or fiduciary or any other capacity;
- (d) a reference to any gender includes all genders;
- (e) a reference to an Article, Section, sub-section, Condition, paragraph and / or Schedule is to an Article, Section, sub-section, Condition, paragraph and / or Schedule of or to this Declaration;
- (f) each recital and Schedule forms part of this Declaration;
- (g) a reference to any agreement or document is to that agreement or document (and, where applicable, any of its provisions) as amended, novated, restated or replaced from time to time;
- (h) a reference to any party to this Declaration or any other document or arrangement includes that party's executors, administrators, successors, permitted substitutes, permitted transferees and permitted assigns;
- (i) where an expression is defined, another grammatical form or variation of that expression has a corresponding meaning;
- (j) a reference to a matter being to the knowledge of a person means that the matter is to the best of the knowledge and belief of that person after making reasonable enquiries in the circumstances;
- (k) a reference to any Account or account includes any renewal, redenomination, redesignation or sub-account thereof;

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


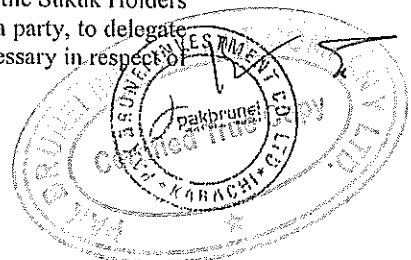
- (l) control (including, with correlative meanings, the terms controlled by and under common control with), as used with respect to any Person, means the possession, directly or indirectly, of the power to nominate or appoint a majority of the members of the board of directors or persons performing similar functions for such Person, or to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting shares, by contract or otherwise;
- (m) include, includes and including shall be respectively construed as include without limitation, includes without limitation and including without limitation, and all derivative terms shall be construed accordingly;
- (n) Law or law shall be construed as meaning any law (including statutory and common law), statute, constitution, decree, judgment, treaty, regulation, rule, by-law, order, other legislative measure, directive, requirement, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, local government, court or, statutory, regulatory or self-regulatory (or similar) body or Authority;
- (o) a reference to the date of this Declaration shall mean the date first above written.

2. TRUST

2.1 DECLARATION

- 2.1.1 The Issuer and Sukuk Trustee hereby declare that Sukuk Trustee will, with effect from the execution of this Declaration, in its capacity as Trustee, hold the Musharaka Assets upon trust absolutely for the Sukuk Holders pro rata according to the face value of the Sukuk held by each Sukuk Holder, in accordance with these presents.
- 2.1.2 Each Sukuk Holder, upon subscription of the Sukuk pursuant to the Prospectus and Pre-IPO Placement, shall agree to appointment of the Sukuk Trustee as its trustee for the purposes set out in this Declaration and the Sukuk Trustee shall be deemed to have been authorised by the Sukuk Holder to take such action on its behalf and to exercise such rights, remedies, powers and discretions as are specifically delegated to the Sukuk Trustee under this Declaration and the Sukuk Transaction Documents, together with such powers and discretions as are reasonably incidental thereto.
- 2.1.3 The Issuer hereby declares, that:
 - (a) it will following the execution of this Declaration:
 - (i) enter into each such Sukuk Transaction Document to which it is a party and that has not already been executed prior to the date hereof;
 - (ii) issue the Sukuk on or before the Issue Date and deliver the Sukuk on or before the Delivery Date to the Sukuk Holders; and
 - (iii) ensure that the Security is created on or before the Issue Date;
 - (b) it shall comply with and perform its obligations, or cause such obligations to be complied with and performed on its behalf (in cases where such obligations require third party compliance), in accordance with the terms of the Sukuk and the Sukuk Transaction Documents to which it is a party; and
- 2.1.4 The Issuer authorises the Investment Agent to exercise on behalf of the Sukuk Holders all of the Issuer's rights under the Sukuk Documents to which it is a party, to delegate any authority given to it and to appoint such agents as it deems necessary in respect of the Sukuk.


 CHIEF FINANCIAL OFFICER
 K-ELECTRICAL LIMITED



3. SUKUK, PERIODIC REDEMPTION, CALL OPTION AND SPONSOR CHANGE REDEMPTION OPTION

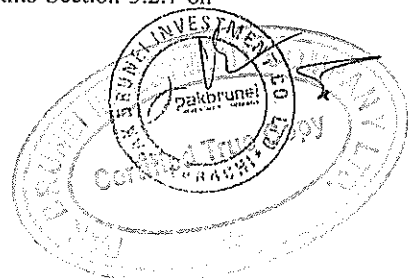
3.1 SUKUK ISSUE

- 3.1.1 The proceeds/investment amount of Sukuk Issue will be deposited with the Issuer in terms of the Prospectus and Pre-IPO Placement for the purpose of acquiring Sukuk from the Issuer representing the proportionate title of the Musharaka Assets through the Investment Agent under the Asset Purchase Agreement.
- 3.1.2 During the Musharaka, though legal title to the Investment Agent's Musharaka Share will be held by the Issuer, the Issuer acknowledges that proportionate ownership and right of property in and to the Musharaka Assets shall at all times remain vested in the Investment Agent (acting for the benefit and on behalf of the Sukuk Holders) to the extent of the Investment Agent's Musharaka Share in accordance with terms and conditions of the Sukuk Transaction Documents. Moreover, the Issuer also acknowledges and declares that the Musharaka Assets shall be held by the Issuer on its books on behalf of, in trust for and for the benefit of the Sukuk Holders (acting through the Investment Agent).
- 3.1.3 Each Sukuk Holder's entitlement to the Musharaka Assets will be undivided and shall for the purpose of more particular determination, constitute Sukuk, with each Sukuk constituting the equivalent of 73.1208% of the Musharaka Assets. The contribution made by the Sukuk Holders in the Sukuk Issue will be represented by the Sukuk. The Sukuk Holders shall have the benefit of the Sukuk Transaction Documents and any other document executed pursuant to the aforesaid documents. The Parties agree that each Sukuk shall be governed by the Conditions and shall be deemed to have been incorporated herein by reference. The Issuer shall insert the name of the Sukuk Holders, or their nominees, as the case may be, on the Sukuk and shall cause such name to be entered as the registered holder of the Sukuk in the Register.
- 3.1.4 The Issuer shall pay to the Sukuk Holders through the Investment Agent, the Rental Payments in accordance with the Rental Payment Agreement for the right to use the Sukuk Holder's share in the Musharaka Assets for the rental term in terms of the Conditions.
- 3.1.5 The Issuer hereby covenants to pay to the Sukuk Holders through the Investment Agent all the Rental Payments and the Buy Out Prices, in accordance with the Conditions and subject to the terms and conditions of this Declaration, without exercising any counterclaim, lien, right of set-off or similar claim in respect thereof.
- 3.1.6 All payments to be paid by the Issuer to the Sukuk Holders in respect of the Sukuk will be made free and clear of deductions of any nature whatsoever except for deductions, if any required compulsorily to be made by law, for which the Issuer will provide suitable evidence of having deposited the amount deducted with the relevant government authority / department / treasury.

3.2 PERIODIC REDEMPTION

- 3.2.1 The Issuer, pursuant to the Purchase Undertaking, this Declaration and the Conditions, irrevocably undertakes that it shall acquire/redeem the Sukuk, from time to time by paying to the Sukuk Holders the applicable Periodic Buy Out Price on the relevant Periodic Buy Out Price Payment Dates and such purchase will be of such percentage of the Investment Agent's Musharaka Share as is specified in Condition 8.2 and Schedule 4. Such purchase will be pro-rata from the Sukuk Holders based on the total number of Sukuk held by such Sukuk Holders. The Sukuk Holders authorize the Investment Agent to execute the sale of the Sukuk in terms of this Section 3.2.1 on respective Period Buy Out Price Payment Dates on their behalf.

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SUKUK INVESTMENT
AGENCY
KUALA LUMPUR



3.3 CALL OPTION

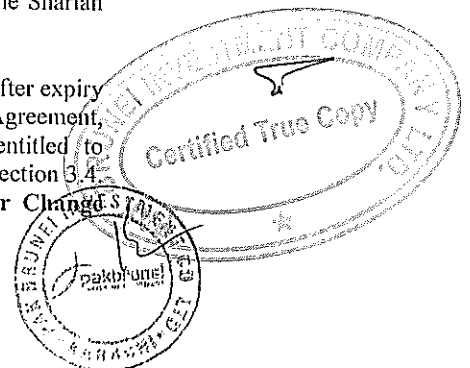
- 3.3.1 The Issuer may at any time after expiry of two (2) years after the date of the Asset Purchase Agreement, pursuant to the Sale Undertaking, purchase all or any of the Sukuk from Sukuk Holders at their applicable Buy Out Price (Early Purchase) as specified in Condition 8.6 and Schedule 4 (the **Call Option**).
- 3.3.2 The Issuer shall serve upon the Investment Agent a prior written notice of at least forty five (45) days of its intention to purchase all or any of the remaining Sukuk and such purchase shall of Sukuk having aggregate face value of PKR 1,000,000,000 (Pak Rupees One Billion) in multiples of PKR 100,000,000/- (Pak Rupees One Hundred Million) or the entire issue Sukuk and will be pro-rata from the Sukuk Holders based on the total number of Sukuk held by such Sukuk Holder. Such purchase shall be on a Rental Payment Date (the **Call Option Date**).
- 3.3.3 Upon exercise of the Call Option, the Issuer will buy the Sukuk at a revalued price by paying to Sukuk Holders, the Buy Out Price (Early Purchase) as specified in Condition 8.6 and Schedule 4. In case of exercise of Call Option in respect of certain Sukuk (not 100%), Rental Payments under the Rental Payment Agreement will be revised by the Investment Agent and notified to the Issuer and the Security Trustee, which in the absence of manifest error will be binding on all the parties.

3.4 SPONSOR CHANGE REDEMPTION OPTION

- 3.4.1 In case the Sponsors initiate the process to solicit interest in relation to their divestment of shareholding of the Issuer resulting in (a) Sponsors' shareholding (direct or indirect) in the Issuer falling below 51%; and (b) Sponsor's representation (direct or indirect) on the Board of Directors of the Issuer falling below 51% (the **Proposed Sponsor Change**), the Issuer shall send prior written intimation to the Investment Agent and the Security Trustee at least sixty (60) days before completion of the Proposed Sponsor Change (the **Sponsor Change Notice**). Upon issuance of the Sponsor Change Notice, the Sukuk Trustee shall issue a notice to the Sukuk Holders for passing an Extraordinary Resolution in accordance with the provisions of Schedule 2 (*Provisions for Meetings of Sukuk Holders*) for seeking Sukuk Holders' concurrence for the Proposed Sponsor Change. If the Sukuk Holders by way of an Extraordinary Resolution, passed in a duly convened meeting of Sukuk Holders in terms of this Declaration, don't concur with the Proposed Sponsor Change:

- (a) in case the Proposed Sponsor Change is proposed to be completed before expiry of one (1) year from the date of execution of the Asset Purchase Agreement, the Investment Agent shall forward the matter to Shariah Advisory Board for seeking its approval to exercise an option (on behalf of Sukuk Holders) to require the Issuer to repurchase the outstanding Sukuk at the Buy Out Price (Sponsor Change Redemption) (the **Sponsor Change Redemption Option**). If the Shariah Advisory Board approves exercise of the Sponsor Change Redemption Option, the Sukuk Holders (through the Investment Agent) shall exercise the Sponsor Change Redemption Option and Issuer shall buy the Sukuk at the applicable Buy Out Price (Sponsor Change Redemption) by paying to the Sukuk Holders. If the Shariah Advisory Board does not approve exercise of the Sponsor Change Redemption Option on or before expiry of one (1) year from the date of execution of the Asset Purchase Agreement, the Investment Agent shall convey such decision of the Shariah Advisory Board to the Issuer; and
- (b) in case the Proposed Sponsor Change is proposed to be completed after expiry of one (1) year from the date of execution of the Asset Purchase Agreement, the Sukuk Holders (through the Investment Agent) shall be entitled to exercise the Sponsor Change Redemption Option in terms of this Section 3.4. Such purchase shall be on a Rental Payment Date (the **Sponsor Change Redemption Option Date**).

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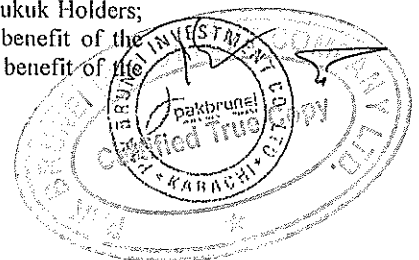
- 3.2.2 Upon exercise of the Sponsor Change Redemption Option in terms of Section 3.2.1 above, the Issuer shall buy the Sukuk at the applicable Buy Out Price (Sponsor Change Redemption) by paying to the Sukuk Holders. The Issuer, pursuant to the Purchase Undertaking, this Declaration and the Conditions, irrevocably undertakes that, upon exercise of the Sponsor Change Redemption Option by the Sukuk Holders, it will acquire/purchase the Sukuk from the Sukuk Holders prior to maturity at the Buy Out Price (Sponsor Change Redemption) by purchasing the Sukuk from the Sukuk Holders upon exercise of the Sponsor Change Redemption Option.

4. SECURITY AND OTHER COVENANTS

4.1 SECURITY FOR THE SUKUK ISSUE

- 4.1.1 Simultaneously with the execution of this Declaration, the Issuer shall execute the Letter of Hypothecation in favour of the Sukuk Trustee. The Security Interest created under the Letter of Hypothecation shall be: (a) subordinated to the Security Interests previously created in favour of Senior Lenders and the Units Conversion Lenders under Letters of Hypothecation (Senior Lenders) and Existing Letter of Hypothecation (Units Conversion Lenders) until all of the Senior Loan Agreements and all amounts outstanding in relation thereto have been repaid in full and the existing Security Interests under the Letters of Hypothecation (Senior Lenders) and the Existing Letter of Hypothecation (Units Conversion Lenders), created in favour of the Security Trustee (Senior Lenders) for the benefit of the Senior Lenders and the Security Trustee (Units Conversion Lenders) for the benefit of the Units Conversion Lenders, over the Hypothecated Properties have been unconditionally released; and (b) shall in every respect rank pari passu with subordinated charges created in terms of the Letter of Hypothecation (Units Conversion Lenders) and the Letter of Hypothecation (Bridge Financier).
- 4.1.2 The Issuer hereby undertakes that within a period of forty five (45) days from the date of Pre-IPO Placement disbursements:
- (a) upon repayment of the Senior Loan Agreements in full, all the existing Security Interests created in favour of the Security Trustee (Senior Lenders) for the benefit of the Senior Lenders over the Hypothecated Properties and the Consumer Receivables shall be unconditionally released and vacated;
 - (b) the Security Interest created under the Existing Letter of Hypothecation (Units Conversion Lenders) in favour of the Security Trustee (Units Conversion Lenders) for the benefit of the Units Conversion Lenders over the Hypothecated Properties shall be unconditionally released and vacated;
 - (c) the subordinated charge under the Letter of Hypothecation, the Letter of Hypothecation (Units Consumer Lenders) and the Letter of Hypothecation (Bridge Financier) shall be automatically upgraded to pari passu first ranking hypothecation charges over the Hypothecated Properties which will rank in every respect pari passu with the charge over the Hypothecated Properties created under the Letter of Hypothecation (Units Conversion Lenders) in favour of the Security Trustee (Units Conversion Lenders) for the benefit of the Units Conversion Lenders and the Letter of Hypothecation (Bridge Financier) in favour of Bridge Financier;
 - (d) it shall execute the Letter of Lien and Set Off; and
 - (e) K-Electric shall vacate all the Security Interests created on Consumer Receivables and shall create appropriate first pari passu charges on such receivables in favour of: (a) Sukuk Trustee for the benefit of Sukuk Holders; (b) the Security Trustee (Units Conversion Lenders) for the benefit of the Units Conversion Lenders; and (c) the TFCs Trustees for the benefit of the TFCs Holders (the Proposed Receivables Security Interest).

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K-ELECTRIC COMPANY LIMITED
Karachi



The Issuer hereby undertakes to execute all necessary documents and agreements (including but not limited to any supplemental/amendment documents, no objection letters and statutory forms) and obtain all necessary consents/approvals/no objection letters to: (i) automatically upgrade the subordinated charges under the Letter of Hypothecation the Letter of Hypothecation (Units Consumer Lenders) and the Letter of Hypothecation (Bridge Financier) to a pari passu first ranking hypothecation charge as specified in this Section 4.1.2 to complete satisfaction of the Sukuk Trustee; and (ii) create the Proposed Receivables Security Interest.

4.1.3 Immediately upon automatic upgradation of Security Interest under the Letter of Hypothecation to a first pari passu charge and creation of the Proposed Receivables Security Interest as indicated in Section 4.1.2:

- (a) the Sukuk Trustee and the Units Conversion Lenders shall enter into a new security sharing agreement in place of the Amended and Restated Security Sharing Deed in relation to the Proposed Receivables Security Interest and the Security Interests created under the Letter of Hypothecation and Letter of Hypothecation (Units Conversion Lenders) (the **New Security Sharing Agreement**). Sukuk Trustee shall agree and execute the New Security Sharing Agreement (with consent of all subscribers under Pre-IPO Placement) as indicated in this Section 4.1.3(a), which shall be binding on the Sukuk Holders, Sukuk Trustee, the Investment Agent and the Issuer and the Sukuk Transaction Documents shall stand amended accordingly; and
- (b) the Sukuk Trustee, the Units Conversion Lenders and the TFCs Trustees shall enter into a new collection agreement in place of the Collection Account Agreement (Senior Lenders) and the Amended and Restated Collection Agreement (TFCs and Musharakah) in relation to collection and distribution of the Consumer Receivables. Sukuk Trustee (with consent of all subscribers under Pre-IPO Placement) shall agree and execute new collection agreement as indicated in this Section 4.1.3(b), which shall be binding on the Sukuk Holders, Sukuk Trustee, the Investment Agent and the Issuer and the Sukuk Transaction Documents shall stand amended accordingly.

The Issuer hereby undertakes to execute all necessary documents and agreements (including any supplemental/amendment documents) and obtain all necessary consents/approvals in relation to execution of the New Security Sharing Agreement and collection agreement as indicated in this Section 4.1.3 to complete satisfaction of the Sukuk Trustee.

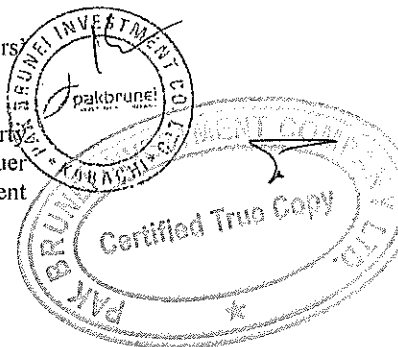
4.1.4 The Issuer hereby undertakes to create such additional security in favour of the Sukuk Trustee as may be reasonably requested by the Sukuk Trustee for the purpose of securing the obligations of the Issuer hereunder, as may be necessitated as a consequence of loss, impairment and depreciation in the value of the Security created pursuant to the Security Documents including but not limited to any dispute/claim in relation to the Security Documents. The Issuer further undertakes to execute such documents and deeds, from time to time, as may be required for creation and / or perfection of the Security or the additional security, referred to hereinabove. The term Security as used in this Declaration includes such additional security. The Sukuk Trustee shall hold the Security in trust for and for the benefit of the Sukuk Holders, along with all benefits, rights and entitlements arising from and attached thereto.

4.2 OTHER COVENANTS

4.2.1 Simultaneously with the execution of this Declaration and the Security Documents:

- (a) the Sukuk Trustee shall execute and deliver the Future Secured Lenders Undertaking to each Senior Lender;
- (b) the Issuer shall open the Sukuk Payment Account. Within a period of forty five (45) days from the date of Pre-IPO Placement disbursements, the Issuer shall execute all relevant documents evidencing that the Sukuk Payment

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Account is free from any Security Interest other than the Security Interest under the Letter of Lien and Set Off;

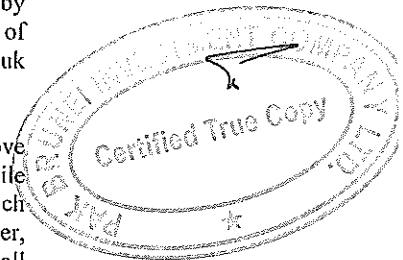
- (c) the Issuer shall have obtained all consents, waivers, approvals authorizations and permissions required for issuing the Sukuk including but not limited to compliance with all applicable rules and regulations;
- (d) the Issuer has provided the valuation report of the Hypothecated Properties including but not limited to the Musharaka Assets from a Pakistan Bank's Associations approved valuator to the satisfaction of the Sukuk Trustee; and
- (e) the Issuer has provided copies of the following (in respect of the Issuer) to the Sukuk Trustee:
 - (i) SECP certified Memorandum and Articles of Association;
 - (ii) SECP certified Certificate of Incorporation;
 - (iii) SECP certified latest Form 29 and Form A;
 - (iv) Copies of CNIC of all directors duly certified by the Company Secretary;
 - (v) Company Secretary certified list of authorised signatories along with specimens of their signatures; and
 - (vi) Undertaking for appropriate utilization of the Purchase Price.

5. THE SUKUK TRUSTEE

5.1 POWERS OF THE SUKUK TRUSTEE

5.1.1 The Sukuk Trustee shall have all the powers and discretions conferred upon trustees by the Trust Act, 1882 (to the extent not inconsistent with these presents) and in addition thereto it is expressly declared as follows:

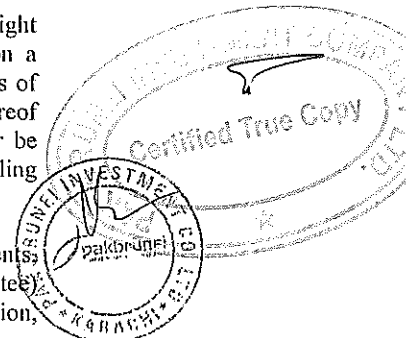
- (a) the Sukuk Trustee may in relation to any of the provisions of the Sukuk Transaction Documents and other documents related thereto engage and pay for the advice or services of and act on the opinion or advice of or any information obtained (whether by the Sukuk Trustee or any other person duly authorised by the Sukuk Trustee) from any lawyer, accountant, banker, broker, surveyor, valuer or other professional advisor or other expert whose advice, services, opinion or information may to it seem reasonably necessary, expedient or desirable and shall not be responsible for any loss occasioned by so acting except to the extent that they are sustained or incurred as a result of gross negligence, willful misconduct or fraud on the part of the Sukuk Trustee;
- (b) any such advice or opinion or information referred to in sub-clause (a) above may be sent or obtained by letter, telegram, telex, cable or facsimile transmission and the Sukuk Trustee shall not be liable for acting on any such advice, opinion or information purporting to be conveyed by any such letter, telegram, telex, cable or facsimile transmission although the same shall contain some error or shall not be authentic provided that such error or lack of authenticity is not manifest except as a result of gross negligence, willful misconduct or fraud on the part of the Sukuk Trustee;
- (c) the Sukuk Trustee shall be at liberty to place the Sukuk Transaction Documents, and any other instrument, documents delivered to it pursuant to or in connection with the Sukuk Transaction Documents for the time being in its possession in any safe deposit, safe or receptacle selected by the Sukuk



Trustee or with any bank, any company whose business includes undertaking the safe custody of documents or any firm of lawyers and the Sukuk Trustee shall not be responsible for any loss thereby incurred (save that the Sukuk Trustee shall take reasonable steps to pursue any person who may be liable to it in connection with such loss) except to the extent that they are sustained or incurred as a result of gross negligence, willful misconduct or fraud on the part of the Sukuk Trustee;

- (d) the Sukuk Trustee shall (without any consent or sanction of the Sukuk Holders) have full authority, on behalf of the Sukuk Holders', to give any form of consent or authorisation, where requested by the Issuer, unless this Declaration specifically provides otherwise. Such consent or authorisation shall bind the Sukuk Holders accordingly;
- (e) save as otherwise expressly provided in these presents or in the Security Documents and unless directed to the contrary by the Sukuk Holders in accordance with the terms of this Declaration, the Sukuk Trustee shall as regards all rights, trusts, powers, authorities and discretions vested in it by this Declaration have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and as to the manner and time of any such exercise thereof and provided it shall have acted lawfully, it shall be in no way responsible for any loss, costs, damages, expenses or inconveniences resulting from the exercise or non-exercise thereof except to the extent that they are sustained or incurred as a result of gross negligence, willful misconduct or fraud on the part of the Sukuk Trustee;
- (f) the Sukuk Trustee (or any of its directors or officers) shall not be precluded by reason of its acting as Sukuk Trustee hereunder from accepting or holding the trusteeship of any other Declaration constituting or securing any securities issued by or relating to, the Issuer or any subsidiary thereof or any other company in which the Issuer or any such subsidiary may be interested. The Sukuk Trustee shall not be liable to account for any profit made or payment received by it thereby or in connection therewith provided that the Sukuk Trustee shall ensure that, as far as practicable, the personnel assigned to deal with normal administrative matters in relation to such other trusteeship shall not be assigned to deal with any functions in relation to the trusteeship of these presents and vice versa;
- (g) the Sukuk Trustee may assume that no event which entitles the Sukuk Holders to exercise any of their rights under these presents has occurred and that the Issuer is not in breach of any of its obligations under the Sukuk Transaction Documents, unless it has received either a written notice to the contrary from the Issuer or a notice or information which the Sukuk Trustee believes to be accurate regarding an occurrence of a Dissolution Event;
- (h) the Sukuk Trustee shall not be liable for acting in relation to the Sukuk Transaction Documents or any related documents on any notice request, certificate, direction or other communication or other document purporting to emanate from the Issuer or any other person notwithstanding that the same shall include some error or omission or not be authentic;
- (i) the Sukuk Trustee may call for and rely as to any matters of fact which might reasonably be expected to be within the knowledge of the Issuer upon a certificate signed by an authorised representative of the Issuer, the names of whom shall be conveyed to the Sukuk Trustee, as sufficient evidence thereof and shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by the Sukuk Trustee failing to do so;
- (j) the Sukuk Trustee shall not be responsible for any recitals or statements, warranties or representations of any party (other than the Sukuk Trustee) contained herein or in the Sukuk Transaction Documents or for the execution,

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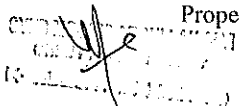
effectiveness, genuineness, validity, admissibility in evidence or enforceability of any such agreement or other document or any obligations or rights created or purported to be created thereby or any security constituted or purported to be constituted by or pursuant to the Security Documents (nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents, whether arising from statute, law or decision of any court or otherwise);

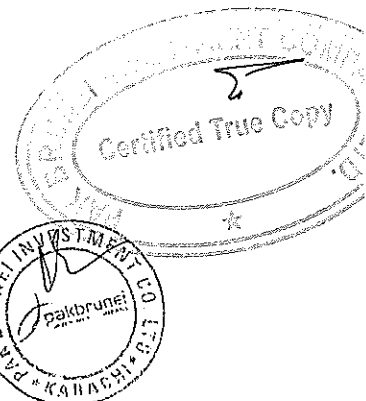
- (k) except as herein otherwise expressly provided, the Sukuk Trustee shall be authorised to assume without enquiry, and it is hereby declared to be the intention that it shall assume without enquiry, in the absence of express written notice to the contrary, that the Issuer is duly performing and observing all the provisions contained in the Sukuk Transaction Documents and that all covenants, warranties and undertakings contained in the Sukuk Transaction Documents are being complied with and that no event or circumstances which might constitute a Dissolution Event has occurred or exists;
- (l) the Sukuk Trustee shall be entitled to invest monies which in the opinion of the Sukuk Trustee may not be paid over promptly to the Sukuk Holders following receipt in the name or under the control of the Sukuk Trustee in any of the investments for the time being authorised by law for the investment by a trustee of trust monies or in any other investments whether similar to the aforesaid or not or by placing the same on deposit in the name or under the control of the Sukuk Trustee with such Islamic bank or Islamic financial institution as the Sukuk Trustee may think fit and the Sukuk Trustee may at any time vary or transpose any such investments for or into any others of a like nature and shall not be responsible for any loss due to depreciation in value or otherwise of such investments;
- (m) the Sukuk Trustee shall be entitled to refrain from exercising any right, power or discretion vested in it hereunder or under the Sukuk Transaction Documents unless and until (i) instructed by the Sukuk Holders as to whether or not such right, power of discretion is to be exercised and, if it is to be exercised, as to the manner in which it should be exercised; and (ii) the Sukuk Trustee is indemnified or granted security in accordance with Section 5.6 (*Indemnification of the Sukuk Trustee*) below;
- (n) the Sukuk Trustee shall be entitled to refrain from acting in accordance with any instructions or requests of the Sukuk Holders or of any other person until it shall have received such security and/or indemnity as it may require (whether by way of payment in advance or otherwise) against all costs, claims, expenses (including legal fees) and liabilities which it will or may expend or incur in complying with such instructions or requests;

5.2 OBLIGATIONS OF THE SUKUK TRUSTEE

5.2.1 The Sukuk Trustee shall:

- (a) inform the Sukuk Holders within seven (7) Business Days of receipt of (i) any notice in writing received by the Sukuk Trustee which the Sukuk Trustee believes to be genuine and true; and / or (ii) any information received by the Sukuk Trustee which it believes to be accurate and correct:
 - (i) any general meeting of the Issuer convened for the purpose of considering any resolution for the winding-up of the Issuer;
 - (ii) any resolution for the winding-up of the Issuer being proposed (whether in general meeting or otherwise); or
 - (iii) any petition for the winding-up of the Issuer or for the appointment of an administrator of the Issuer or a Receiver in respect of the Secured Properties and any breach or alleged breach by the Issuer of any its

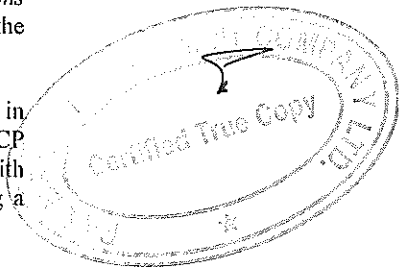




obligations under the Security Documents, the Sukuk Transaction Documents;

- (b) for the purposes of this Section 5.2 (*Obligations of the Sukuk Trustee*) the Sukuk Trustee may inform the Sukuk Holders of the notice or notices referred to above in the manner set out in Schedule 2 (*Provisions for Meeting Sukuk Holders*) of this Declaration. In addition, the Sukuk Trustee may make available at its offices during business hours a copy of the notice or notices for the inspection of Sukuk Holders.
- (c) the Sukuk Trustee shall monitor to its satisfaction that before the Issue Date, that the Security has been duly created and perfected in favour of the Sukuk Trustee in terms of the Security Documents;
- (d) the Sukuk Trustee shall monitor, semi-annually, on the basis of a certificate obtained from the Issuer or the Issuer's auditors, that the aggregate value of the Security adequately secures the outstanding Sukuk Holders in the manner set out in this Declaration;
- (e) ensure that in the event any conflict of interest arises in relation to the Sukuk Trustee's conduct of its business as trustee under this Declaration, the Sukuk Trustee shall take reasonable steps to resolve the same in an equitable manner;
- (f) regularly monitor compliance of the Issuer with the covenants of this Declaration including payment of the Rental Payments and the Buy Out Prices to Sukuk Holders in accordance with the Conditions and this Declaration, and report the same on a semi-annual basis to the Stock Exchange. In the event that the Sukuk Trustee comes to know of any non-compliance and/or breach by the Issuer of any covenant and/or provision of the Conditions, the Declaration and/or applicable law, to report the same to the relevant Stock Exchanges and to SECP immediately;
- (g) maintain proper record of complaints received from Sukuk Holders and report on the number and nature of complaints received and the manner in which such complaints are redressed to SECP and the relevant Stock Exchanges on an annual basis;
- (h) ensure that SECP is promptly informed of any action, legal proceeding, suit initiated against the Sukuk Trustee in respect of any material breach or non-compliance by Sukuk Trustee of any applicable law;
- (i) ensure that Sukuk Holders are informed of any material breach by the Sukuk Trustee of any of its obligations under the Declaration within seven (7) Business Days of the Sukuk Trustee's knowledge of such material breach by means of notice as set forth in Condition 13 (*Notice*) of Schedule 3 (*Terms and Conditions of the Sukuk*), and to remedy such breach in terms of the Declaration;
- (j) comply with the Regulations, including the code of conduct prescribed in Schedule II of the Regulations, and file its audited annual accounts with SECP within thirty (30) days of issuance of the same, and file a yearly report with SECP within sixty (60) days of the end of its financial year containing a clause-wise status of the compliance with the Regulations;
- (k) maintain and preserve all books and records pertaining to the Sukuk Issue for at least a period of seven (7) years from the date of complete redemption of the Sukuk Issue, including the Declaration, Security Documents, statements relating to the Rentals Payments and the Buy Out Prices, compliance reports, Sukuk Holders' complaints and related correspondence and such other records as may be specified by SECP from time to time, and ensure that the

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records are maintained in such manner as to permit SECP or any person appointed by it reasonable access to such records;

- (l) appoint an officer as a compliance officer to monitor compliance with the terms of the Declaration, redressal of Sukuk Holders' grievances and complaints, and with the requirements of the Regulations in relation to the Sukuk Issue;

5.2.2 The Sukuk Trustee shall not:

- (a) be bound to disclose to any other person any information relating to the Issuer if such disclosure would or might in its sole opinion constitute a breach of any law or regulation or be otherwise actionable at the suit of any person unless otherwise required to be disclosed by law or under any direction or order of any competent Authority or court. The Sukuk Trustee shall give prior notice to the Issuer and cooperate with the Issuer to enable the Issuer to invoke any remedies that are available under applicable law to prevent such disclosure if legally possible;
- (b) under this Declaration be concerned with the interests of or owe any duty whatsoever to any persons other than the Sukuk Holders;
- (c) be under any duty to disclose to any person interested hereunder any confidential information supplied to it which comes to its knowledge through any of its affiliates, directors, employees, delegates or agents and shall not be liable to any person for not doing so.

5.3 SUKUK TRUSTEE AND SUKUK HOLDERS

5.3.1 Subject to the provisions of this Declaration and, in particular to the provisions of Section 5.1 (*Powers of the Sukuk Trustee*) and Section 5.2 (*Obligations of the Sukuk Trustee*), the Sukuk Trustee shall:

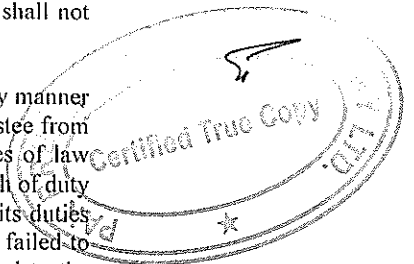
- (a) act as trustee in accordance with any instructions given to it by the Sukuk Holders pursuant to the Extraordinary Resolution;
- (b) if so instructed by the Sukuk Holders pursuant to the Extraordinary Resolution, refrain from exercising a right, power or discretion vested in it as trustee under these presents.

5.3.2 The Issuer will, on request from the Sukuk Trustee, promptly give to the Sukuk Trustee a written certificate in such form as the Sukuk Trustee may reasonably require setting out all information available to the Issuer to facilitate the performance by the Sukuk Trustee of its duties, trusts, powers, authorities, discretions, and obligations and to enable the Sukuk Trustee to enforce its rights under this Declaration, such certificate to be signed as contemplated in Section 5.1.1.

5.3.3 Notwithstanding any other provision of this Declaration, the Sukuk Trustee shall not be obliged to provide any indemnity to, or in favour of, any receiver.

5.3.4 Nothing contained in this Declaration shall be deemed to relieve and/or in any manner exonerate and / or be interpreted to relieve and / or exonerate the Sukuk Trustee from any liability for breach of trust or any liability which by virtue of any rules of law would attach to the Sukuk Trustee in respect of any negligence, default, breach of duty or breach of trust for which the Sukuk Trustee may be liable in relation to its duties under this Declaration of Trust, in any case in which the Sukuk Trustee has failed to show the degree of care and diligence required of it as trustee having regard to the provisions of this Declaration imposing or conferring on the Sukuk Trustee any obligations, powers, duties, authorities or discretions.

SWPD No. 10/2015
CHARTERED ACCOUNTANTS
K-REGULATED ENTITY



5.4 OBLIGATION TO ACT WITH DUE CARE

Both the Issuer and the Sukuk Trustee agree to act in good faith and with due diligence and with all reasonable care which is in the circumstances required in the performance of their duties and obligations under this Declaration or when exercising any power, authority or discretion which is vested in them under this Declaration.

5.5 REMUNERATION OF SUKUK TRUSTEE

The Issuer shall pay to the Sukuk Trustee in respect of its acting as Sukuk Trustee under these presents, a trustee fee of PKR 1,250,000/- (Pak Rupees One Million Two Hundred Fifty Thousand) payable at the beginning of each year commencing from the date of execution of this Declaration and subsequently on each anniversary until the Sukuk are fully redeemed and the trust is winded-up.

5.6 INDEMNIFICATION OF THE SUKUK TRUSTEE

5.6.1 The Issuer hereby indemnifies the Sukuk Trustee and shall keep the Sukuk Trustee indemnified against all lawful costs and expenses of the Sukuk Trustee in relation to the Sukuk Issue, the negotiation, preparation and execution of the Sukuk Transaction Documents, the registration of the Security Documents, or any document executed hereafter in relation to the Trust, the Sukuk, the Prospectus, any notifications or advertisements or acts done in relation to the Sukuk Issue and any documents or acts relating to the foregoing including any legal fees, stamp duties, taxes, levies or other fees charged or chargeable in respect thereof or incidental thereto.

5.6.2 Except to the extent that any of the following is sustained or incurred as a result of the negligence, willful misconduct or fraud of the Sukuk Trustee, the Issuer shall indemnify the Sukuk Trustee and keep it indemnified:

- (a) against all reasonable liabilities, costs, charges and expenses (including any taxes, duties, levies or fees charged or chargeable in respect thereof) to which the Sukuk Trustee becomes subject by reason of being the Sukuk Trustee or lawfully incurred by it or any person appointed by it to whom any trust, power, authority or discretion may be delegated by it in the execution of the trusts, powers, authorities or discretions vested in it by these presents including the cost, expenditure and outlays resulting or arising in respect of maintenance, preservation and enforcement of the rights granted in terms of this Declaration; and
- (b) against all liabilities, actions, proceedings, costs, claims and demands (including as aforesaid) in respect of any matter or thing done or omitted in any way relating to these presents.

5.6.3 All sums due and payable under the foregoing sub-sections 5.6.1 and 5.6.2 of this Section 5.6 (*Indemnification of the Sukuk Trustee*) shall be payable by the Issuer to the Sukuk Trustee within seven (7) Business Days of receipt of a written demand by the Sukuk Trustee alongwith supporting documents (to the extent possible or applicable).

5.7 REMOVAL OF SUKUK TRUSTEE BY THE SUKUK HOLDERS

The Sukuk Holders, through an Extraordinary Resolution, shall have the power to remove any trustee hereunder by giving not less than sixty (60) days notice in writing to the Sukuk Trustee named in this Declaration and copied to the Issuer and appoint a replacement trustee under this Declaration, provided that:

- (a) such removal shall only take effect when:
 - (i) a successor for the Sukuk Trustee is appointed in accordance with this Declaration;

SYED MOHAMMAD ASHRAF
CHIEF EXECUTIVE OFFICER
K-CHEMICALS LIMITED



- (ii) the resigning Sukuk Trustee has transferred to its successor all of its rights and obligations in its capacity as Sukuk Trustee; and
 - (iii) the successor Sukuk Trustee has confirmed its agreement to be bound by the provisions of this Declaration by executing an instrument of amendment to this Declaration.
- (b) the removed Sukuk Trustee shall be discharged from any further obligation under this Declaration, but shall remain entitled to the benefit of the provisions of Section 5.6 (*Indemnification of the Sukuk Trustee*) and this Section 5.7 (*Removal of the Sukuk Trustee by the Sukuk Holders*); and
 - (c) the successor to the Sukuk Trustee and the Issuer shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original party to this Declaration.

5.8 REMOVAL OF THE SUKUK TRUSTEE BY THE ISSUER

5.8.1 The Issuer may at any time by notice to the Sukuk Trustee and the Sukuk Holders, remove the Sukuk Trustee from the trusteeship of this Declaration in the following events:

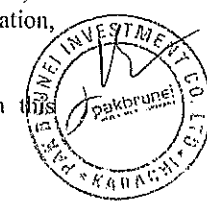
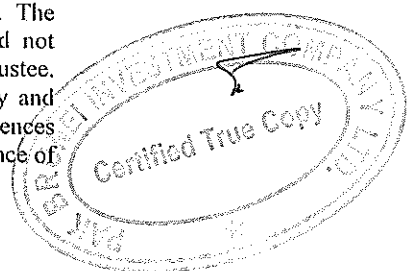
- (a) if the Issuer is required by any provision of law to appoint a trustee other than the person named as the Sukuk Trustee in this Declaration;
- (b) if the person named as the Sukuk Trustee in this Declaration becomes insolvent or passes a resolution for voluntary winding up or a winding up order is passed against the Sukuk Trustee by a Court of competent jurisdiction;
- (c) if SECP requires such removal;
- (d) if the Sukuk Trustee fails to perform / discharge its obligations and responsibilities, commits a breach of any of the provisions of this Declaration, commits any negligence, willful misconduct or fraud.

5.8.2 The removal of the Sukuk Trustee shall not take effect until the Issuer shall have appointed a replacement Sukuk Trustee and such replacement Sukuk Trustee shall have become bound by the provisions of this Declaration whereupon the Sukuk Trustee being removed shall thereby forthwith be discharged from any further obligations under this Declaration (but without prejudice to any accrued liabilities and benefits under this Declaration). Upon the replacement Sukuk Trustee agreeing in writing that it shall assume the duties and obligations, authorities, discretions of the Sukuk Trustee under these presents, the outgoing Sukuk Trustee shall, at the request of the Issuer or the Sukuk Holders execute all such instruments as are reasonably required to vest the benefit of the trust in the replacement Sukuk Trustee. The replacement Sukuk Trustee shall be appointed by the Issuer within a period not exceeding sixty (60) days from the date of removal of the Sukuk Trustee. Notwithstanding the removal of the Sukuk Trustee, the Issuer shall indemnify and keep the Sukuk Trustee indemnified against any claims, costs, losses or consequences arising out of any act or thing done by the Sukuk Trustee in good faith in pursuance of this Declaration on or prior to the date of removal.

5.9 RESIGNATION BY THE SUKUK TRUSTEE

5.9.1 The Sukuk Trustee may resign its appointment hereunder at any time, without assigning any reason therefor, by giving not less than ninety (90) days prior notice, to that effect to the Issuer and to the Sukuk Holders, provided that no such resignation, shall be effective until:

- (a) a successor for the Sukuk Trustee is appointed in accordance with this Declaration;



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- (b) the resigning Sukuk Trustee has transferred to its successor all of its rights and obligations in its capacity as Sukuk Trustee; and
- (c) the successor Sukuk Trustee has confirmed its agreement to be bound by the provisions of this Declaration by executing an instrument of amendment to this Declaration.

For the purposes of this Section 5.9 (*Resignation by the Sukuk Trustee*), the notice to the Sukuk Holders shall be deemed to have been issued by the Sukuk Trustee if the same has been given in either of the following modes:

- (a) by sending an electronic mail or by issuing a notice in writing to the last known address of each Sukuk Holder maintained in the Register of Sukuk Holders;
- (b) by publication in a daily newspaper having circulation in the city where the Register of Sukuk Holders is maintained by the Issuer;

5.9.2 If the Sukuk Trustee gives notice of its resignation pursuant to sub-section 5.9.1 of this Section 5.9 (*Resignation by the Sukuk Trustee*), any eligible person registered as Debt Securities Trustee (as defined in the Regulations) with SECP and approved by the Issuer may be appointed as a successor to the Sukuk Trustee during the period of such notice, but if no such successor is so appointed, during the period of such notice, the Sukuk Trustee may appoint such a successor itself.

5.9.3 If a successor to the Sukuk Trustee is appointed under the provisions of sub-section 5.9.2 of this Section 5.9 (*Resignation by the Sukuk Trustee*) then:

- (a) the retiring Sukuk Trustee shall be discharged from any further obligations hereunder, but shall remain entitled to the benefit of the provisions of this Declaration; and
- (b) its successor and each of the other parties hereto, shall have the same rights and obligations amongst themselves, as if they would have had, if such successor had been an original party to this Declaration.

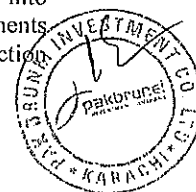
6. REPRESENTATIONS AND WARRANTIES

6.1 REPRESENTATIONS AND WARRANTIES OF THE ISSUER

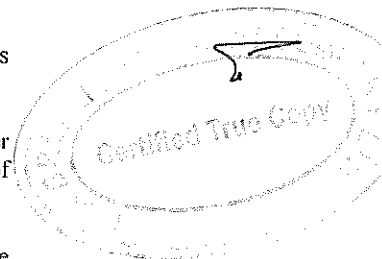
6.1.1 The Issuer hereby represents and warrants:

- (a) it is a limited liability company duly incorporated, legally existing and in good standing under the laws of Pakistan;
- (b) the Issuer has the requisite Authorisations necessary to own its assets and carry on its business as now being or as proposed to be conducted;
- (c) the Issuer has:
 - (i) the necessary authority and power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of the Sukuk Transaction Documents and the transactions contemplated by the Sukuk Transaction Documents;
 - (ii) all material governmental licenses, authorisations, consents and approvals, if any, required and necessary for the Issuer's entry into and performance and delivery into the Sukuk Transaction Documents and the transactions contemplated by the Sukuk Transaction Documents;

Signature: *[Handwritten Signature]*
 Name: *[Handwritten Name]*
 Title: *[Handwritten Title]*

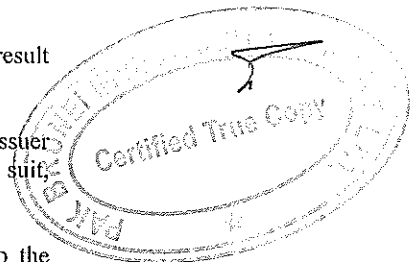


- (d) the execution and delivery of the Sukuk Transaction Documents, the performance by the Issuer of the Obligations and the consummation by the Issuer of the transaction contemplated thereby have been duly authorised by all necessary corporate actions of the Issuer (where applicable), and no other action on part of the Issuer is required in connection therewith for the consummation of the transactions set out in the Sukuk Transaction Documents;
- (e) this Declaration constitutes the valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with the terms and conditions contained herein;
- (f) all acts, conditions and things required to be done, fulfilled and performed by the Issuer in order to enable the Issuer to lawfully enter into, exercise its rights and comply with its obligations in this Declaration and to make this Declaration admissible in evidence in Pakistan, have been obtained or effected and are in full force and effect;
- (g) the execution, delivery and performance by the Issuer of this Declaration and the performance by the Issuer of the transaction contemplated hereby, does not:
 - (i) violate any laws of Pakistan or require the Issuer to obtain any approval, consent or waiver of, or make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made;
 - (ii) result in a violation or any breach of, constitute a default (or an event which with notice or lapse of time or both would become a default) under, result in the acceleration of any indebtedness under or performance required by, result in any right of termination of, increase any amounts payable under, decrease any amounts receivable under, change any other rights pursuant to, or conflict with, any material contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Issuer is a party or by which the Issuer; or
 - (iii) result in the creation or imposition of any Security Interest or restriction upon the Secured Properties or any part thereof other than the creation of the Security;
- (h) the entry into and performance by the Issuer of, and the transactions contemplated by, this Declaration, do not and will not conflict with:
 - (i) any law applicable to the Issuer;
 - (ii) the Charter of the Issuer;
 - (iii) any agreement or instrument binding upon the Issuer or any of its assets;
- (i) the Issuer is not in default in respect of any payment obligation (whether relating to any Financial Indebtedness or otherwise) or any other type of obligation in respect of any Financial Indebtedness;
- (j) the Issuer is not engaged in any litigation, arbitration, administrative proceedings and/or tax proceedings, the outcome of which could reasonably be expected to have a Material Adverse Effect, and no judgment or order has been issued which has or may reasonably be expected to have a Material Adverse Effect except for those already disclosed in the Original Financial Statement;



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- (k) all Tax returns and reports of the Issuer required by law to be filed have been duly filed and all Taxes, obligations, fees and other governmental charges upon the Issuer, or its properties, or its income or assets, which are due and payable or to be withheld, have been paid or withheld, other than those already disclosed in the Original Financial Statement and/or presently payable without penalty or interest/profit/rental payments;
- (l) all statements, exhibits, certificates, documents and reports furnished and / or supplied by the Issuer to the Sukuk Trustee contain true, correct, complete and accurate information, including but not restricted to the information in respect of the Secured Properties and to the best of the Issuer's knowledge do not contain any material misstatement of fact nor has the Issuer omitted to state a material fact or any fact necessary to make the statements contained therein not materially misleading in the light of the circumstances in which the same have been made. There is no fact which has a Material Adverse Effect or in the future is reasonably likely to have a Material Adverse Effect and which has not been set forth in this Declaration or the other documents furnished to the Sukuk Trustee by the Issuer in relation to the Secured Properties in connection with the transactions contemplated hereby;
- (m) there is no outstanding insured loss or liability incurred by the Issuer in an amount which is greater than PKR 200,000,000/- (Pak Rupees Two Hundred Million) (or its equivalent in any other currency) when taken together with the value of any related claims;
- (n) there has been no non-disclosure, misrepresentation or breach of any term of any Insurance/Takaful which would entitle any insurer of that Insurance/Takaful to repudiate, rescind or cancel it or to treat it as avoided in whole or in part or otherwise decline any valid claim under it by or on behalf of the Issuer;
- (o) no insurer of any Insurance/Takaful is in run-off or has entered into any insolvency proceedings and no alternate insurance/Takaful has been obtained from other insurance companies;
- (p) the Original Financial Statements were prepared in accordance with the relevant Accounting Standards consistently applied save to the extent expressly disclosed in such Original Financial Statements;
- (q) the Original Financial Statements give a true and fair view and represent the financial condition and operations of the Issuer, during the relevant financial year save to the extent expressly disclosed in such Original Financial Statements;
- (r) to the best of the Issuer's knowledge, no events or circumstances have occurred having a Material Adverse Effect since the latest date to which any of the Original Financial Statements were drawn up;
- (s) no Dissolution Event is continuing or might reasonably be expected to result from the entering into of this Declaration;
- (t) in any proceedings taken in Pakistan in relation to this Declaration, the Issuer will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process;
- (u) it is in compliance in all material respects with all laws applicable to the Issuer;
- (v) it has good and marketable title to all of the Secured Properties purported to be owned by it and possesses a valid leasehold interest in all assets which it purports to lease, in all cases free and clear of all Security Interests (other than Security Interests created pursuant to Financial Indebtedness Documents and



the Security Documents) and no contracts or arrangements, conditional or unconditional, exist for the creation by the Issuer of any Security Interest (other than Security Interests created pursuant to Financial Indebtedness Documents and the Security Documents);

- (w) as of the date hereof, the Secured Properties are free and clear of any and all Security Interests except the Security under the Security Documents, the Letter of Hypothecation (Senior Lenders) and the Existing Letter of Hypothecation (Units Conversion Lenders); and
- (x) it acknowledges and confirms that its obligation to make payments of all amounts of whatever nature under the Sukuk Transaction Documents, are unconditional and are not subject to any claims of set-off, deduction or counterclaims;

6.2 REPETITION OF THE REPRESENTATIONS AND WARRANTIES

6.2.1 The representations and warranties made by the Issuer to the Sukuk Trustee in terms of Section 6.1 (*Representations and Warranties of the Issuer*) above are deemed to be made by the Issuer with reference to the facts and circumstances existing as of the date of this Declaration.

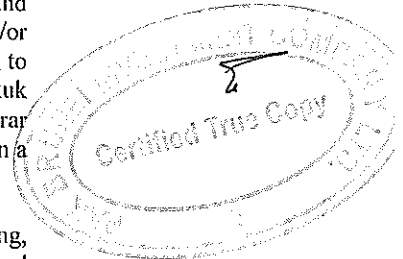
7. COVENANTS

7.1 POSITIVE COVENANTS

7.1.1 The Issuer hereby covenants with the Sukuk Trustee that the Issuer shall:

- (a) pay the Rental Payments and the Buy Out Prices at least three (3) Business Days prior to the relevant Payment Dates and all other amounts (including any other amounts) payable under this Declaration and the Conditions to the Sukuk Holders and / or the Sukuk Trustee on behalf of the Sukuk Holders, as the case may be, in accordance with the terms of this Declaration and the Conditions;
- (b) ensure that the Issuer or its appointed Registrar shall, at all times maintain a correct register of Sukuk Holders showing their names and addresses, the amount of the Sukuk held by each Sukuk Holder and the date on which such Sukuk Holder was registered as the holder and the date on which each Sukuk Holder ceased to be so registered;
- (c) duly perform and observe the obligations imposed upon it by this Declaration and the Sukuk Transaction Documents;
- (d) ensure that the Issuer or Registrar shall provide to the Sukuk Trustee, as and when requested by the Sukuk Trustee, the Register of Sukuk Holder and/or extracts therefrom as well as any other document or information pertaining to the Sukuk and the Sukuk Holders at no cost and / or charge to the Sukuk Trustee. In addition, the Issuer shall ensure that the Issuer or the Registrar shall send extracts of the Register of Sukuk Holders to the Sukuk Trustee on a quarterly basis;
- (e) ensure that during the period that the Sukuk or any of them are Outstanding, the Issuer: (i) will comply with in all material respects all laws and regulations; (ii) will comply with all conditions applicable to financial ratios and commitments applicable to the business of the Issuer; and (iii) shall maintain its corporate existence, comply with its Charter;
- (f) comply with and shall ensure compliance, in all material respects, with all rules, regulations and directives of the Stock Exchange, SECP and the Authorities, applicable to the Issuer and the Issuer's business from time to

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time and till such time as all obligations of the Issuer in respect of the Sukuk are outstanding other than those for which specific waiver has been granted by relevant authority and the same has been disclosed to the Sukuk Trustee. If any penalties for non-compliance are imposed by the Stock Exchange, SECP and / or any other Authority, the same shall be payable by the Issuer;

- (g) pay or keep paid up all taxes, dues, rents, rates and charges of any governmental or municipal authority or other competent authority (including but not limited to the federal and the provincial government), and in particular to punctually pay all rates, rents, property taxes in respect of the Secured Properties and in respect of the properties on or in which the Secured Properties may be located;
- (h) furnish properly to the Sukuk Trustee such information as it may from time to time reasonably request in relation to the Sukuk Issue, the Security and/or the Issuer including its business, financial condition and operations;
- (i) keep the Hypothecated Properties and all additions thereto insured with financially sound and reputable insurers. Every insurance policy in respect to the Hypothecated Properties and any insurance policy issued in respect of loss of profit, shall name the Sukuk Trustee co-loss payee alongwith Security Trustee (Units Conversion Lenders) and the Bridge Financier. The Issuer shall ensure that each insurance policy issued with respect to the Hypothecated Properties and for loss of profits cannot be terminated by the insurer for any reason (except war but including failure to pay the premium for any other amounts) unless the Sukuk Trustee as well as the Issuer receives at least forty five (45) days notice;
- (j) pay the premia, commission and pay other amounts necessary for effecting and maintaining in force the aforesaid insurance policies and shall deliver to the Sukuk Trustee within thirty (30) days after any insurance policy is issued to it, a copy of that policy incorporating any co-loss payee provisions mentioned in this Declaration. The Issuer shall also furnish to the Sukuk Trustee upon request copies of premia receipts in respect of the aforesaid policies. If the Issuer should fail to procure such insurance or to regularly pay the insurance premia, the Sukuk Trustee shall have the right but not the obligation to insure the same and/or pay the insurance premia on the due date(s) and such payments of premia by the Sukuk Trustee shall be deemed to form part of the amount due and payable under and in terms of this Declaration and shall be deemed to be secured by the Security Documents;
- (k) conduct and manage its business and affairs with diligence and efficiency in accordance with sound financial and business practices and with the assistance of qualified personnel;
- (l) maintain proper records and books of accounts as required under the relevant provisions of applicable law and permit access and facilitate the inspection by the Sukuk Trustee of such records and books of accounts;
- (m) maintain perfection of the Security and from time to time, facilitate the inspection of the Security or any part thereof by the Sukuk Trustee, or its representative and execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such further instruments as may reasonably be requested by the Sukuk Trustee for perfecting or maintaining in full force and effect the Security or otherwise to ensure that all amounts payable by the Issuer in respect of the Sukuk Issue are duly secured by the Security;



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SYED MOHAMMAD ABIDUL KALAM
CHIEF EXECUTIVE OFFICER
(K-CLERK/REGISTRATION)



- (n) submit periodical reports on semi-annual basis to the Sukuk Trustee including the register of the Sukuk Holders, number and nature of complaints received by the Issuer from any Sukuk Holders and status of resolution thereof, details of profit due but unpaid to the Sukuk Holders (if any) and reasons for non-payment thereof, a declaration confirming that the Security is sufficient to discharge all claims in relation to the Sukuk Issue as and when they become due;
- (o) inform the Sukuk Trustee of any material change in its shareholding structure and the board of directors of the Issuer;
- (p) where the Prospectus sets out a purpose for utilization of the proceeds of the Sukuk Issue, in the event of change in utilization of such proceeds by the Issuer, to inform the Sukuk Trustee;
- (q) it shall maintain at all times KPMG Taseer Hadi & Company Chartered Accountants or such other a firm of internationally recognized independent public accountants acceptable to the Security Trustee and the Investment Agent as Auditors of K-Electric;
- (r) upon the Security Trustee's request, and with reasonable prior notice to the Issuer, permit representatives of the Security Trustee, during normal office hours, the Issuer shall permit the Security Trustee to:
 - (i) visit any of the sites and premises where the Secured Properties are placed;
 - (ii) inspect any of the facilities, plants and equipment forming part of the Secured Properties;
 - (iii) have access to those employees, agents, contractors and subcontractors of the Issuer who have or may have knowledge of matters with respect to which the Security Trustee seek information;

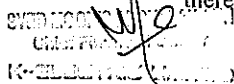
provided that no such reasonable prior notice shall be necessary if an Event of Default is continuing or if special circumstances so require;

- (s) maintain, at each of the Bin Qasim Plant, the Korangi Plant, the Korangi gas Plant and the S.I.T.E. Plant, stocks and spares of such type and in such quantities as is in accordance with prudent practice for its operation in the normal course;
- (t) deliver copies to the Security Trustee and the Investment Agent minutes of all shareholders' meetings that pass corporate and/or business resolution that impact or would reasonably be expected to impact the Sukuk Holders' rights under the Sukuk Transaction Documents or Issuer's ability to comply with its obligations under the Sukuk Transaction Documents;

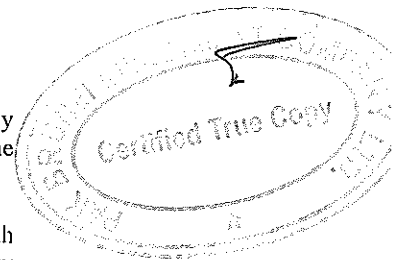
7.2 NEGATIVE COVENANTS

7.2.1 The Issuer hereby covenants to the Sukuk Trustee that while the Obligations or any part thereof is outstanding, the Issuer shall not, without the prior written consent of the Sukuk Trustee:


- (a) sell, transfer or otherwise dispose off, in any manner whatsoever, or part with possession of (other than in the ordinary course of business) more than twenty percent (20%) of its undertaking or total assets or undertake or permit any merger, amalgamation, consolidation, dismantling, re-organization restructuring, demerger by way of scheme of amalgamation, scheme of arrangement or otherwise (such permission not to be unreasonably withheld) provided however the twenty percent (20%) of the undertaking or total assets do not include the Musharaka Assets and/or Secured Properties or any part thereof;

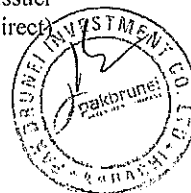
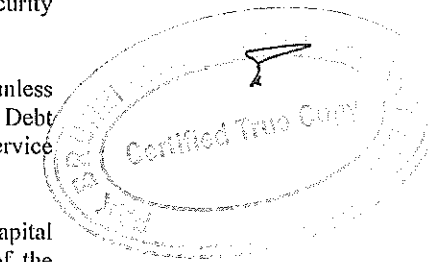


 CHIEF FINANCIAL OFFICER



- (b) demolish or remove any part of the buildings or erections in which the Hypothecated Properties are located or the fixtures and fittings annexed thereto except in the ordinary course of repair, maintenance, replacement or improvement;
- (c) change its Charter, or change its fiscal year or change the nature of its business as stated in its Charter other than change of name of the Issuer, such consent not to be unreasonably withheld;
- (d) take any action which is likely to have a Material Adverse Effect;
- (e) accelerate repayment of any existing Financial Indebtedness (other than prepayment of loans under the Senior Loan Agreements) before its stated maturity and when such repayment / prepayment is not likely to have a Material Adverse Effect in the reasonable opinion of the Sukuk Trustee;
- (f) agree to share any of its revenues or enter into any pooling agreement in respect of its production or revenues in relation to the Secured Properties other than as provided in the Sukuk Transaction Documents;
- (g) purchase, cancel or redeem any of its share capital, such consent not to be unreasonably withheld;
- (h) declare, make or pay, or pay interest on any unpaid amount of, any dividend, charge, fee or other distribution (whether in cash or in kind) on or in respect of its shares or share capital (or any class of its share capital) if a Dissolution Event has occurred and / or is continuing;
- (i) take any voluntary action to apply for or request the delisting of any of its shares from the Stock Exchanges;
- (j) create or permit to subsist any pari passu, superior or inferior Security Interest over the Security or any portion thereof, provided that the prior consents of the Security Trustee and the Investment Agent for creation of pari passu or inferior Security Interest over the Hypothecated Properties or any portion thereof will not be unreasonably withheld by the Security Trustee and the Investment Agent (and consent/sanction of Sukuk Holders will also not be required) if they are satisfied that: (i) the Security Interest is in relation to the permitted Financial Indebtedness in terms of Section 7.2.1(k) below; (ii) appropriate cushion is available in the value of the Hypothecated Properties to cover such new Security Interest; and (iii) the financiers in whose favour such new Security Interest is proposed to be created have acceded the New Security Sharing Agreement (in case of pari passu Security Interest) or agreed to appropriate security enforcement mechanism (in case of inferior Security Interest);
- (k) incur, assume or permit to exist any additional Financial Indebtedness unless following incurring such additional Financial Indebtedness: (i) the Total Debt to Equity Ratio of the Issuer is not exceeding 70:30; and (ii) the Debt Service Coverage Ratio of the Issuer is not less than 1.2x;
- (l) declare or pay any dividend or make any cash distribution on its share capital if an event of default (howsoever defined) has occurred under any of the Financial Indebtedness Documents to which the Issuer is a party;
- (m) subject to the terms of Section 3.4 of this Declaration, the Issuer shall ensure that at all times: (a) Sponsors' shareholding (direct or indirect) in the Issuer does not fall below 51%; and (b) Sponsor's representation (direct or indirect) on the Board of Directors of the Issuer shall not fall below 51%;


 SYED MUZAFFAR ALI
 Chief Financial Officer
 K-CLASS TRUST LIMITED



- (m) make substantial change to the general nature of the business of the Issuer from that carried on at the date of this Declaration; and
- (n) enter into any transaction, except in the ordinary course of business on the basis of arm's-length arrangements, including, without limitation, transactions whereby the Issuer might pay more than the ordinary commercial price for any purchase or might receive less than the full ex-works commercial price (subject to normal trade discounts) for its products.

7.3 INFORMATION UNDERTAKINGS

7.3.1 The Issuer hereby undertakes that it shall:

- (a) promptly notify the Sukuk Trustee of any litigation, arbitration or administrative proceedings affecting the Issuer or any of its property which could have, either separately or in aggregate a Material Adverse Effect on the Issuer;
- (b) maintain proper records in respect of its assets, including the Secured Properties and upon the Sukuk Trustee requesting information provide the necessary details relating to the same within a period of twenty one (21) days from the date of the request made by the Sukuk Trustee;
- (c) provide to the Sukuk Trustee, with all relevant information relating to its financial condition, business assets and affairs;
- (d) immediately inform the Sukuk Trustee of the occurrence of a Material Adverse Effect and to take all steps to rectify the same;
- (e) immediately inform the Sukuk Trustee of the occurrence of any Dissolution Event;
- (f) deliver annual account statements within one hundred and twenty (120) days at the close of each financial year and to deliver a copy of unaudited quarterly accounts within ninety (90) days from the close of each financial quarter;
- (g) provide to the Sukuk Trustee with at least two (2) copies of all documents, reports, notices, circulars and particulars which the Issuer provides to its shareholders; and
- (h) provide to the Sukuk Trustee copies of all such documents and reports, notices, circulars and particulars which the Issuer provides to its creditors.

7.3.2 The Sukuk Trustee hereby undertakes that it shall provide a copy of certificate Declaration to any Sukuk Holder as and when requested by such Sukuk Holder in writing to the Sukuk Trustee.

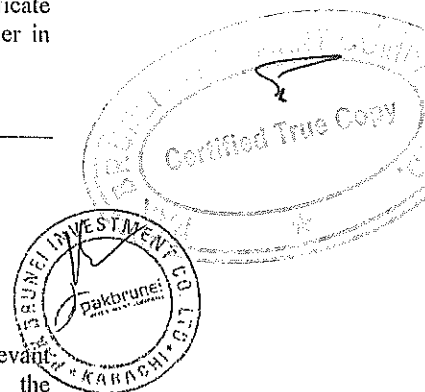
8. DISSOLUTION EVENTS

8.1 DISSOLUTION EVENTS

8.1.1 Each of the following events shall constitute Dissolution Event:

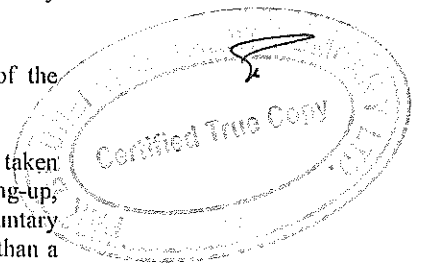
- (a) the failure of the Issuer to:
 - (i) pay any Rental Payments or Buy Out Prices before the relevant Payment Dates in accordance with this Declaration and the Conditions; or
 - (ii) pay any amounts payable by the Issuer under this Declaration (other than as specified in sub-clause (i) above) and such failure continues for a period of fifteen (15) consecutive Business Days after expiry of

OVERSEA-CHINESE BANKING CORPORATION
 OVERSEA-CHINESE BANKING CORPORATION
 OVERSEA-CHINESE BANKING CORPORATION



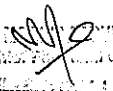
the payment date as provided under a demand for the payment of the same put to the Issuer;

- (b) default by the Issuer in the performance or observance of or compliance with any of its other material obligations or undertakings under the Sukuk Transaction Documents and such default (other than as specified in sub-clause (a) above) continues for a period of thirty (30) days from the date of receipt of notice by the Issuer from the Sukuk Trustee in respect of the same;
- (c) an event of default (howsoever described and / or defined) occurs under a Sukuk Transaction Document and such event of default (other than as specified in sub-clause (a) above) continues for a period of thirty (30) days from the date of receipt of notice by the Issuer from the Sukuk Trustee in respect of the same;
- (d) any representation or warranty made or deemed to be made or repeated by the Issuer in or pursuant to this Declaration is found to be incorrect and / or misleading;
- (e) the Issuer assigns or enters into an arrangement for the benefit of its creditors in respect of any Financial Indebtedness, which has a Material Adverse Effect in the reasonable opinion of Sukuk Trustee;
- (f) the Issuer:
 - (i) voluntarily or involuntarily becomes the subject of bankruptcy or insolvency proceedings except for proceedings which are frivolous in nature; and / or
 - (ii) elects to become a party to or is subject to any proceedings or procedure under any law for the relief of financially distressed debtors, except for proceedings which are frivolous in nature; and / or
 - (iii) admits in writing its inability to pay its debts as they mature, to the Sukuk Trustee; and / or
 - (iv) a receiver or an administrator is appointed for all or any part of its assets or business;
- (g) the Issuer is unable or admits its inability to meet its payment obligations in respect of its Financial Indebtedness as the same fall due, suspends making payments on any of its Financial Indebtedness or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling its Financial Indebtedness or any portion thereof;
- (h) a moratorium is declared in respect of any Financial Indebtedness of the Issuer;
- (i) any corporate action, legal proceedings or other procedure or steps are taken by the Issuer in relation to the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer other than a solvent liquidation or reorganisation;
- (j) the Issuer enters into or initiates steps for entering into a composition, compromise, assignment or arrangement with any of its creditors, which has a Material Adverse Effect in the reasonable opinion of Sukuk Trustee;
- (k) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Issuer (if applicable) or any of its assets;



- (l) enforcement of any Security Interest over substantial assets of the Issuer, which has a Material Adverse Effect in the reasonable opinion of the Sukuk Trustee;
- (m) any governmental agency nationalizes, acquires or expropriates (with or without compensation) any or all the assets of the Issuer including but not restricted to the Secured Properties;
- (n) any other event or circumstance arising out of the Issuer's negligence or default which results in a Material Adverse Effect in the reasonable opinion of the Sukuk Trustee;
- (o) any Financial Indebtedness of the Issuer is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (howsoever described), which has a Material Adverse Effect in the reasonable opinion of the Sukuk Trustee;
- (p) any commitment for any Financial Indebtedness of the Issuer is cancelled or suspended by a creditor of the Issuer, as a result of an event of default (however described), which has a Material Adverse Effect in the reasonable opinion of the Sukuk Trustee;
- (q) it is or becomes unlawful for the Issuer to perform any of its material obligations under this Declaration;
- (r) any obligation or obligations of the Issuer under this Declaration or any Sukuk Transaction Document are not, or cease to be, legal, valid, binding or enforceable and the cessation individually or cumulatively has a Material Adverse Effect in the reasonable opinion of the Sukuk Trustee;
- (s) this Declaration and / or any Sukuk Transaction Document ceases to be in full force and effect;
- (t) the Issuer repudiates this Declaration or evidences an intention to repudiate this Declaration;
- (u) any Security Document ceases to be in full force and effect or is declared to be void or is repudiated and the conditions resulting in the repudiation are not remedied and / or replacement Security Documents are not executed within a period of thirty (30) Business Days from the date on which the Security Documents become void and /or are repudiated;
- (v) any court or arbitrator passes a final non-appealable judgment or arbitral award for payment, against the Issuer and the Issuer fails to effect such payment within sixty (60) days from the date on which the obligation to pay arises and provided the same has a Material Adverse Effect in the reasonable opinion of the Sukuk Trustee;
- (w) the Issuer fails to comply with any law or regulation to which it may be subject and the same has a Material Adverse Effect in the reasonable opinion of the Sukuk Trustee;
- (x) the Issuer fails to comply with the covenants set out in this Declaration and such failure continues for a period of thirty (30) days from the date of receipt of a notice by the Issuer from the Sukuk Trustee in respect of the same or from the date on which the Issuer has knowledge of the same, whichever is earlier;
- (y) the Issuer suspends, ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business or to change the nature of its business from that undertaken at the date of this Declaration; and




 CHIEF EXECUTIVE OFFICER
 K-SECURITIES LIMITED

- (z) any event or series of events (whether related or not) occurs which would have a Material Adverse Effect in the reasonable opinion of the Sukuk Trustee.

8.2 ACTIONS UPON OCCURRENCE OF DISSOLUTION EVENT

8.2.1 Immediately upon the occurrence of a Dissolution Event or any of them (other than as specified in Section 8.1.1(a)(i) of this Declaration), the Sukuk Trustee shall issue a seven (7) Business Days notice to the Issuer to cure such Dissolution Event and the Issuer shall cure such Dissolution Event within seven (7) Business Days as specified in the above notice. It is clarified that the Sukuk Trustee shall not be required to issue notice to the Issuer in terms of this Section 8.2.1 in case of the Dissolution Event specified in Section 8.1.1(a)(i) of this Declaration.

8.2.2 Immediately upon the occurrence of the Dissolution Event specified in Section 8.1.1(a)(i) of this Declaration and/or in case a Dissolution Event is not cured by the Issuer in terms of Section 8.2.1 above to the satisfaction of the Sukuk Trustee, the Sukuk Trustee shall immediately issue a notice to the Sukuk Holders (with a copy to the Issuer) in accordance with the provisions of Condition 13 (*Notices*) of Schedule 2 (*Terms and Conditions of Sukuk*). The notice to be issued pursuant to this sub-section 8.2.2 of this Section 8.2 (*Actions Upon Occurrence of Dissolution Event*) shall list the details of the Dissolution Event that has occurred and the date on which the Dissolution Event has occurred or alternatively the date on which the Sukuk Trustee received knowledge of the same (**Dissolution Notification**).

8.2.3 On the date of issuance of the Dissolution Notification, the Sukuk Trustee shall also issue a notice for convening a meeting of the Sukuk Holders (with a copy to the Issuer) for passing an Extraordinary Resolution in accordance with the provisions of Schedule 2 (*Provisions for Meetings of Sukuk Holders*) in respect of the actions to be taken by the Sukuk Trustee as a consequence of the occurrence of the Dissolution Event.

8.3 CONSEQUENCES OF DISSOLUTION EVENT

8.3.1 Upon the occurrence of a Dissolution Event or any of them and if so directed by an Extraordinary Resolution (subject to the Sukuk Trustee being indemnified to its satisfaction), the Sukuk Trustee shall, give notice to the Issuer (**Notice for Payment of the Buy Out Price (Applicable Upon Termination)**) notifying the Issuer that as a consequence of the occurrence of a Dissolution Event the Sukuk are to be redeemed at the Buy Out Price (Applicable Upon Termination) on the date specified in such notice (which shall be a date not less than thirty (30) days from the date of the Notice for Payment of the Buy Out Price (Applicable Upon Termination) (**Date for Payment of the Buy Out Price (Applicable Upon Termination)**)) and the Trust shall stand extinguished on the date immediately following the date on which the Buy Out Price (Applicable Upon Termination) has been received by the Sukuk Trustee to its complete satisfaction.

8.3.2 In the event the Buy Out Price (Applicable Upon Termination) is not received on the Date for Payment of the Buy Out Price (Applicable Upon Termination) and if so directed by the Extraordinary Resolution passed by the Sukuk Holders in terms of Section 8.2.3 above (subject to the Sukuk Trustee being indemnified to its satisfaction), the Sukuk Trustee shall have the right to forthwith take the following remedies amongst other remedies available under applicable law (including the right to approach a court of competent jurisdiction), subject to terms of the New Security Sharing Agreement:

- (a) to forthwith proceed to sell the Musharaka Assets to recover the Buy Out Price (Application Upon Termination) and in case such assets are sold at less than the Buy Out Price (Application Upon Termination) to recover the shortfall amounts;

(b) to forthwith enforce and realize the Security;

CHANDAN KUMAR
CHANDAN KUMAR
(S-11111111111111111111)



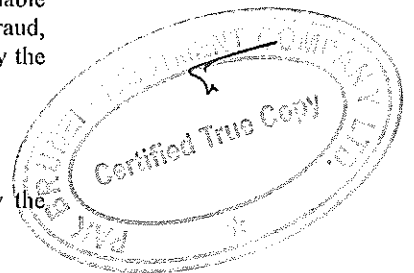
- (c) to file suits for the recovery of the Buy Out Price (Applicable Upon Termination) or such portion of the Buy Out Price (Applicable Upon Termination) that has not been recovered, including, without limitation, for the appointment of receivers and prompt attachment of all moveable and immovable properties of the Issuer;
 - (d) to file suits for the recovery of all amounts due and payable by the Issuer and/or for any shortfall after the enforcement of the Security; and / or
 - (e) to apply for winding up of the Issuer in accordance with the provisions of the Ordinance.
- 8.3.3 The net amount realized by the enforcement of the Security after deduction of reasonable expenses incurred in such enforcement including, without limitation, reasonable commissions, costs, expenses and legal fees shall be applied in reduction of the Issuer's liability towards the Buy Out Price (Applicable Upon Termination). If the net sale proceeds recovered are insufficient, the Issuer shall continue to be liable to the Sukuk Holders for the difference between the amounts received and the amounts remaining due and payable.

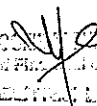
8.4 APPOINTMENT OF RECEIVER

- 8.4.1 The Sukuk Trustee shall be entitled to prove in any winding-up of the Issuer in respect of the Buy Out Price (Applicable Upon Termination) or other monies payable under any provision of this Declaration.
- 8.4.2 At any time after the Sukuk Trustee issues a notice for the payment of the Buy Out Price (Applicable Upon Termination) under Section 8.3 (*Consequences of Dissolution Event*), the Sukuk Trustee may appoint by writing any person or persons to be an administrative receiver or a receiver and manager (the Receiver which expression shall include any substituted receiver and manager) with respect to the administration of the proceeds. The Issuer shall pay the fees and the expenses incurred by the Receiver so appointed. The Receiver shall report to the Sukuk Trustee and shall exercise its powers in consultation with and the consent of the Sukuk Trustee.
- 8.4.3 The Sukuk Trustee in consultation with the Issuer may from time to time determine the remuneration of the Receiver and may remove the Receiver and appoint another in its place. In the event of a dispute between the Sukuk Trustee and the Issuer regarding the remuneration of the Receiver, the decision of the Sukuk Trustee shall be final.
- 8.4.4 The Receiver shall be the Issuer's agent and the Issuer alone shall be responsible for the acts and omissions of the Receiver and the remuneration of the Receiver, provided however, the Receiver shall report to and be accountable to the Sukuk Trustee. Notwithstanding any other provision of this Declaration, the Issuer shall not be liable for any loss or injury caused due to the negligence, willful misconduct, fraud, embezzlement of the Receiver and any breach of the terms of this Declaration by the Receiver.

8.5 APPLICATION OF PROCEEDS

- 8.5.1 Any proceeds recovered / received by the Sukuk Trustee shall be applied by the Sukuk Trustee in the following manner:
 - (a) firstly, in payment of all costs, charges, expenses and liabilities lawfully incurred and payments made by the Sukuk Trustee, Receiver, any attorney, agent, delegate, sub-delegate or other person appointed by the Sukuk Trustee in the execution of any powers, authorities or discretions vested the Sukuk Trustee pursuant to this Declaration including (without limitation upon the foregoing) the remuneration of the Sukuk Trustee under these presents and of every such Receiver or such other person;




 Chief Executive Officer
 National Investment Commission



- (b) secondly, in or towards payment of the Obligations to the Sukuk Holders on a pari passu basis in proportion to the amount owed to the respective Sukuk Holders pursuant to the Sukuk; and
- (c) lastly, the surplus (if any) after the payment of all Obligations in full shall be paid to or to the order of the Issuer.

8.5.2 Payment of the proceeds to the Sukuk Holders shall be made by the Sukuk Trustee net of any deductions required under applicable law (against surrender of the original Sukuk). In the event, the full amount of the Obligations is not paid, then the Sukuk for which such payment shall be made shall be produced to the Sukuk Trustee, who shall cause a memorandum of the amount and date of payment to be effaced on those Sukuk. The Sukuk Trustee may dispense with the production and effacement of a Sukuk in any particular case, on such indemnity being given as it shall think sufficient.

8.6 RIGHTS OF SUKUK HOLDERS UPON SUKUK TRUSTEE'S FAILURE TO ACT

- 8.6.1 The Sukuk Holders shall not, in any circumstances, be entitled to proceed directly against the Issuer, unless the Sukuk Trustee, upon being instructed by an Extraordinary Resolution fails to act in accordance with the instructions issued to the Sukuk Trustee pursuant to the Extraordinary Resolution.
- 8.6.2 In the event the Sukuk Trustee fails to act as instructed by an Extraordinary Resolution, and upon such failure continuing for a period of fifteen (15) days from the date of the Sukuk Trustee being so instructed, the Enforcing Sukuk Holders, may issue the Notice for Payment of Buy Out Price (Applicable Upon Termination) to the Issuer subject to terms of the New Security Sharing Agreement.
- 8.6.3 Subject to terms of the New Security Sharing Agreement, the provisions of Section 8.3 (*Consequences of Dissolution Event*), Section 8.4 (*Appointment of Receiver*) and Section 8.5 (*Application of Proceeds*) shall thereafter be applicable *mutatis mutandis* to such Enforcing Sukuk Holders; provided however the Enforcing Sukuk Holders shall elect one of their number as their Agent to undertake the actions required pursuant to Section 8.3 (*Consequences of Dissolution Event*) and Section 8.4 (*Appointment of Receiver*).
- 8.6.4 The term **Enforcing Sukuk Holders** as used in this Section 8.6 (*Rights of Sukuk Holders upon Sukuk Trustee's Failure to Act*) means the Sukuk Holders together constituting the majority required to pass the Extraordinary Resolution in accordance with the provisions of Schedule 2 (*Provisions for Meetings of Sukuk Holders*).

9. EXTINGUISHMENT OF TRUST

9.1 EXTINGUISHMENT OF TRUST

The Trust has been created for the specific purpose of holding the Trust Assets for the benefit of the Sukuk Holders and the Trust shall automatically extinguish on the earlier to occur of (a) the last Periodic Buy Out Price Payment Date provided the Sukuk Trustee has received a certificate from the auditors of the Issuer certifying that the Obligations have been satisfied and no amounts are due, outstanding and payable in respect of Sukuk redemption amounts; and (b) the date on which the realized proceeds are distributed by the Sukuk Trustee among the Sukuk Holders in full and final discharge of the Issuer's Obligations in respect of the Sukuk (**Termination Date**). Provided however, in the event on the Termination Date any amounts payable to the Sukuk Holders remain unclaimed from the Sukuk Trustee, the Sukuk Trustee shall transfer the same to an account of the Issuer and a notice by the Issuer shall be placed in one (1) English and one (1) Urdu newspapers having local circulation notifying the public at large of the depositing of such amounts with the Issuer and that such amounts may be claimed by providing documentary evidence of the Sukuk Holders claim to such amounts. The Issuer shall continue to hold the same in trust for the Sukuk Holders entitled to the same.

SYED MOHAMMAD
CHIEF FINANCIAL OFFICER
(K-12345678901234567890)



10. MISCELLANEOUS

10.1 SET OFF

All payments by the Issuer under this Declaration and the Sukuk shall be made without any deduction and free and clear of and without deduction for or on account of any Taxes, except to the extent that the Issuer is required by law to make payment subject to any Taxes.

10.2 TAX RECEIPTS

All Taxes required by law to be deducted or withheld by the Issuer from any amounts paid or payable under this Declaration and the Sukuk shall be paid by the Issuer when due. The Issuer shall, within twenty one (21) days of the payment being made, deliver to the Sukuk Trustee evidence satisfactory to the Sukuk Trustee (including all relevant tax receipts) that the payment has been duly remitted to the appropriate Authority.

10.3 PARTIAL INVALIDITY

If at any time any provision of this Declaration is or becomes illegal, invalid or unenforceable in any respect then the legality, validity or enforceability of the remaining provisions of this Declaration shall not in any way be affected or impaired thereby.

10.4 SUKUK HOLDERS CEASING TO BE BENEFICIARY

Any of the Sukuk Holders who ceases to be owed any Obligations, shall automatically cease to be a beneficiary under this Declaration.

10.5 NOTICES

10.5.1 Each communication or document to be made, given or delivered under these presents shall be in writing and, unless otherwise stated, may be made by telex, telefax or letter.

10.5.2 Any communication or documents to be made or delivered under this Declaration shall (unless that other person has by fourteen (14) Business Days written notice to other parties hereto specified another address, telex or telefax number) be made or delivered to that other person at the address, telex or telefax number identified below and shall be deemed to have been made or delivered when dispatched (in the case of any communication made by telex) or (in the case of any communications made by telefax) when transmission is completed or (as the case may be) five (5) Business Days after being deposited in the post on an envelope addressed to it at that address provided that any communication or document to be made or delivered to the Sukuk Trustee shall be effective only when received by the Sukuk Trustee. Any change in the said details should be notified in writing to the other party from time to time.

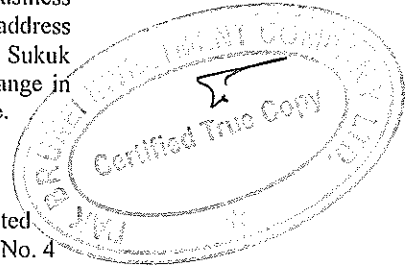
If to Sukuk Trustee:

Attention: Hamidullah Khan
Head of Trustee & Agency Services
Pak Brunei Investment Company Limited
Horizon Vista, Commercial 10, Block No. 4
Scheme No. 5, Clifton, Karachi
Tel. No: 0092-21-35361215-19
Fax No: 0092-21-35361213

If to the Issuer:

Attention: Syed Moonis Abdullah Alvi
Chief Financial Officer & Company
Secretary
KE House Plot No. 39/B Sunset Boulevard
DHA Phase II, Karachi
Tel. No.: 0092-21-32647107
Fax No.: 0092-21-99205165

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10.5.3 Notwithstanding anything contained in sub-section 10.5.1 and 10.5.2 of this Section 10.5 (*Notices*), the Sukuk Trustee, may at any time, at its discretion consider issuing a notice or communication to the Sukuk Holders by publication in two national daily newspapers, at least one of which is in English language having national circulation, which shall be deemed as proper notice or communication under this Declaration.

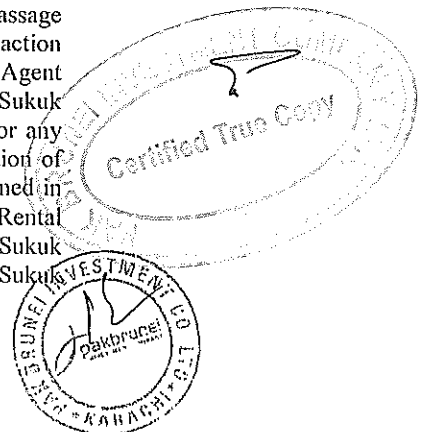
10.6 MODIFICATION

10.6.1 Notwithstanding anything contained in the Sukuk Transaction Documents:

- (a) as the Rental Payments has been calculated based on indicative profit rate of 9.49% per annum for illustration purposes only, immediately after issuance of the Prospectus the Sukuk Trustee and the Issuer, to the extent required, shall execute necessary amendment deeds/documents to the Sukuk Transaction Documents without any consent or sanction of any party including Sukuk Holders (if any) so that the Rental Payments contained in this Declaration and relevant provisions thereof (Condition 6 contained in Schedule 3 (Terms and Conditions of Sukuk)) and relevant Sukuk Transaction Documents shall stand modified and substituted with the Rental Payments schedule prepared on the basis of the Applicable Rate and the relevant provisions of this Declaration (including Condition 6 contained in Schedule 3 (Terms and Conditions of Sukuk)) and relevant Sukuk Transaction Documents shall also stand modified and substituted accordingly. Such amendment/modification shall be binding on all parties (including the Sukuk Holders, Sukuk Trustee, the Investment Agent and the Issuer);
- (b) the Sukuk Trustee may from time to time and at any time, without any consent or sanction of the Sukuk Holders, concur with the Issuer in making any modification to any of the Sukuk Transaction Documents in terms of Section 10.6.1(a) above. Any such modifications shall be binding on the Sukuk Holders, Sukuk Trustee, the Investment Agent and the Issuer and the Sukuk Transaction Documents shall stand amended accordingly;
- (c) in case the Trust is extinguished, upon receiving a certificate from the auditors of the Issuer certifying that the Obligations have been satisfied in terms of Section 9.1, the Sukuk Transaction Documents may be amended to release the relevant Secured Properties securing the Obligations; and
- (d) the Sukuk Trustee, the Investment Agent and the Issuer (where required) shall execute any supplemental/amendment to any of the Sukuk Transaction Documents or no objection or waiver letter in accordance with terms and conditions contained in this Section 10.6.1 of the Declaration and no consent/approval of Sukuk Holders will be required for execution of such supplemental, amendments, waiver letter or no objections.

10.6.2 Where amendment in the Sukuk Transaction Documents is required after the Issue Date for any modification to the Rental Payments, the Buy Out Prices, Payment Dates, any matter in relation to Secured Properties (except as otherwise provided hereunder), the Sukuk Trustee may proceed with such amendment subject to passage of an Extraordinary Resolution, whereupon the relevant Sukuk Transaction Documents shall stand modified and the Sukuk Holders and the Investment Agent shall be bound accordingly. It is clarified that no such consent/approval of Sukuk Holders, by way of Extraordinary Resolution or otherwise, will be required for any revision/modification to a Sukuk Transaction Document relating to determination of the Rental Payments and/or the Buy Out Prices pursuant to Condition 6 contained in Schedule 3 (Terms and Conditions of Sukuk) of this Declaration and/or the Rental Payment Agreement and any such modification/revision shall be binding on the Sukuk Holders, Sukuk Trustee, the Investment Agent and the Issuer and the relevant Sukuk Transaction Documents shall stand amended accordingly.

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10.7 Meetings of the Sukuk Holders

The manner in which meetings of the Sukuk Holders, where required in this Declaration, will be held and the procedures applicable in respect of such meetings are specified in **Schedule 2** of this Declaration.

10.8 GOVERNING LAW


This Declaration shall be governed by, and construed in accordance with the laws of the Islamic Republic of Pakistan.

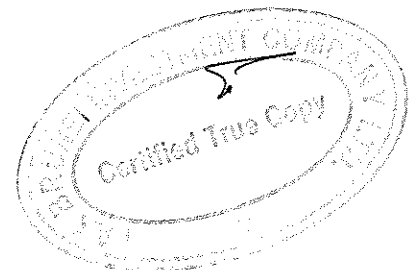
10.9 JURISDICTION

Each of the parties hereto irrevocably agrees that the appropriate courts at Karachi shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Declaration and the Sukuk Issue and, for such purposes irrevocably submits to the jurisdiction of such courts.

10.10 ORIGINAL

This Declaration shall be executed in one (1) original. Sukuk Trustee shall provide certified copies of the same to the Issuer and the Investment Agent.


OVERSEAAS INVESTMENT COMPANY LIMITED
CHIEF FINANCIAL OFFICER
KARACHI



SIGNATURE PAGE

IN WITNESS WHEREOF the parties hereto have executed and delivered this Declaration on the day month and year first above mentioned.

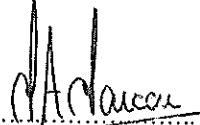
AS THE ISSUER

For and on behalf of K-ELECTRIC LIMITED through its authorised signatory

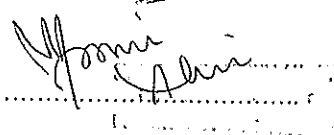
Name:
Designation:

SIGNATURE

TAYYAB TAREEN
Chief Executive Officer
K-ELECTRIC LIMITED



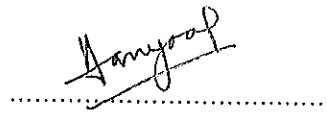
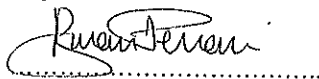
Name:
Designation:



IN THE PRESENCE OF:
SIGNATURE OF WITNESSES

- 1- Name: Rizwom Pesnani
Address: C10 KE
NIC No: 42201-05491861
- 2- Name: DANYAL JAMAL
Address: C10 KE
NIC No: 42201-2557851-3

SIGNATURE



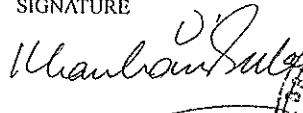
AS THE SUKUK TRUSTEE

For and on behalf of PAK BRUNEI INVESTMENT COMPANY LIMITED through its authorised signatory

Name: Hamidullah Khan
Designation: Head Trustee & Managing Partner

Name: Haider Humair
Designation: Sr. Associate Trustee

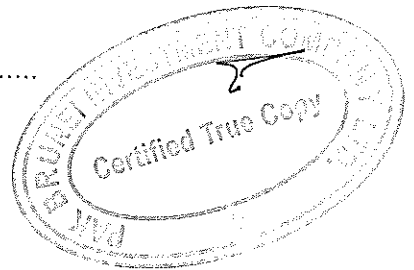
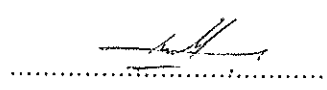
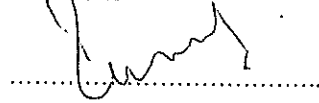
SIGNATURE



IN THE PRESENCE OF:
SIGNATURE OF WITNESSES

- 1- Name: KEHAN MEHBOOB
Address: C10 HBL
NIC No: 42301-0626743-9
- 2- Name: OMAIR IQBAL
Address: C10 HBL
NIC No: 42201-8037616-9

SIGNATURE



SCHEDULE 1 – FORM OF SUKUK

[LOGO OF THE ISSUER]
K-ELECTRIC LIMITED
A PUBLIC LIMITED COMPANY
INCORPORATED UNDER THE LAWS OF THE ISLAMIC REPUBLIC OF PAKISTAN
HAVING ITS REGISTERED OFFICE AT KE HOUSE, PLOT NO.39/B, SUNSET
BOULEVARD, DHA PHASE II, KARACHI

SUKUK
forming part of Shirkat-ul-Milk Sukuk issued by K-Electric Limited under Section 120 of the
Companies Ordinance, 1984 with an aggregate face value of upto PKR 22,000,000,000 (Pak
Rupees Twenty Two Billion)/- inclusive of a green shoe option of an amount of PKR
2,000,000,000/- (Pak Rupees Two Billion)

DEFINITIVE SUKUK NUMBER: [•]
REGISTRATION NUMBER: [•]

FACE VALUE OF SUKUK: PKR 5,000/-

SUKUK HOLDER: [Name and Address] (“Sukuk Holder”)

This Sukuk is one of a series of Sukuk issued by K-Electric Limited (“**Issuer**”) as part of the
upto PKR 22,000,000,000 (Pak Rupees Twenty Two Billion)/- inclusive of a green shoe
option of an amount of PKR 2,000,000,000/- (Pak Rupees Two Billion) Shirkat-ul-Milk
Sukuk of K-Electric Limited, and represents the Sukuk Holders undivided ownership in the
Trust Assets.

This Sukuk is issued in accordance with the Declaration of Trust dated [•] as amended,
modified and/ or supplemented from time to time (**Declaration**) and the Conditions, and is
governed by the Conditions and is subject to the terms of the Declaration and the Conditions.
This Sukuk may be transferred by the Sukuk Holders in accordance with the Conditions.

All capitalized terms used herein shall have the same meaning as ascribed thereto in the
Declaration and the Conditions.

This is to certify that the Sukuk Holder named above, being the registered holder of the
Sukuk, is the owner of an undivided share in the Trust Assets to the extent of the Sukuk
Holder’s pro rata share in the Trust Assets. The Sukuk Holder is entitled to receive its pro rata
share in (a) the Rental Payments distributed by the Investment Agent to the Sukuk Holders
from the amounts transferred to the Payment Account on each Rental Payment Date; (b) the
Buy Out Price (Applicable Upon Termination); (c) the Buy Out Price (Sponsor Change
Redemption); and (d) the Periodic Buy Out Price, in accordance with the Conditions.

ISSUED UNDER THE SEAL OF K-ELECTRIC LIMITED ON THIS THE [•] DAY OF [•],
2015.

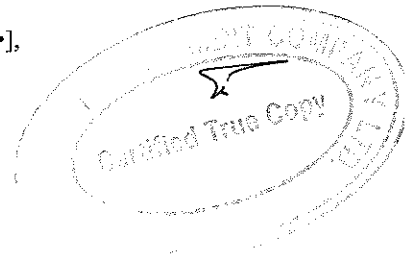
[seal and signature to be affixed at the time of issuance]

(Attached to the Sukuk)

FORM OF TRANSFER OF SUKUK

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfers) to

Signature of Issuer
K-ELECTRIC LIMITED



(Please print or type name and address (including postal code) of transferee)
PKR 5000 face amount of this Sukuk and all rights hereunder, hereby irrevocably constituting and appointing [●] as attorney to transfer such face amount of this Sukuk in the Register maintained by the Issuer with full power of substitution.

Signature(s)

.....

Date:.....

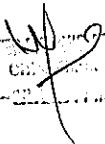
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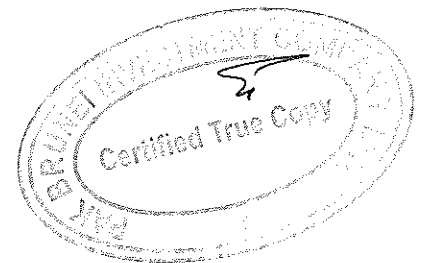
1. This form of transfer must be accompanied by such documents, evidence and information as may be required pursuant to the Conditions and must be executed under the hand of the transferor or, if the transferor is a corporation, either under its common seal or under the hand of two of its officers duly authorised in writing and, in such latter case, the document so authorising such officers must be delivered with this form of transfer.
2. The signature(s) on this form of transfer must correspond with the name(s) as it/they appear(s) on the face of this Sukuk in every particular, without alteration or enlargement or any change whatever.

[stamp duty]

[(Reverse of Sukuk)]

[the Conditions will be printed on the reverse each Sukuk]

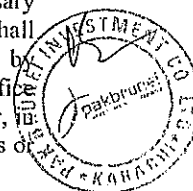
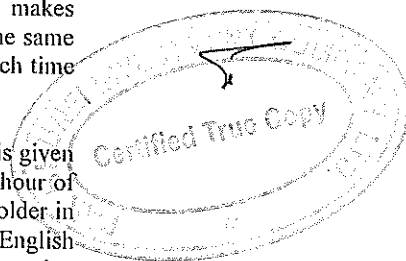

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SCHEDULE 2 – PROVISIONS FOR MEETINGS OF SUKUK HOLDERS

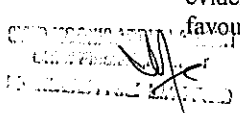
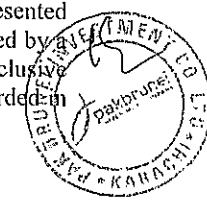
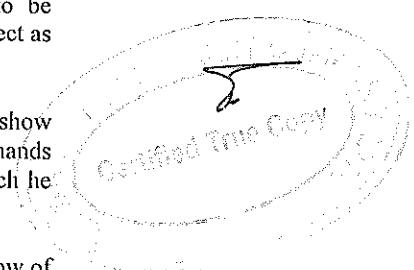
1. As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
- (a) **24 hours** shall mean a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in the place where the Investment Agent has its specified office (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid;
 - (b) **48 hours** shall mean a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and in the place where the Investment Agent has its specified office (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.
 - (c) A holder of Sukuk (whether in definitive form or in book entry form) may, by an instrument in writing in the English language (a **form of proxy**) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Issuer not less than 48 hours before the time fixed for the relevant meeting, appoint any person (a **proxy**) to act on his or its behalf in connection with any meeting of Sukuk Holders and any adjourned such meeting,
 - (d) Any holder of Sukuk which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a **representative**) in connection with any meeting of Sukuk Holders and any adjourned such meeting.
 - (e) Any proxy appointed pursuant to sub-paragraph (c) above or representative appointed pursuant to sub-paragraph (d) above shall so long as such appointment remains in force be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of Sukuk Holders, to be the holder of the Sukuk to which such appointment relates and the holder of the Sukuk shall be deemed for such purposes not to be the holder.
2. The Sukuk Trustee may at any time and shall upon a requisition in writing signed by the holders of not less than one-tenth in face amount of the Sukuk for the time being Outstanding convene a meeting of Sukuk Holders and if the Sukuk Trustee makes default for a period of seven (7) Business Days in convening such a meeting the same may be convened by the requisitionists. Every such meeting shall be held at such time and place as the requisitionists may appoint or approve.
3. At least twenty one (21) days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the place, day and hour of meeting shall be given to Sukuk Holders prior to any meeting of such Sukuk Holder in the manner provided by Condition 14. Such notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall include statements to the effect that the holders of Sukuk may appoint proxies by executing and delivering a form of proxy in the English language to the specified office of the Sukuk Trustee not less than 48 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution of their directors of

CHONG CHUAN HOON
CHONG CHUAN HOON
15-11-2015



other governing body. A copy of the notice shall be sent by post to the Sukuk Trustee (unless the meeting is convened by the Sukuk Trustee).

4. A person (who may but need not be a Sukuk Holder) nominated in writing by the Sukuk Trustee shall be entitled to take the chair at the relevant meeting or adjourned meeting but if no such nomination is made or if at any meeting or adjourned meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting or adjourned meeting Sukuk Holders present shall choose one of their number to be Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.
5. At any such meeting one or more Sukuk Holders, proxies or representatives holding or representing in the aggregate not less than 40% (forty percent) of the face amount of the Sukuk for the time being Outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more Sukuk Holders, proxies or representatives and holding or representing in the aggregate not less than 66.64% of the face amount of the Sukuk for the time being Outstanding.
6. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened upon the requisition of Sukuk Holders be dissolved, in any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than fourteen (14) clear days nor more than forty two (42) clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Sukuk Trustee). If within fifteen (15) minutes (or such longer period not exceeding thirty (30) minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Sukuk Trustee) dissolve such meeting or adjourn the same for such period, being not less than fourteen (14) clear days, and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Sukuk Trustee, and the provisions of this sentence shall apply to all further adjourned such meetings, provided that at such adjourned meeting at which an Extraordinary Resolution is to be proposed in relation to paragraph 18(g) hereof a quorum is not present for the transaction, the Chairman shall dissolve the meeting.
7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.
8. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Sukuk Holder or as a proxy or as a representative.
9. At any meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the Sukuk Trustee or any Sukuk Holder present or a proxy or representative (whatever the face amount of the Sukuk so held or represented by him) a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

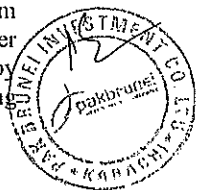
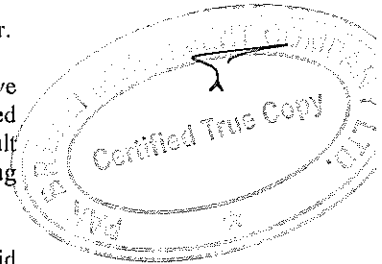


10. Subject to paragraph 12 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
11. The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
12. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
13. The Sukuk Trustee and its lawyers and any director, officer or employee of a corporation being a trustee of this Declaration and agent in relation to the Sukuk and any director or officer of the Sukuk Trustee and its lawyers and any other person authorised in that behalf by the Sukuk Trustee may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of **Outstanding** in Section 1 of the Declaration, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of Sukuk Holders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on Sukuk Holders by Condition 12 unless he is a proxy or a representative or is the holder of a Sukuk. No person shall be entitled to vote at any meeting in respect of Sukuk held by, for the benefit of, or on behalf of, the Sukuk Trustee. Nothing herein shall prevent any of the proxies named in any form of proxy or any representative from being a director, officer or representative of or otherwise connected with the Sukuk Trustee.
14. Subject as provided in paragraph 13 hereof at any meeting:
 - (a) on a show of hands every person who is present in person who is a holder of Sukuk or is a proxy or representative shall have one vote; and
 - (b) on a poll every person who is so present shall have one vote in respect of each Rs. 5,000/- or such other amount as the Sukuk Trustee may in its absolute discretion stipulate as face amount of the Sukuk or in respect of which he is a proxy or representative or in respect of which he is the holder.

Without prejudice to the obligations of the proxies named in any form of proxy any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way,

15. The proxies named in any form of proxy and representatives need not be Sukuk Holder.
16. Each form of proxy shall be deposited at such place as the Sukuk Trustee shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the form of proxy propose to vote and in default the form of proxy shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business.
17. Any vote given in accordance with the terms of a form of proxy shall be valid notwithstanding the previous revocation or amendment of the form of proxy or of any of the Sukuk Holder' instructions pursuant to which it was executed provided that no intimation in writing of such revocation or amendment shall have been received from the Sukuk Holder thereof by the Sukuk Trustee at its registered office (or such other place as may have been required or approved by the Sukuk Trustee for the purpose) by the time being 24 hours and 48 hours respectively before the time appointed for holding the meeting or adjourned meeting at which the form of proxy is to be used.

CHIEF EXECUTIVE OFFICER
 (Sukuk Trustee)
 [Signature]

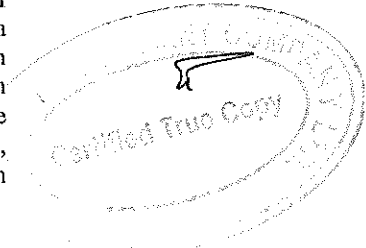


18. A meeting of Sukuk Holders shall in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6 above), namely:
- (a) power to sanction any compromise or arrangement proposed to be made between, or any abrogation, modification, compromise or arrangement in respect of the rights of, the Sukuk Trustee, any obligor in respect of the Trust Assets and Sukuk Holders or any of them;
 - (b) power to assent to any modification of the provisions of Sukuk Transaction Documents for the purpose of Section 10.6.2 of the Declaration (but not otherwise);
 - (c) power to give any authority, sanction, approval, concurrence or consent which under the provisions of this Declaration is required to be given by Extraordinary Resolution;
 - (d) power to appoint any persons (whether Sukuk Holder or not) as a committee or committees to represent the interests of Sukuk Holders and to confer upon such committee or committees any powers or discretions which Sukuk Holders could themselves exercise by Extraordinary Resolution;
 - (e) power to discharge or exonerate the Sukuk Trustee from all liability in respect of any act or omission for which the Sukuk Trustee and may have become responsible under this Declaration in relation to the Sukuk;
 - (f) power to authorise the Sukuk Trustee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.

provided, however, the Sukuk Trustee shall not require an Extra Ordinary Resolution from the Sukuk Holders for entering in to a new musharaka agreement upon the occurrence of a Total Loss.


19. Any resolution passed at a meeting of Sukuk Holders duly convened and held in accordance with this Declaration shall be binding upon all Sukuk Holders whether present or not present at such meeting and whether or not voting and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by Sukuk Holders shall be published in accordance with Condition 14 by the Sukuk Trustee within fourteen (14) days of such result being known PROVIDED THAT the non-publication of such notice shall not invalidate such result.
20. The expression **Extraordinary Resolution** when used in this Declaration means (a) a resolution passed at a meeting of Sukuk Holders duly convened and held in accordance with this Declaration by a majority consisting of not less than eighty percent (80%) of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than eighty one percent (80%) of the votes cast on such poll or (b) a resolution in writing signed by or on behalf of Sukuk Holders holding in the aggregate not less than fifty one percent (51%) of Sukuk outstanding of the face amount of the Sukuk or, as the case may be, the Sukuk for the time being outstanding, which resolution in writing may be contained in one document or several documents in like form each signed by or on behalf of one or more Sukuk Holders.
21. Minutes of all resolutions and proceedings at every meeting of Sukuk Holders shall be made and entered in books to be from time to time provided for that purpose by the Sukuk Trustee and any such Minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which Minutes

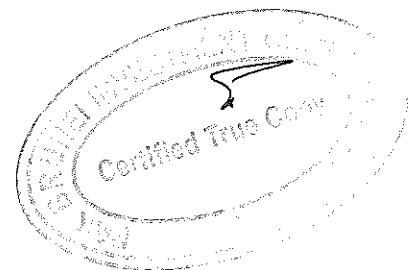
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have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.

22. Subject to all other provisions of this Declaration the Sukuk Trustee may without the consent of Sukuk Holders prescribe such further regulations regarding the requisitioning and/or the holding of meetings of Sukuk Holders of and attendance and voting thereat as the Sukuk Trustee may in its sole discretion think fit.
23. Sukuk Trustee shall be indemnified and reimbursed by the Issuer with respect to the reasonable costs and expenses incurred in convening the meeting of Sukuk Holders.


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SCHEDULE 3 – TERMS AND CONDITIONS OF THE SUKUK

[LOGO OF THE ISSUER]
K-ELECTRIC LIMITED
A PUBLIC LIMITED COMPANY
INCORPORATED UNDER THE LAWS OF THE ISLAMIC REPUBLIC OF PAKISTAN
HAVING ITS REGISTERED OFFICE AT KE HOUSE, PLOT NO.39/B, SUNSET
BOULEVARD, DHA PHASE II, KARACHI

Each Sukuk, whether in the form of Book Entry Securities or Definitive Sukuk, part of the Shirkat-ul-Milk Sukuk issued by K-Electric Limited, a public limited liability company incorporated in Pakistan under the Companies Ordinance, 1984 (the **Issuer**) having an aggregate face value of upto PKR 22,000,000,000 (Pak Rupees Twenty Two Billion)- inclusive of a green shoe option of an amount of PKR 2,000,000,000/- (Pak Rupees Two Billion), issued under Section 120 of the Companies Ordinance, 1984, is governed by these terms and conditions.

Each of the PKR 5,000/- Shirkat-ul-Milk Sukuk (**Sukuk**) represents an undivided ownership in the Trust Assets held on trust (**Trust**) for the holders of such Sukuk pursuant to the Declaration.

Terms of General Application:

The statements in these Terms and Conditions (**Conditions**) include summaries of, and are subject to, the detailed provisions of the Declaration and the Purchase Undertaking.

All capitalized terms used in these Conditions unless specifically defined otherwise herein, shall have the same meaning as ascribed thereto in the Declaration.

The rules of Construction set out in Section 1.2 (*Construction*) of the Declaration shall apply to these Conditions.

Copies of the Sukuk Transaction Documents are available for inspection during normal business hours at the specified offices of the Sukuk Trustee. The Sukuk Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Sukuk Transaction Documents.

Each initial Sukuk Holder, by its acquisition and holding of its interest in a Sukuk, shall be deemed to authorise and direct the Investment Agent to apply the sums paid by it in respect of its Sukuk to the Musharaka, as the Sukuk Holders' contribution in the Musharaka, in their capacity as the Participants pursuant to the Agency Agreement, acting at all times in relation to the Musharaka through the Investment Agent.

The acquisition and holding of the Sukuk shall also be deemed to be the authorization of the Investment Agent (in addition to the authorizations contained in the relevant Agency Agreement) to enter into each Sukuk Transaction Document to which it is a party, subject to the terms and conditions of the Declaration and these Conditions.

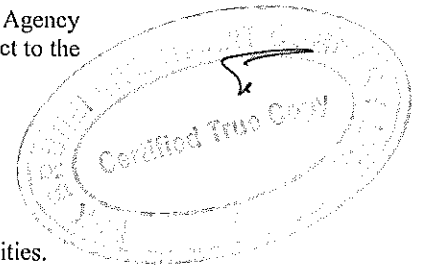
Condition 1 Form

1.1 Form

1.1.1 The Sukuk will be issued in the form of Definitive Sukuk and Book Entry Securities.

1.1.2 Each Definitive Sukuk comprises of twenty eight (28) coupons with each coupon corresponding to a Rental Payment Date. Upon payment of the Rental Payment and the relevant Buy Out Price (as applicable) set out on each coupon, the relevant coupon shall stand redeemed.

CHIEF EXECUTIVE OFFICER
K-ELECTRIC LIMITED



1.1.3 Subsequent to the Delivery of the Sukuk, a Sukuk Holder may request for the conversion of a Definitive Sukuk, held by such Sukuk Holder into the Book Entry Security and a CDC Sukuk Holder may request for the conversion of the Book Entry Securities held by such CDC Sukuk Holder into Definitive Sukuk. All conversions from one form from Definitive Sukuk into Book Entry Securities and vice versa shall at all times be subject to the CDC Regulations.

1.2 Denomination

1.2.1 Each Sukuk shall have a denomination of PKR 5,000/- (Pak Rupees Five Thousand Only).

1.3 Title

1.3.1 The registered holder of any Sukuk will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest or in the case of Definitive Sukuk any writing on, or the theft or loss of, the Sukuk issued in respect of it) and no person will be liable for so treating the holder of any Sukuk.

1.3.2 The Sukuk shall be issued to each Sukuk Holder in respect of its registered holding of the Sukuk. Each Sukuk shall be numbered serially with an identifying number (which in the case of Book Entry Securities shall be recorded on the CDS) and each Sukuk whether in the form of the Definitive Sukuk or Book Entry Securities shall be recorded in the Register.

Condition 2 Issuance, Delivery and Transfer of Sukuk

2.1 Issuance of Sukuk

2.1.1 On the Issue Date, the Investment Agent will confirm to each Sukuk Holder that the Sukuk have been Issued.

2.2 Delivery of Sukuk

On the Delivery Date:

(a) the Definitive Sukuk will be delivered to the Sukuk Holders. The Investment Agent will deliver by the Definitive Sukuk to the address of each Participant detailed in the subscription application submitted by the Participant pursuant to the Prospectus;

(b) the Book Entry Securities will be transferred to the CDC Account of each CDC Sukuk Holder, in accordance with the relevant provisions of the CDC Regulations. The Participants desirous of having the Sukuk issued to them in the form of Book Entry Securities will notify their respective CDC Account numbers to the Investment Agent on the Closing Date.

2.3 Transfer of Sukuk

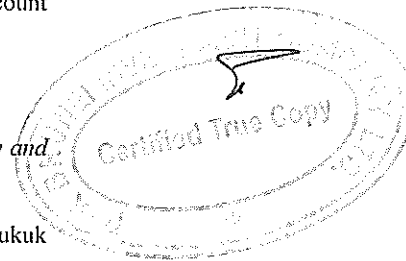
2.3.1 Subject to paragraph 2.6 (*Closed Periods*) of this Condition 2 (*Issuance, Delivery and Transfer of Sukuk*), the Sukuk shall be transferred as follows:

(a) the Definitive Sukuk shall be transferred by depositing the Definitive Sukuk along with a duly completed Form of Transfer with the Issuer; and

(b) the Book Entry Securities shall be transferred in accordance with the relevant provisions of the CDC Regulations.

2.3.2 The stamp duty applicable on the transfer of the Sukuk shall be borne by the Sukuk Holders.

CERTIFIED TRUE COPY
GIVEN BY
KARACHI



2.4 *Delivery of New Sukuk*

- 2.4.1 Each new Definitive Sukuk to be issued upon any transfer of the Definitive Sukuk shall, within five (5) Business Days of receipt by the Issuer, of the Form of Transfer, be mailed by uninsured mail at the risk of the Sukuk Holder entitled to the Definitive Sukuk to the address specified in the Form of Transfer.
- 2.4.2 Where some but not all of the Definitive Sukuk in respect of which a Definitive Sukuk is issued are to be transferred a new Definitive Sukuk in respect of the Definitive Sukuk not so transferred will, within five (5) Business Days of receipt by the Issuer of the original Definitive Sukuk, be mailed by uninsured mail at the risk of the holder of the Definitive Sukuk not so transferred to the address of such holder appearing on the Register or as specified in the Form of Transfer.

2.5 *Payments in respect of New Sukuk*

- 2.5.1 Registration of any transfer of Definitive Sukuk will be effected without charge by or on behalf of the Issuer but upon payment (or the giving of such indemnity as the Issuer may reasonably require) by the transferee in respect of any stamp duty, tax or other governmental charges which may be imposed on the transferees in relation to such transfer.

2.6 *Closed Periods*

- 2.6.1 No Sukuk Holder may require the transfer of a Sukuk to be registered during the period of seven (7) Business Days ending on the due date for any payment of the Rental Payments and/or Buy Out Prices on that Sukuk.

2.7 *Replacement Sukuk*

- 2.7.1 In the event any Sukuk is lost, stolen, mutilated, defaced or destroyed then it may be replaced upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Sukuk Trustee may reasonably require. Mutilated or defaced Sukuk must be surrendered before replacements will be issued.

Condition 3 Status; Limited Recourse

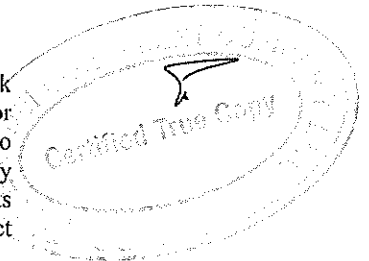
3.1 *Status*

- 3.1.1 Each Sukuk evidences an undivided ownership of the Trust Assets and will rank *pari passu*, without any preference, with the other Sukuk.

3.2 *Limited Recourse*

- 3.2.1 Proceeds of the Trust Assets are the sole source of payments on the Sukuk. The Sukuk do not represent an interest in or obligation of any of the Issuer, the Sukuk Trustee or any of their affiliates or any other person. Accordingly, Sukuk Holders will have no recourse to any assets of the Issuer (other than the Trust Assets to the extent that they are contractual rights), the Sukuk Trustee (including, in particular other assets comprised in other trusts, if any), or any of their affiliates or any other person in respect of any shortfall in the expected amounts from the Trust Assets.

- 3.2.2 If, following distribution of the proceeds of the Trust Assets, there remains a shortfall in payments due under the Sukuk, subject to Condition 11, no Sukuk Holder will have any claim against the Issuer, either in its capacity as the Issuer or the Sukuk Trustee (to the extent that the Issuer fulfils all of its obligations under the relevant Sukuk Transaction Documents in the capacity in which it has entered into such Sukuk Transaction Documents) or any of their affiliates or any other person or other assets in respect of



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REGISTRAR OF COMPANIES
KARACHI

such shortfall and any unsatisfied claims of Sukuk Holders shall be extinguished. In particular, no Sukuk Holder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Issuer or the Sukuk Trustee or any of their affiliates as a consequence of such shortfall or otherwise.

3.3 Agreement

3.1.1 By purchasing the Sukuk, each Sukuk Holder agrees that, notwithstanding anything to the contrary contained herein or in any other Sukuk Transaction Document:

- (a) no payment of any amount whatsoever shall be made by the Issuer in its capacity as the Issuer or any of its respective agents on their behalf except to the extent funds are available therefor from the Trust Assets and further agrees that no recourse shall be had for the payment of any amount owing hereunder or thereunder or under any other Sukuk Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon this Declaration or any other Transaction Document, against the Issuer in its capacity as the Issuer or the Sukuk Trustee or the Trust to the extent the Trust Assets have been exhausted following which all obligations of the Issuer and the Sukuk Trustee shall be extinguished; and
- (b) prior to the date which is one year and one day after the date on which all amounts owing by the Issuer under the Sukuk Transaction Documents to which it is a party have been paid in full, it will not institute against, or join with any other Person in instituting against the Issuer or the Sukuk Trustee any bankruptcy, reorganisation, arrangement or liquidation proceedings or other proceedings under any bankruptcy or similar law.

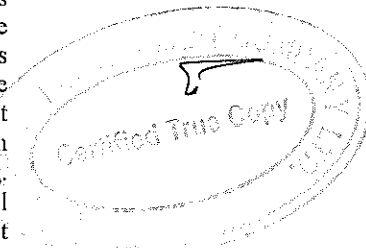
Condition 4 Trust

4.1 Summary of Trust

4.1.1 Based upon the representations and warranties of the Issuer, the Sukuk Holders acting through the Investment Agent have agreed to participate in the Musharaka. Pak Brunei Investment Company Limited has been appointed as the Investment Agent on behalf of the Participants, in terms of the relevant Agency Agreement for the purpose of, *inter alia*, to enter into the Sukuk Transaction Documents on behalf of the Sukuk Holders, in their capacity as the Participants in the Musharaka. In exercise of the powers and authorizations granted to the Investment Agent in terms of the Agency Agreement the Investment Agent has purchased the Musharaka Assets from the Issuer pursuant to the Asset Purchase Agreement and entered into a Musharaka Agreement with the Issuer in respect of the Musharaka Assets. The Issuer has agreed to manage the Musharaka Assets for the Musharaka pursuant to the Service Agency Agreement. Immediately upon entering into the Asset Purchase Agreement, the Investment Agent has entered into a Rental Payment Agreement with the Issuer, in terms whereof the Investment Agent has allowed the Issuer to use the Musharaka Assets on the terms and conditions contained in the Rental Payment Agreement. The Issuer has also executed Purchase Undertaking in favour of the Investment Agent, in terms whereof, the Issuer has undertaken to purchase the "Sukuk (Periodic Redemption)", "Sukuk (Sponsor Change Redemption)" and/or "Exercise Sukuk" from the Investment Agent, at the "Buy Out Prices", in accordance with terms and conditions of the Purchase Undertaking, on each "Buy Out Price Payment Date" in accordance with the relevant Purchase Undertaking. Pursuant to the Declaration, the Issuer has declared a trust over the Trust Assets. All payments by the Issuer under the Purchase Undertaking will be deposited in an account of the Sukuk Trustee maintained for such purpose (**Sukuk Payment Account**).

4.1.2 The terms "Sukuk (Periodic Redemption)", "Exercise Sukuk", "Sukuk (Sponsor Change Redemption)", "Buy Out Prices" and "Buy Out Price Payment Dates" have the same meaning as ascribed thereto in the Purchase Undertaking.

BRUNEL INVESTMENT COMPANY LIMITED
CHIEF EXECUTIVE OFFICER
10-01-2023



4.1.3 The term “Sukuk Transaction Documents” as used in these Conditions has the same meaning as ascribed thereto in the Declaration.

4.2 *Limitation of Liability*

4.2.1 By subscribing for and acquiring the Sukuk, the Sukuk Holders acknowledge that their sole recourse will be to the Trust Assets and access to those assets is limited as set forth in Condition 8 and Condition 12. The Sukuk Holders acknowledge that, in certain circumstances, the Trust Assets may be insufficient to fund expected distributions to the Sukuk Holders and, taken as a whole, may have a value less than that of the face amount of the Sukuk. The Sukuk Holders acknowledge that no recourse may be had for the payment of any amount owing in respect of the Sukuk against the Sukuk Trustee (other than the Trust Assets to the extent that they are contractual rights) or the Trust in respect of any shortfall. In addition, subject to Condition 8 and Condition 12, no Sukuk Holder will be able to petition for, or join any other person in instituting proceedings for, the winding up of the Trust or directly against the Issuer as a consequence of such shortfall or otherwise.

Condition 5 Covenants

Issuers Covenants

5.1.1 The Issuer’s covenants are contained in Section 7 (*Covenants*) of the Declaration.

Condition 6 Rental Payments

6.1 *Periodic Distribution Dates*

6.1.1 Subject to the terms of the Declaration, Condition 4 and Condition 8, the Investment Agent shall distribute on each Rental Payment Date, to the Sukuk Holders, *pro rata*, out of the amounts transferred to the Sukuk Payment Account, an amount equal to the applicable amount of Rental Payment.

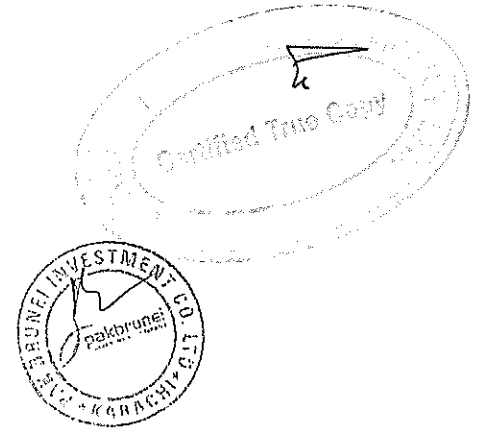
6.2 *Determination of Rental Payment*

6.2.1 The Issuer shall pay to the Sukuk Holder in respect of each Sukuk held by the Sukuk Holder, the following Rental Payments at least three (3) Business Days prior to the relevant Rental Payment Dates:

Rental Payments in respect of one Sukuk of face value of PKR 5,000/-:

Payment Month	Rental Payments (PKR)
1	118.63
2	118.63
3	118.63
4	118.63
5	118.63
6	118.63
7	118.63
8	118.63
9	118.63
10	112.69
11	106.76
12	100.83
13	94.90
14	88.97
15	83.04
16	77.11
17	71.18
18	65.24

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19	59.31
20	53.38
21	47.45
22	41.52
23	35.59
24	29.66
25	23.73
26	17.79
27	11.86
28	5.93

In case of exercise of Call Option by the Issuer in respect of certain Sukuk (not 100%) in terms of Condition 8.6, Sale Undertaking and the Declaration, the above Rental Payments will be revised by the Investment Agent and notified to the Issuer and the Security Trustee, which in the absence of manifest error will be binding on all the parties.

- 6.2.2 It is intended that the Rental Payments are calculated to provide return to the Sukuk Holders equivalent to Base Rate plus Margin (**Applicable Rate**).

“**Base Rate**” is defined as the average three (3) month Karachi Interbank Offered Rate (KIBOR) prevailing on the Rate Fixing Date. KIBOR used for reference will be taken from Reuters Page “KIBR”, as published at 11.30 am Pakistan Standard Time by the Financial Markets Association (FMA). The daily average of the three (3) months “**Ask Rate**” will be used. In the event this rate is not published on Reuters on the Rate Fixing Date or if less than 8 (eight) banks provide their rates for the KIBOR fixing, the FMA or other relevant market body will be contacted for the relevant rate fixing. The Base Rate will be set for the first time before the first subscription date announced in terms of the Prospectus for calculating the Subscription Period Rental and subsequently last Business Day prior to the beginning of each quarterly period commencing from the Issue Date for the Rental Payments due at the end of that quarterly period (“**Rate Fixing Date**”).

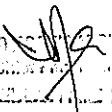
“**Margin**” = 1% per annum

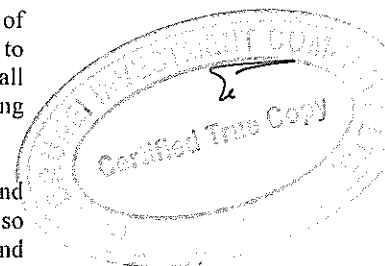
The Rental Payments stated above have been calculated at a rate of 9.49% p.a., being KIBOR prevailing on February 9, 2015, plus Margin of 1%.

If at any time, the Base Rate is discontinued, while any amounts remain due and payable by the Issuer to the Sukuk Holders in terms of the Sukuk or the three (3) months KIBOR ceases to be realistic bench mark on the money market in the opinion of the Investment Agent, an alternative basis for calculating the Base Rate may be arrived at by mutual consultation between the Issuer and the Investment Agent.

In case the proposed basis for calculating Bench Mark notified by the Investment Agent to the Issuer (**Notice**) is not acceptable to the Issuer, a meeting of the Sukuk Holders shall be called for the purposes of passing an Extraordinary Resolution in respect of such matter. In the event that the Issuer and the Certificate Holders are still unable to agree on the alternative benchmark within 14 (fourteen) days thereafter, the Issuer shall purchase all remaining Sukuk from the Sukuk Holders on the immediately succeeding Payment Date.

- 6.2.3 As and when KIBOR varies the Rental Payments stated above shall be revised and notified by the Sukuk Trustee to the Sukuk Holders and the Issuer by prior notice so that the future Rental Payments reflect a return equivalent to Base Rate plus Margin and the Sukuk Transaction Documents shall stand modified accordingly provided the Issuer and the Sukuk Holders have received the said notice.


 CHAIRMAN
 KIBOR INVESTMENT COMPANY



Condition 7 Payment

7.1 Payments in Respect of Sukuk

- 7.1.1 All payments required to be made to the Sukuk Holders in respect of the Sukuk, including but not restricted to the payment of the Rental Payments and the Buy Out Prices shall be made by way of bankers drafts or managers cheques or in such other manner as may be agreed upon between the Issuer and the Investment Agent.
- 7.1.2 Each Rental Payment and the Buy Out Price will be paid to the Sukuk Holder named on the Register at the close of business on one (1) Business Day prior to the date of any payment, required to be made in terms hereof.

7.2 Payments Subject to Applicable Laws

- 7.2.1 Payments in respect of Sukuk are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9.

7.3 Payment only on a Business Day

- 7.3.1 As payment is to be made by issuance of banker's drafts or manager's cheques, if the due date is not a Business Day the payment shall be made on the first following day which is a Business Day.

Condition 8 Dissolution of Trust, Redemption of Sukuk, Call Option and Sponsor Change Redemption Option

8.1 Scheduled Dissolution

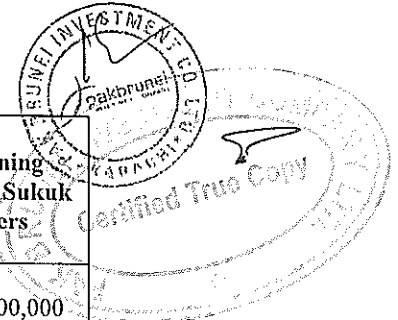
- 8.1.1 Unless the Sukuk are previously purchased by a Sukuk Holder and/or the Trust is dissolved following the occurrence of a Dissolution Event, the Sukuk will be purchased by the Issuer, or its nominee, in accordance with the Purchase Undertaking. The Sukuk will be purchased in part on the Periodic Buy Out Price Payment Dates at the Periodic Buy Out Prices as indicated in Condition 8.2 below and the Trust shall stand extinguished on the last Periodic Buy Out Price Payment Date (Scheduled Dissolution Date).

8.2 Periodic Buy Out

- 8.2.1 The Issuer, pursuant to the Purchase Undertaking, these Conditions and the Declaration, shall acquire/redeem the Sukuk, from time to time by paying to the Sukuk Holders the applicable Periodic Buy Out Price on the relevant Periodic Buy Out Price Payment Dates and such purchase will be of such percentage of the Investment Agent's Musharaka Share as is specified below and in Schedule 4. Such purchase will be pro-rata from the Sukuk Holders based on the total number of Sukuk held by such Sukuk Holders. The Sukuk Holders authorize the Investment Agent to execute the sale of the Sukuk in terms of this Condition 8.2 on respective Period Buy Out Price Payment Dates on their behalf:

Schedule of Periodic Buy Out Price (PKR)

Periodic Buy Out Price Payment Date (month from the Issue Date)	Periodic Buy Out Price	% of Sukuk Holders' Sukuk for Periodic Buy Out Price	Total Sukuk of Sukuk Holders for Periodic Buy Out Price	Remaining Sukuk of Sukuk Holders
Sukuk Issue of PKR 22 Billion comprising of 4,400,000 Sukuk:				22,000,000,000
27	250	5%	1,100,000,000	20,900,000,000
30	250	5%	1,100,000,000	19,800,000,000



33	250	5%	1,100,000,000	18,700,000,000
36	250	5%	1,100,000,000	17,600,000,000
39	250	5%	1,100,000,000	16,500,000,000
42	250	5%	1,100,000,000	15,400,000,000
45	250	5%	1,100,000,000	14,300,000,000
48	250	5%	1,100,000,000	13,200,000,000
51	250	5%	1,100,000,000	12,100,000,000
54	250	5%	1,100,000,000	11,000,000,000
57	250	5%	1,100,000,000	9,900,000,000
60	250	5%	1,100,000,000	8,800,000,000
63	250	5%	1,100,000,000	7,700,000,000
66	250	5%	1,100,000,000	6,600,000,000
69	250	5%	1,100,000,000	5,500,000,000
72	250	5%	1,100,000,000	4,400,000,000
75	250	5%	1,100,000,000	3,300,000,000
78	250	5%	1,100,000,000	2,200,000,000
81	250	5%	1,100,000,000	1,100,000,000
84	250	5%	1,100,000,000	

8.3 *Unscheduled Dissolution*

8.3.1 The Investment Agent has the option under the Purchase Undertaking, for the benefit of the holders of the Sukuk, to terminate the Musharaka Agreement (if still in force) and by a written notice require the Issuer to purchase the Sukuk, at the Exercise Price on the date notified to Sukuk Holders by the Investment Agent in accordance with Condition 11 for redemption of the Sukuk following a Dissolution Event.

8.3.2 Upon the occurrence of a Dissolution Event, the Sukuk Trustee may, or if so directed by an Extraordinary Resolution of the Sukuk Holder, the Sukuk Trustee shall, exercise the Issuer's rights under the Purchase Undertaking by giving notice thereunder to the Issuer.

8.3.3 Upon receipt of the Exercise Price payable by the Issuer, in accordance with the terms of the Purchase Undertaking, the Exercise Price will be applied to redeem the Sukuk in accordance with the Declaration at the Buy Out Price (Applicable Upon Termination).

8.3.4 The terms "Exercise Price" and "Buy Out Price (Applicable Upon Termination)" have the same meaning as ascribed thereto in the Purchase Undertaking.

8.4 *Dissolution Following a Dissolution Event*

8.4.1 Upon the occurrence of a Dissolution Event, the Sukuk may be redeemed in whole, but not in part, at the Buy Out Price (Applicable Upon Termination) and the Trust dissolved by the Sukuk Trustee on the dates specified in Condition 11.

8.5 *Notice of Dissolution*

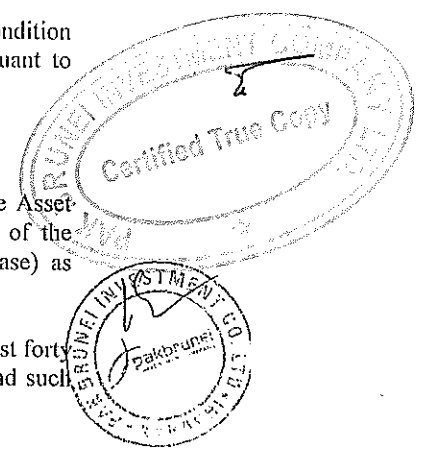
8.5.1 The Sukuk Trustee will give notice to the Sukuk Holders in accordance with Condition 13 of any dissolution of the Trust and associated redemption of Sukuk pursuant to Condition 8.3 and Condition 8.4.

8.6 *Call Option*

8.6.1 The Issuer may at any time after expiry of two (2) years after the date of the Asset Purchase Agreement, pursuant to the Sale Undertaking, purchase all or any of the Sukuk from Sukuk Holders at their applicable Buy Out Price (Early Purchase) as specified in this Condition 8.6, the Declaration and Schedule 4.

8.6.2 The Issuer shall serve upon the Investment Agent a prior written notice of at least forty five (45) days of its intention to purchase all or any of the remaining Sukuk and such

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purchase shall of Sukuk having aggregate face value of PKR 1,000,000,000/- (Pak Rupees One Billion) in multiples of PKR 100,000,000/- (Pak Rupees One Hundred Million) or the entire issue Sukuk and will be pro-rata from the Sukuk Holders based on the total number of Sukuk held by such Sukuk Holder. Such purchase shall be on a Rental Payment Date.

8.6.3 Upon exercise of the Call Option by the Issuer, the Issuer will buy the Sukuk at a revalued price by paying to Sukuk Holders on the Call Option Date, the Buy Out Price (Early Purchase) as specified in this Condition 8.6, the Declaration and Schedule 4. In case of exercise of Call Option in respect of certain Sukuk (not 100%), Rental Payments as specified in Condition 6 will be revised by the Investment Agent and notified to the Issuer and the Security Trustee, which in the absence of manifest error will be binding on all the parties.

8.7 Sponsor Change Redemption Option

3.4.1 Upon issuance of the Sponsor Change Notice, the Sukuk Trustee shall issue a notice to the Sukuk Holders for passing an Extraordinary Resolution in accordance with the provisions of Schedule 2 (*Provisions for Meetings of Sukuk Holders*) for seeking Sukuk Holders' concurrence for the Proposed Sponsor Change. If the Sukuk Holders by way of an Extraordinary Resolution, passed in a duly convened meeting of Sukuk Holders in terms of this Declaration, don't concur with the Proposed Sponsor Change:

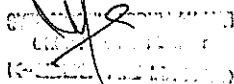
(a) in case the Proposed Sponsor Change is proposed to be completed before expiry of one (1) year from the date of execution of the Asset Purchase Agreement, the Investment Agent shall forward the matter to Shariah Advisory Board for seeking its approval to exercise an option (on behalf of Sukuk Holders) to require the Issuer to repurchase the outstanding Sukuk at the Buy Out Price (Sponsor Change Redemption) (the **Sponsor Change Redemption Option**). If the Shariah Advisory Board approves exercise of the Sponsor Change Redemption Option, the Sukuk Holders (through the Investment Agent) shall exercise the Sponsor Change Redemption Option and Issuer shall buy the Sukuk at the applicable Buy Out Price (Sponsor Change Redemption) by paying to the Sukuk Holders. If the Shariah Advisory Board does not approve exercise of the Sponsor Change Redemption Option on or before expiry of one (1) year from the date of execution of the Asset Purchase Agreement, the Investment Agent shall convey such decision of the Shariah Advisory Board to the Issuer; and

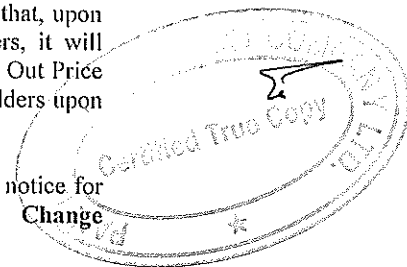
(b) in case the Proposed Sponsor Change is proposed to be completed after expiry of one (1) year from the date of execution of the Asset Purchase Agreement, the Sukuk Holders (through the Investment Agent) shall be entitled to exercise the Sponsor Change Redemption Option in terms of this Section 3.4. Such purchase shall be on a Rental Payment Date.

8.7.2 Upon exercise of the Sponsor Change Redemption Option in terms of Condition 8.7.1 above, the Issuer shall buy the Sukuk at the Buy Out Price (Sponsor Change Redemption) by paying to the Sukuk Holders. The Issuer, pursuant to the Purchase Undertaking, the Declaration and this Condition 8.7, irrevocably undertakes that, upon exercise of the Sponsor Change Redemption Option by the Sukuk Holders, it will acquire/purchase Sukuk from the Sukuk Holders prior to maturity at the Buy Out Price (Sponsor Change Redemption) by purchasing the Sukuk from the Sukuk Holders upon exercise of the Sponsor Change Redemption Option.

8.7.3 The Sukuk Trustee shall provide to the Issuer fifteen (15) days prior written notice for exercising the Sponsor Change Redemption Option (the **Sponsor Change Redemption Notice**); and

8.7.4 Rental Payment amount will be paid until the date the Issuer receives the Sponsor Change Redemption Notice (defined above).





Condition 9 Taxation

9.1 Taxation

- 9.1.1 All payments in respect of the Rental Payment Agreement and the Purchase Undertaking shall be made without withholding or deduction for, or on account of, any present or future taxes, excluding taxes on the corporate income of the recipient, levies, duties, fees, assessments or other charges of whatever nature, imposed or levied by any authority thereof or therein having power to tax, and all interest/profits, penalties or similar liabilities with respect thereto (**Taxes**), unless the withholding or deduction of the Taxes is required by law. In such event, the Issuer will be required, pursuant to the Rental Payment Agreement or the Purchase Undertaking, as the case may be, to pay additional amounts (which amounts will be applied towards payments in respect of the Sukuk) so that the full amount which otherwise would have been due and payable by the Issuer is received by the Sukuk Trustee.

Condition 10 Dissolution Events

10.1 Dissolution Events

- 10.1.1 The Dissolution Events are set out in Section 8.1 (*Dissolution Events*) of the Declaration.

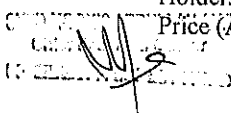
10.2 Consequences of Dissolution Events

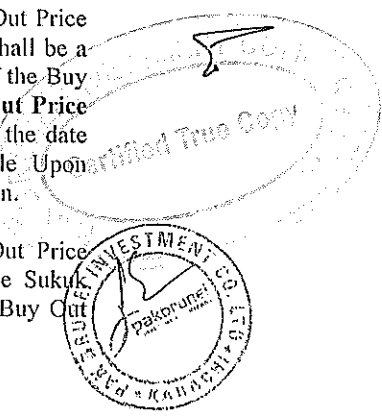
- 10.2.1 Subject to the terms of the New Security Sharing Agreement, immediately upon the occurrence of a Dissolution Event or any of them (other than as specified in Section 8.1.1(a)(i) of the Declaration), the Sukuk Trustee shall issue a seven (7) Business Days notice to the Issuer to cure such Dissolution Event and the Issuer shall cure such Dissolution Event within seven (7) Business Days as specified in the above notice. It is clarified that the Sukuk Trustee shall not be required to issue notice to the Issuer in terms of this Condition 10.2.1 in case of the Dissolution Event specified in Section 8.1.1(a)(i) of this Declaration.

- 10.2.2 Subject to the terms of the New Security Sharing Agreement, immediately upon the occurrence of the Dissolution Event specified in Section 8.1.1(a)(i) of the Declaration and/or in case a Dissolution Event is not cured by the Issuer in terms of paragraph 10.2.1 above to the satisfaction of the Sukuk Trustee, the Sukuk Trustee shall immediately issue a notice to the Sukuk Holders (with a copy to the Issuer) in accordance with the provisions of Condition 13 (*Notices*) of Schedule 3 (*Terms and Conditions of Sukuk*). The notice to be issued pursuant to this paragraph 10.2.2 shall list the details of the Dissolution Event that has occurred and the date on which the Dissolution Event has occurred or alternatively the date on which the Sukuk Trustee received knowledge of the same (**Dissolution Notification**).

- 10.2.2 Upon the occurrence of a Dissolution Event or any of them and if so directed by an Extraordinary Resolution (subject to the Sukuk Trustee being indemnified to its satisfaction), the Sukuk Trustee shall, subject to the terms of the New Security Sharing Agreement, give notice to the Issuer (**Notice for Payment of the Buy Out Price (Applicable Upon Termination)**) notifying the Issuer that as a consequence of the occurrence of a Dissolution Event the Sukuk are to be redeemed at the Buy Out Price (Applicable Upon Termination) on the date specified in such notice (which shall be a date not less than thirty (30) days from the date of the Notice for Payment of the Buy Out Price (Applicable Upon Termination) (**Date for Payment of the Buy Out Price (Applicable Upon Termination)**)) and the Trust shall stand extinguished on the date immediately following the date on which the Buy Out Price (Applicable Upon Termination) has been received by the Sukuk Trustee to its complete satisfaction.

- 10.2.3 Simultaneously with the issuance of the Notice for Payment of the Buy Out Price (Applicable Upon Termination), the Sukuk Trustee shall also notify all the Sukuk Holders in accordance with Condition 13 that a Notice for Payment of the Buy Out Price (Applicable Upon Termination) has been issued to the Issuer.





Condition 11 Enforcement upon Dissolution Event

11.1 Issuer's failure to pay Buy Out Price (Applicable Upon Termination)

- 11.1.1 In the event the Buy Out Price (Applicable Upon Termination) is not received on the Date for Payment of the Buy Out Price (Applicable Upon Termination) if so directed by an Extraordinary Resolution (subject to the Sukuk Trustee being indemnified to its satisfaction), the Sukuk Trustee shall enforce the Security and take such other action as it deems fit in accordance with the Declaration.

Condition 12 Enforcement and Exercise of Rights

12.1 Enforcement

- 12.1.1 Following the distribution of the proceeds of the Trust Assets in respect of the Sukuk to the Sukuk Holders in accordance with these Conditions and the Declaration, the Sukuk Trustee shall not be liable for any further sums, and accordingly Sukuk Holders may not take any action against the Sukuk Trustee or any other person to recover any such sum, in respect of the Sukuk or Trust Assets.

- 12.1.2 The Sukuk Trustee shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action against the Issuer under any Sukuk Transaction Document to which the Issuer, as the case may be, is a party unless directed or requested to do so by the Sukuk Holders by an Extraordinary Resolution and in either case then only if it shall be indemnified to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing.

12.2 Rights of Sukuk Holders upon Sukuk Trustee's failure to proceed

- 12.2.1 None of the Sukuk Holders shall, in any circumstances be entitled to proceed directly against the Issuer, unless the Sukuk Trustee, upon being instructed by the Extraordinary Resolution, fails to act in accordance with the instructions by the Extraordinary Resolution. In the event the Sukuk Trustee fails to act as instructed by an Extraordinary Resolution, and upon such failure continuing for a period of fifteen (15) days from the date of the Sukuk Trustee being so instructed, the Enforcing Sukuk Holders, may:

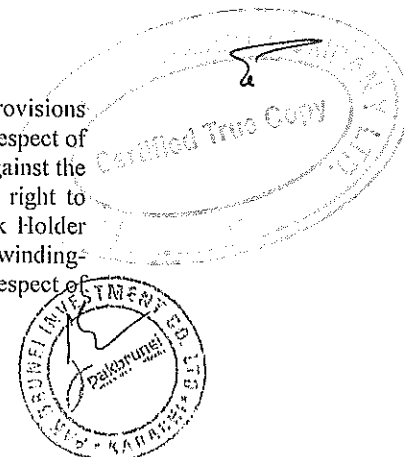
- (a) issue the Notice for Payment of the Buy Out Price (Applicable Upon Termination) to the Issuer, where the failure of the Sukuk Trustee to act pertains to the provisions of Section 8.2 (Consequences of Dissolution Event); and / or
- (b) enforce the Security and take such other action as the Enforcing Sukuk Holders deems fit in accordance with the Declaration.

- 12.2.2 The provisions of Section 8.2 (Actions Upon Occurrence of Dissolution Event), Section 8.3 (Consequences of Dissolution Event), Condition 10 (Dissolution Events) and Condition 11 (Enforcement upon Dissolution Events) shall thereafter be applicable mutatis mutandis to such Enforcing Sukuk Holders.

12.3 Satisfaction of Rights upon Distribution

- 12.3.1 After distributing the net proceeds of the Trust Assets in accordance with the provisions of the Declaration and the Conditions, the obligations of the Sukuk Trustee in respect of the Sukuk shall be satisfied and no Sukuk Holder may take any further steps against the Sukuk Trustee to recover any further sums in respect of the Sukuk and the right to receive any such sums unpaid shall be extinguished. In particular, no Sukuk Holder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer or the Sukuk Trustee nor shall any of them have any claim in respect of the trust assets of any other trust established by the Sukuk Trustee.

CHROMSUN INVESTMENT
CORPORATION
INCORPORATED IN MALAYSIA



Condition 13 Notices

13.1 Notices

13.1.1 All notices to Sukuk Holders will be valid if mailed to them by first class pre-paid registered mail and courier (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the Register maintained by the Issuer. Any notice shall be deemed to have been given on the seventh (7th) day after being so mailed.

Condition 14 Meetings of Sukuk Holders

14.1 Meetings

14.1.1 Schedule 2 of this Declaration contains provisions for convening meetings of Sukuk Holders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Declaration. The quorum at any meeting for passing an Extraordinary Resolution will be at least one or more persons present holding or representing more than two-thirds in aggregate face amount of the Sukuk for the time being outstanding, or at any adjourned such meeting at least two persons present holding Sukuk representing at least 51% of the Sukuk outstanding. An Extraordinary Resolution passed at any meeting of Sukuk Holders will be binding on all holders of the Sukuk, whether or not they are present at the meeting.

Condition 15 Modification, No Objection, Waiver

15.1 Modification, Exercise, Waiver

15.1.1 The Sukuk Trustee shall be entitled to provide its consent to modification of any Sukuk Transaction Documents and/or provide any consent or waiver in accordance with the terms and conditions of the Declaration.

Condition 16 Indemnification, Liability, Removal and Resignation of the Sukuk Trustee

16.1 Indemnification

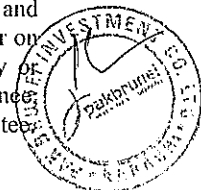
16.1.1 The Declaration contains provisions for the indemnification of the Sukuk Trustee in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the Trust Assets, the Sukuk Trustee shall in no circumstances take any action unless directed to do so in accordance with sub-paragraph 12.1.2 of Condition 12.1 (*Enforcement*), and then only if it shall have been indemnified to its satisfaction. Subject thereto, the Sukuk Trustee waives any right to be indemnified by Sukuk Holders in circumstances where the Trust Assets are insufficient therefor.

16.2 Liability

16.2.1 The Investment Agent in its capacity as the Sukuk Trustee makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Issuer under the Sukuk Transaction Documents and shall not under any circumstances have any liability or be obliged to account to the Sukuk Holders in respect of any amounts which should have been paid by the Issuer, but are not so paid, and shall not in any circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration.

16.2.2 The Sukuk Trustee is exempted from any liability in respect of any loss or theft of the Trust Assets or any cash, from any obligation to insure the Trust Assets or any cash and from any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Sukuk Trustee or on deposit or in an account with any depository or clearing system or are registered in the name of the Sukuk Trustee or its nominee unless such loss or theft arises as a result of default or misconduct of the Sukuk Trustee.

13-01-2015
13-01-2015



16.3 Removal

16.3.1 The Sukuk Holders, through an Extraordinary Resolution, shall have the power to remove the Sukuk Trustee under the Declaration and appoint a replacement trustee under the Declaration.

16.4 Resignation

16.4.1 The Declaration contains the resignation provisions of the Sukuk Trustee.


Condition 17 Governing Law and Submission to Jurisdiction

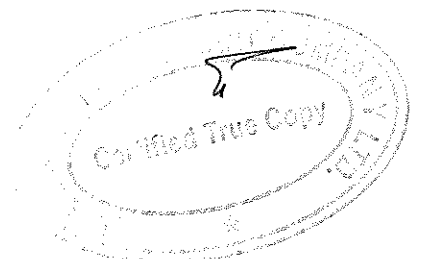
17.1 Governing Law

17.1.1 The Sukuk are governed by and shall be construed in accordance with the laws of the Islamic Republic of Pakistan.

17.2 Jurisdiction

17.2.1 The Issuer has in the Declaration irrevocably and unconditionally agreed for the benefit of the Sukuk Trustee and the Sukuk Holders that the courts at Karachi are to have jurisdiction to settle any disputes which may arise out of or in connection with the Declaration or the Sukuk and that accordingly any suit, action or proceedings arising therefrom or in connection therewith as may be brought in such courts.


CHIEF EXECUTIVE OFFICER
GAMMA
KARACHI



SCHEDULE 4 – CALCULATION OF BUY OUT PRICES

(1) Periodic Buy Out Price – Applicable pursuant to the Trust Deed, Condition 8.1 of the Conditions and the Purchase Undertaking: PKR

Periodic Buy Out Price Payment Date (month from the Issue Date)	Periodic Buy Out Price	% of Sukuk Holders' Sukuk for Periodic Buy Out Price	Total Sukuk of Sukuk Holders for Periodic Buy Out Price	Remaining Sukuk of Sukuk Holders
Sukuk Issue of PKR 22 Billion comprising of 4,400,000 Sukuk:				22,000,000,000
27	250	5%	1,100,000,000	20,900,000,000
30	250	5%	1,100,000,000	19,800,000,000
33	250	5%	1,100,000,000	18,700,000,000
36	250	5%	1,100,000,000	17,600,000,000
39	250	5%	1,100,000,000	16,500,000,000
42	250	5%	1,100,000,000	15,400,000,000
45	250	5%	1,100,000,000	14,300,000,000
48	250	5%	1,100,000,000	13,200,000,000
51	250	5%	1,100,000,000	12,100,000,000
54	250	5%	1,100,000,000	11,000,000,000
57	250	5%	1,100,000,000	9,900,000,000
60	250	5%	1,100,000,000	8,800,000,000
63	250	5%	1,100,000,000	7,700,000,000
66	250	5%	1,100,000,000	6,600,000,000
69	250	5%	1,100,000,000	5,500,000,000
72	250	5%	1,100,000,000	4,400,000,000
75	250	5%	1,100,000,000	3,300,000,000
78	250	5%	1,100,000,000	2,200,000,000
81	250	5%	1,100,000,000	1,100,000,000
84	250	5%	1,100,000,000	

(2) Calculation of Buy Out Price (Applicable Upon Termination) – Applicable pursuant to the Trust Deed, Condition 8.3 of the Conditions and the Purchase Undertaking:

The Buy Out Price (Applicable Upon Termination) will be calculated as the sum of:

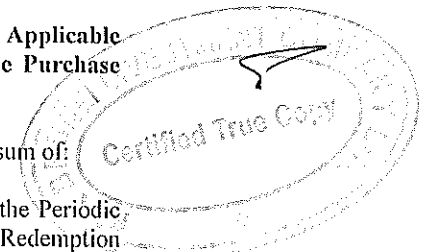
- (a) the aggregate outstanding face value of the Sukuk held by all Sukuk Holders;
- (b) the Rental Payments payable by the Issuer upto the end of the prevailing rental period as specified in the Sukuk Transaction Documents; and
- (c) any other amounts payable by the Issuer under the Sukuk Transaction Documents.

(3) Calculation of Buy Out Price (Sponsor Change Redemption) – Applicable pursuant to the Trust Deed, Condition 8.7 of the Conditions and the Purchase Undertaking:

The Buy Out Price (Sponsor Change Redemption) will be calculated as the sum of:

- (a) the aggregate Periodic Buy Out Price minus the total amounts of the Periodic Buy Out Price paid by the Issuer up till the Sponsor Change Redemption Option Date; and
- (b) the Rental Payments payable by the Issuer upto the end of the prevailing rental period as specified in the Sukuk Transaction Documents.

[Handwritten signature]

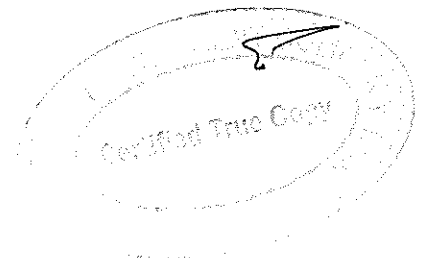


(4) Calculation of Buy Out Price (Early Purchase) – Applicable pursuant to the Trust Deed, Condition 8.6 of the Conditions and the Sale Undertaking:

The Buy Out Price (Early Purchase) will be calculated as the sum of:

- (a) the aggregate Periodic Buy Out Price minus the total amounts of the Periodic Buy Out Price paid by the Issuer up till the Call Option Date; and
- (b) the Rental Payments payable by the Issuer upto the end of the prevailing rental period as specified in the Sukuk Transaction Documents.

[Handwritten signature]
13/11/2013



SCHEDULE 5 – FUTURE SECURED LENDER’S UNDERTAKING

[Sukuk Trustee’s Letterhead]

[insert name and address of Senior Lender/Agent (as applicable)] _____, 2013

Attention: [●]

Ladies and Gentlemen:

Future Secured Lender’s Undertaking

1. Please refer to the [insert description of the loan/financing agreement executed between KESC and relevant Senior Lender] dated [●] (the **Agreement**) between K-Electric Limited (the **Company**), [[●] as the Agent (**Agent**)] and [●] (**Syndicate/Lender**). Unless otherwise defined herein, terms defined in the Agreement have their defined meanings whenever used in this Future Secured Lender’s Undertaking. A reference herein to a paragraph is a reference to a paragraph of this Future Secured Lender’s Undertaking.

2. Pursuant to one or more financing documents (the **Relevant Sukuk Transaction Documents**) entered into between (inter alia) the Company and [●](the **Sukuk Trustee**), the Sukuk Trustee is acting as Trustee (for the benefit of Sukuk Holders) in relation to issuance of certain redeemable capital in the form of Shariah compliant Shirkat-ul-Milk Sukuk by the Company, which the Company intends to secure by the creation of one or more Liens (the **Relevant Liens**) in favour of the Sukuk Trustee over certain of the Company’s assets, pursuant to one or more security documents (the **Relevant Security Documents**).

3. The Sukuk Trustee acknowledges that, under the Agreement, it is a condition to the creation of the Relevant Liens that the Sukuk Trustee provide certain undertakings in favour of the Senior Lenders on the terms of this Future Secured Lender’s Undertaking.

4. For the purposes of this Future Secured Lender’s Undertaking:

Acceleration means any action taken by the Sukuk Trustee requiring payment or repayment by the Company of any amount outstanding under a Relevant Finance Agreement in advance of its scheduled payment or repayment date, as a result of the occurrence of a Default under such Relevant Finance Agreement;

Default means, in relation to any agreement or document, a default or an event of default or termination event (howsoever characterised) under that agreement or document;

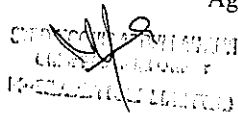
Enforcement Action means the exercise of any rights or remedies available to the Sukuk Trustee under a Relevant Finance Agreement (including any Acceleration) or under the Relevant Security Documents, or any other enforcement or remedial action available to the Sukuk Trustee against the Company or any of its assets upon the occurrence of a Default under a Relevant Finance Agreement;

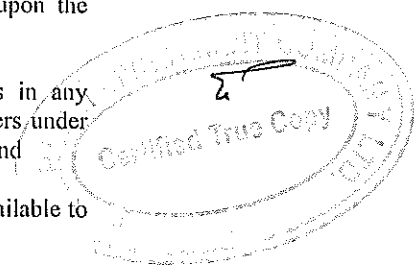
Outstanding Amount means, at any time, the aggregate of the amounts in any currencies at that time outstanding to the Sukuk Trustee and/or Sukuk Holders under any Relevant Finance Agreement or under any Relevant Security Agreement; and

Relevant Facility means each of the loans or other forms of finance made available to the Company by the Sukuk Trustee and/or the Sukuk Holders.

5. The Sukuk Trustee hereby undertakes, for the benefit of the Senior Lenders, that until the Agreement is in force and effect:

(a) in the event that it becomes aware of a Default under a Relevant Finance Agreement, and intends to take any Enforcement Action related thereto, it shall


K-ELECTRIC LIMITED



immediately give notice of such intention to the [Agent/insert name of lender] specifying:

- (A) the Outstanding Amount which is due and payable to it;
 - (B) the kind of Enforcement Action that it intends to take; and
 - (C) the reason for its intention to take such Enforcement Action;
- (b) after giving the notice referred to in paragraph 5(a), it shall consult with the [Agent/insert name of lender] in relation to the Enforcement Action intended to be taken;
 - (c) (subject to paragraph 6) for a period of thirty-five (35) days from the date of the notice referred to in paragraph 5(a), it shall not take any Enforcement Action or do any other act which would have a similar result;
 - (d) it shall not demand payment of any sum from the Company in respect of a Relevant Facility upon less than thirty (30) days' prior notice to the Company and the [Agent/insert name of lender]; and
 - (e) it shall provide the Company and the [Agent/insert name of lender] with not less than thirty (30) days' notice before the maturity date of any Relevant Facility, if that Relevant Facility is not to be renewed upon maturity for a period of thirty (30) days or more.
6. Notwithstanding paragraph 5(c), the Sukuk Trustee may, on the occurrence of a payment default under a Relevant Facility, exercise any right of set-off it may have against the Company in respect of such Relevant Facility.
7. This Future Secured Lender's Undertaking shall be governed by and construed in accordance with the laws of Pakistan and the courts of Karachi shall have exclusive jurisdiction.
8. It is intended that this Future Secured Lender's Undertaking shall take effect as a deed notwithstanding that it may only be executed under hand.

IN WITNESS WHEREOF, this Future Secured Lender's Undertaking has been duly executed and delivered as a deed on the date first above written.

For and on behalf of

[•]

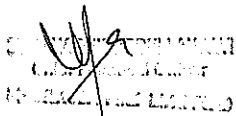
By:
Its:

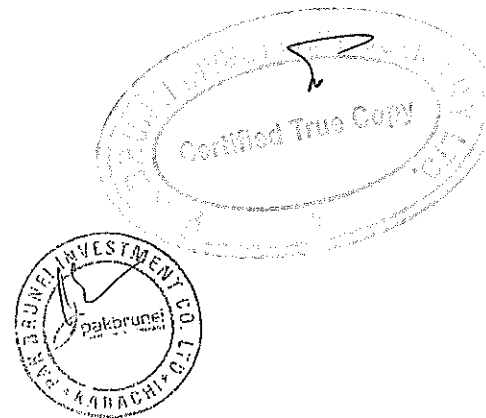
By:
Its:

Witnesses:

1. _____
Name:
Address:
NIC Number:

2. _____
Name:
Address:
NIC Number:


[Signature]
[Stamp]
[Name]
[Address]
[NIC Number]

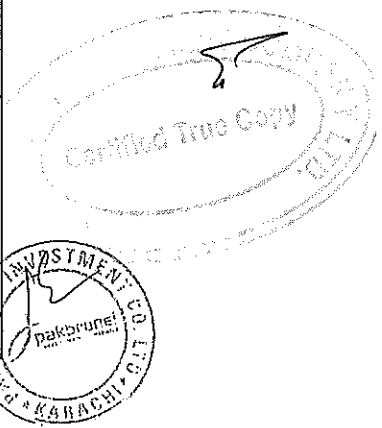


SCHEDULE 6 – INSURANCE CONTRACTS AND PROJECT DOCUMENTS

Part 1 – Insurance Contracts

S.No.	Nature of Policies	Description of Property
1	Fire Insurance policy no: PL-1206-200501-F03-000064 of Bin Qasim Power Station Unit 1 to 6	Building, Plant & Machinery, Stores & Spares, Oil Storage, Furniture Fixture & General Equipments of Bin Qasim Plant.
2	Fire Insurance policy no: PL-1209200501-F01-000061 of Korangi Thermal Power Station (Other than BQPS)	Building, Plant & Machinery, Stores & Spares, Oil Storage, Furniture Fixture & General Equipments of Korangi Plant.
3	Fire Insurance policy no: PL-1209-200501-F01-000062 of Korangi Town Gas Turbine Power Station (Other than BQPS).	Building, Plant & Machinery, Stores & Spares including Fuel and oils, Furniture Fixture & General Equipments of Korangi Gas Plant.
4	Fire Insurance policy no: PL-1209-200501-F01-000063 of SITE Gas Turbine Power Station (Other than BQPS).	Building, Plant & Machinery, Stores & Spares including Fuel and oils, Furniture Fixture & General Equipments of SITE Gas Plant
5	Comprehensive Machinery Insurance policy no: 02 / P / 362 / 0022419 / Y / 11 / 2009 of 90MW GE jebacher at SITE Gas Turbine Power Station (Other than BQPS).	Building, Plant & Machinery, Stores & Spares including Fuel and oils & Others of 90MW GE jebacher at SITE Gas Plant.
6	Comprehensive Machinery Insurance policy no: PL-0210-200501-F03-000096 of 90MW GE jebacher at Korangi Town Gas Turbine Power Station (Other than BQPS).	Building, Plant & Machinery, Stores & Spares including Fuel and oils & Others of 90MW GE jebacher at Korangi Gas Plant.
7	Comprehensive Machinery Insurance policy no: PL-1009-200501-F03-000046 of 220MW CCPP at Korangi Thermal Power Station (Other than BQPS).	Building, Plant & Machinery, Stores & Spares including Fuel and oils of 220MW CCPP at Korangi Thermal Power Station.
8	Comprehensive Project Insurance policy no: 03/P/362/001918/06/2009 of 560MW CCPP at Port Qasim Karachi.	Engineering, procurement, Supply, Delivery, Erection, Construction, Installation, Testing and Commissioning, initial operation of a 560MW CCPP consisting of 3 Gas, 3 HRSG and 3 Steam Turbines with all associated / ancillary work in connection with plant as fully described in Supply and service contract.

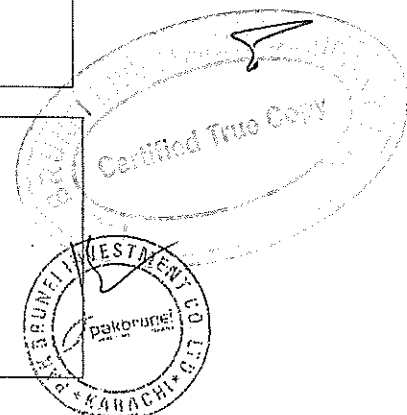
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Part 2 – Project Documents

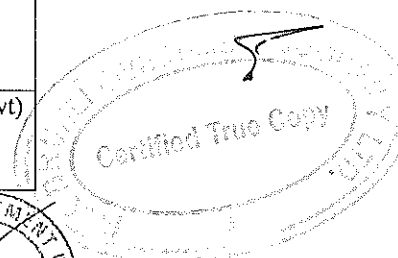
S.No.	Name of Project Document	Date	Obligor
(i)	Bin Qasim Supply Agreement	June 13, 2008	Harbin Power Engineering Company Limited
(ii)	First Amendment Agreement to Bin Qasim Supply Agreement	April 03, 2009	Harbin Power Engineering Company Limited
(iii)	Second Amendment Agreement to Bin Qasim Supply Agreement	December 12, 2009	Harbin Power Engineering Company Limited
(iv)	Bin Qasim Service Agreement	June 13, 2009	Harbin Electric (HE) Corporation
(v)	Amendment Agreement to Bin Qasim Service Agreement	December 12, 2009	Harbin Electric (HE) Corporation
(vi)	Service Contract (for Korangi Plant)	January 23, 2007	Mandalay Group Holdings Corporation
(vii)	Supply Contract (for Korangi Plant)	January 23, 2007	Metka (Metal Constructions of Greece) S.A.
(viii)	Implementation Agreement	November 14, 2005	Government of Pakistan
(ix)	Gas Supply Letter		
(x)	Gas Supply Agreement		
(xi)	Power Purchase Agreement	September 26, 1995	Tapal Energy Limited
(xii)	Power Purchase Agreement	June 07, 1995	Gul Ahmed Energy Limited
(xiii)	Power Purchase Agreement	January 29, 2008	DHA Cogen Limited
(xiv)	Subscription Agreement	November 14, 2005	Government of Pakistan and KES Power Limited
(xv)	Long Term Service Agreement		
(xvi)	Any other power purchase agreement with an independent power producer to which the K-Electric is or may become a party to during the term of the Facilities		
(xvii)	All Authorizations required for the construction, operation and maintenance of the Project and the Jenbacher Project Expansion;		
(xviii)	Two supply contracts for the supply of 64 GE gas engines between K-Electric and GE Jenbacher GmbH & Co. OHG	November 22, 2009	GE Jenbacher GmbH & Co. OHG

(xix)	Equipment Supply Contract for procurement of an approximately 28 MW Gross (at ISO Conditions) Extension of Natural Gas Fired Combined Cycle Power Plant located in Korangi Creek, Karachi	November 7, 2012	Istroenergo Group a.s.
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(xx)	Coordination Agreement for an approximately 28 MW Gross (at ISO Conditions) Extension of Natural Gas Fired Combined Cycle Power Plant located in Korangi Creek, Karachi	November 7, 2012	Istroenergo Group a.s. and Energy Project Completion Limited
(xxi)	Construction Service Contract for construction of an approximately 28 MW Gross (at ISO Conditions) Extension of Natural Gas Fired Combined Cycle Power Plant located in Korangi Creek, Karachi	November 7, 2012	Energy Project Completion Limited
(xxii)	Onshore Services Contract for Design, Engineering, Services, Procurement and Delivery of Waste Heat Recovery System for 9.5 MW Grosselectrical Power at Korangi Industrial Area, Karachi, as amended.	June 14, 2013	Descon Engineering Limited
(xxiii)	Offshore Supply Contract for Design, Engineering, Services, Procurement and Delivery of Waste Heat Recovery System for 9.5 MW Grosselectrical Power at Korangi Industrial Area, Karachi, as amended.	June 14, 2013	Descon Engineering FZE
(xxiv)	Onshore Services Contract for Design, Engineering, Services, Procurement and Delivery of Waste Heat Recovery System for 9.5 MW Grosselectrical Power at SITE Industrial Area, Karachi.	June 14, 2013	Descon Engineering Limited
(xxv)	Offshore Supply Contract for Design, Engineering, Services, Procurement and Delivery of Waste Heat Recovery System for 9.5 MW Grosselectrical Power at SITE Industrial Area, Karachi	June 14, 2013	Descon Engineering FZE
(xxvi)	Consultancy Services for SGTPs, KGPTs and 220 MW KCCPP (Phase II) Projects	February 22, 2013	Zeeshan Engineering (Pvt) Limited

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~~CONFIDENTIAL~~



SCHEDULE 7 – LETTER OF LIEN AND SET OFF

February [•], 2015

Pak Brunei Investment Company Limited
Horizon Vista, Commercial 10, Block No. 4
Scheme No. 5
Clifton, Karachi

(HEREINAFTER REFERRED TO AS THE SECURITY TRUSTEE);

Dear Sir:

WHEREAS, K-ELECTRIC LIMITED, a public limited company registered under the laws of Pakistan, having its registered office located at KE House, Plot No.39/B, Sunset Boulevard, DHA Phase II, Karachi (the Issuer), requires finance and is proposing an issue of redeemable capital amounting upto PKR 22,000,000,000/- (Pak Rupees Twenty Two Billion) inclusive of a green shoe option of an amount of PKR 2,000,000,000/- (Pak Rupees Two Billion) in the form of Shariah compliant Shirkat-ul-Milk Sukuk by the Issuer of the face value of PKR 5,000/- (Pak Rupees Five Thousand) each (Sukuk Issue) to investors pursuant to Section 120 of the Companies Ordinance, 1984.

AND WHEREAS, pursuant to a Declaration of Trust dated February [•], 2015 (the Trust Deed), the Sukuk Trustee has been appointed by the Issuer to hold for the benefit of the Sukuk Holders the security comprises herein.

AND WHEREAS, the Issuer is executing this Letter of Lien and Set-Off (the Letter) in favour of the Sukuk Trustee (for the benefit of the Sukuk Holders) for the purpose of securing the Obligations (as defined below) pursuant to the provisions of the Trust Deed.

The ISSUER hereby agrees and undertakes with the Sukuk Trustee as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Letter, all capitalized terms shall have the meanings assigned to them under the Trust Deed. In addition, the following terms shall have the following meanings, unless the context otherwise requires:

Account means following bank account of the Issuer wherein funds will be deposited in terms of the Sukuk Transaction Documents:

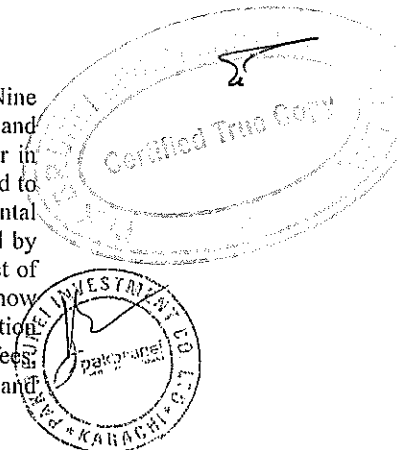
Sukuk Payment Account: A/c No. 5000-79003562-03 (Titled: KE Sukuk Musharakah Payment Account) maintained with Habib Bank Limited, Islamic Banking, Finlay House, I.I. Chundrigar Road, Karachi;

Issuer is defined in the Recitals;

Letter is defined in the Recitals;

Obligations means an amount of PKR 29,333,333,334/- (Pak Rupees Twenty Nine Billion Three Hundred Thirty Three Million Three Hundred Thirty Three Thousand Three Hundred Thirty Four), and all other sums whatsoever, payable by the Issuer in respect of (i) all payments, dues, advances and obligations (including but not limited to Issuer's obligation to pay the Rental Payments and the Buy Out Prices on the Rental Payments Dates and the Buy Out Prices Payment Dates), howsoever arising, owed by the Issuer under the Sukuk Transaction Documents, to the Sukuk Holders in respect of the Sukuk Issue direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including all amounts under the Sukuk Transaction Documents, profits, late payment charges and liquidated damages thereon and all fees, stamp duties, charges, expenses, notarial and filing fees, attorneys' fees and

Stamp
K...



consultants' fees chargeable to the Issuer or otherwise payable in respect of the Security and this Letter; (ii) any and all sums advanced by the Sukuk Trustee or in order to preserve or appraise the Security and this Letter; and (iii) the expenses incurred by the Sukuk Trustee as a result of retaking, holding, preparing for sale or lease, appraising, conducting public or private auctions, selling or otherwise disposing of or realizing on the Security and this Letter, or of any exercise by the Sukuk Trustee of its rights under the Sukuk Transaction Documents, together with attorneys' fees and court costs incurred thereby;

Security is defined in the Trust Deed;

Security Interest is defined in the Trust Deed;

Termination Date means the date on which the Obligations are reduced to zero;

Sukuk is defined in the Recitals;

Sukuk Issue is defined in the Recitals;

Sukuk Holders is defined in the Trust Deed;

Sukuk Transaction Documents is defined in the Trust Deed;

Trust Deed is defined in the Recitals;

1.2 Interpretation

The rules of interpretation set out in the Trust Deed shall be applied in the interpretation of the terms and provisions of this Letter. Unless the context otherwise requires, any reference in this Letter is a reference to this Letter as amended, supplemented or novated from time to time and includes a reference to any instrument which amends, waives, is supplemental to, novates or is entered into, made or given pursuant to or in accordance with any of the terms of this Letter.

2. LIEN AND SET-OFF

2.1 For the purpose of securing the Obligations, the Issuer hereby:

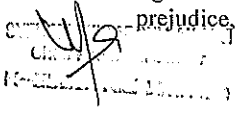
- (a) creates in favour of the Sukuk Trustee (for the benefit of the Sukuk Holders) lien and charge on the funds of the Account (the Funds) at any time standing to the credit of the Account; and
- (b) acknowledges and agrees that the Sukuk Trustee has a right of set-off/right of transfer/right of appropriation on the Funds and the Sukuk Trustee be entitled to apply the whole or any part of the Funds in repayment/prepayment, in part or in whole of the Obligations.

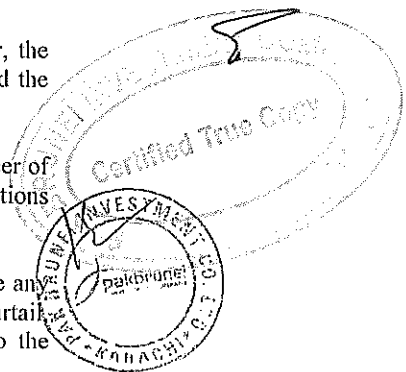
2.2. The Issuer hereby irrevocably authorizes the Sukuk Trustee: (i) to apply the Funds as provided herein; and (ii) to sign and execute documents, if any, required for the purposes of sub-clause (i) hereof.

2.3 Until the Termination Date the Sukuk Trustee is not repaid in full by the Issuer, the Issuer shall not be entitled to call for payment of all or any part of the Funds and the Sukuk Trustee shall be under no indebtedness to Company in respect thereof.

2.4 Any of the statements of the accounts, signed as correct by a duly authorized officer of the Sukuk Trustee shall be prima facie evidence as against the Issuer of the Obligations owed to the Sukuk Trustee.

2.5 Notwithstanding anything contained herein or the exercise or omission to exercise any right hereby conferred on the Sukuk Trustee, nothing shall extinguish, curtail, prejudice, impair or adversely affect any of the rights or remedies available to the





Sukuk Trustee under the law for recovery of the Obligations or for the enforcement or realization of the security hereby created or any other Security.

- 2.6 Notwithstanding the relevant provisions of the Contract Act, 1872, the security hereby constituted shall not prejudice the rights of the Sukuk Trustee to hold the security hereby constituted as security for any present or future indebtedness and liabilities of Company towards the Sukuk Trustee in respect of the Obligations or to apply the proceeds of the Account or any part thereof in satisfaction or part satisfaction of such indebtedness and liabilities or to hold any other securities presently or hereafter provided as security for any present or future indebtedness and liabilities of Company towards the Sukuk Trustee in respect of the Obligations.
- 2.7 The security hereby constituted is a continuing security for the purposes of the Sukuk Issue and shall terminate only upon where the Obligations owed to the Sukuk Trustee stand reduced to zero and the Sukuk Trustee has given written notice to this effect.
- 2.8 The rights of the Sukuk Trustee and the security constituted hereby shall not be prejudiced by any time or indulgence allowed by the Sukuk Trustee to Company.
- 2.9 The Issuer represents and warrants that the Account is free from any Security Interest (except the security created hereunder) and agrees not to create any further Security Interest in respect thereof without the prior written approval of the Sukuk Trustee.
- 2.10 That all the undertakings, representations and covenants of the Issuer contained in the Trust Deed regarding the Trust Property shall be deemed to be applicable to the Account and be deemed to be incorporated as part of this Letter.

3. NOTICES

The provisions of Section 10.5 of the Trust Deed shall be incorporated by reference into this Letter and apply, *mutatis mutandis*, hereto.

4. SEVERABILITY

Each provision of this Letter is severable and distinct from the others. The invalidity, illegality or unenforceability of any one or more provisions of this Letter at any time shall not in any way affect or impair the validity, legality and enforceability of the remaining provisions hereof.

5. GOOD FAITH

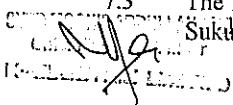
The parties hereto shall act in good faith in the performance of all their obligations and in exercise of all their rights, powers and privileges hereunder.

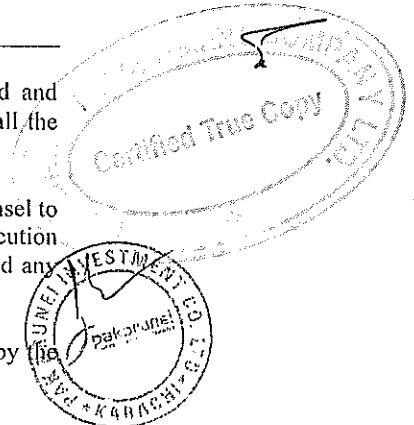
6. NO PREJUDICE

Nothing contained herein shall prejudice or otherwise affect the rights and remedies that may otherwise be available under law to the Sukuk Trustee.

7. COSTS

- 7.1 All costs and expenses related to stamping, registration of the security created and confirmed in terms of this Letter and vacation thereof upon the satisfaction of all the Obligations, shall be borne by the Issuer.
- 7.2 The Issuer shall pay to the Sukuk Trustee the actual and fees and expenses of counsel to the Sukuk Trustee incurred in connection with the preparation and/or review, execution and, where appropriate, translation, notarization and registration of this Letter and any other documents related to this Letter.
- 7.3 The Issuer shall also pay the actual and reasonable costs and expenses incurred by the Sukuk Trustee in relation to:





- (i) the administration by the Sukuk Trustee of this Letter or otherwise in connection with any amendment, supplement or modification to, or waiver under, this Letter; and
- (ii) the enforcement or protection or attempted enforcement or protection of their rights under this Letter including legal and other professional consultants' fees on a full indemnity basis.

8. REGISTRATION

The Issuer agrees to take the necessary steps to register this Letter with the relevant authority in Pakistan (if required by applicable law).

9. SUCCESSORS AND ASSIGNS

This Letter shall be binding upon and inure to the benefit of and be enforceable by the respective successors, permitted assigns and transferees of the parties hereto, provided, however, that the Issuer shall not assign, transfer or in any way relinquish any of its rights or obligations hereunder to any person or body without the prior written approval of the Sukuk Trustee. The Sukuk Trustee shall be fully and unconditionally entitled to assign or otherwise transfer all its rights hereunder.

10. RECONSTRUCTION

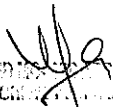
Any reconstruction, division, reorganisation or change in the constitution of the Sukuk Trustee or its absorption in or amalgamation with any other person or body or the acquisition of all or part of its undertaking by any other person or body shall not in any way prejudice or affect its rights or obligations hereunder.

11. GOVERNING LAW AND JURISDICTION

This Letter and all rights and obligations of the Issuer, the Sukuk Trustee hereunder shall be governed by and construed in accordance with the laws of the Islamic Republic of Pakistan. For the benefit of the Sukuk Trustee, the Issuer hereby submits itself to the exclusive jurisdiction of any court of competent jurisdiction in Karachi to entertain any suit or case arising out of or in relation to this Letter.

12. ORIGINALS

This Letter shall be executed in one (1) original.


CHIEF EXECUTIVE OFFICER
KARACHI



IN WITNESS WHEREOF, K-ELECTRIC LIMITED has caused this Letter to be duly executed by its duly authorized officer as of the date first above written.

For and on behalf of K-ELECTRIC LIMITED through its authorised signatory }

SIGNATURE

Name:
Designation:

.....

Name:
Designation:

.....

IN THE PRESENCE OF:
SIGNATURE OF WITNESSES

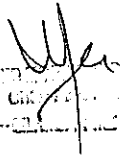
SIGNATURE

1- Name:
Address:
NIC No:

.....

2- Name:
Address:
NIC No:

.....


Name: _____
Address: _____
NIC No: _____



SCHEDULE 8 – LETTER OF HYPOTHECATION

February 9, 2015

Pak Brunei Investment Company Limited
Horizon Vista, Commercial 10, Block No. 4
Scheme No. 5
Clifton, Karachi
(HEREINAFTER REFERRED TO AS THE SUKUK TRUSTEE);

Dear Sir:

WHEREAS the K-Electric Limited, a public limited company incorporated under the laws of the Islamic Republic of Pakistan and having its registered office at KE House, Plot No.39/B, Sunset Boulevard, DHA Phase II, Karachi (hereinafter referred to as the **Company**), as Issuer, proposing an issue of redeemable capital amounting upto PKR 22,000,000,000/- (Pak Rupees Twenty Two Billion) inclusive of a green shoe option of an amount of PKR 2,000,000,000/- (Pak Rupees Two Billion) in the form of Shariah compliant Shirkat-ul-Milk Sukuk by the Company of the face value of PKR 5,000/- (Pak Rupees Five Thousand) each (**Sukuk Issue**) to investors pursuant to Section 120 of the Companies Ordinance, 1984 (**Sukuk Holders**), and pursuant to a Declaration of Trust dated February [•], 2015 (the **Declaration**) and other Sukuk Transaction Documents as specified therein, the Sukuk Trustee has been appointed by the Company to hold for the benefit of the Sukuk Holders the security comprises herein;

AND WHEREAS, for the purpose of securing the Obligations (as defined below) pursuant to the provisions of the Sukuk Transaction Documents, the Company has agreed inter alia, to execute this Letter in favour of the Sukuk Trustee for the benefit of Sukuk Holders;

The COMPANY hereby agrees and undertakes with the Financiers as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Letter, all capitalized terms shall have the meanings assigned to them under the relevant Sukuk Transaction Documents. In addition, the following terms shall have the following meanings, unless the context otherwise requires:

Bin Qasim Site is defined in the Declaration;

Bin Qasim Plant is defined in the Declaration;

Bin Qasim Equipment Supply Contractor is defined in the Declaration;

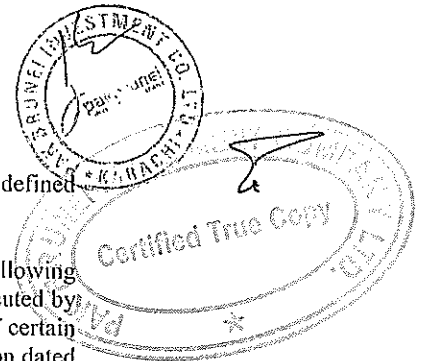
Bin Qasim Equipment Supply Agreement is defined in the Declaration;

Bridge Financier is defined in the Declaration;

Company is defined in the Preamble;

Dissolution Event means event of default and/or Dissolution Event, howsoever defined under the Sukuk Transaction Documents;

Existing Security Documents means existing Liens created pursuant to the following security documents: (i) Foreign Letter of Hypothecation dated May 5, 2010 executed by the Seller in favour of the Security Trustee (Senior Lenders) for the benefit of certain Senior Lenders, as amended from time to time; (ii) Local Letter of Hypothecation dated May 5, 2010 executed by the Seller in favour of the Security Trustee (Senior Lenders) for the benefit of certain Senior Lenders, as amended from time to time; and (iii) Letter



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of Hypothecation of Hypothecated Properties dated April 15, 2014 executed by the Seller in favour of the Security Trustee (Units Conversion Lenders) for the benefit of the Units Conversion Lenders;

Excluded Current Assets is defined in the Declaration;

Excluded Insurance Proceeds is defined in the Declaration;

Generation Expansion is defined in the Declaration;

Hypothecated Assets means all present and future:

- (a) assets and properties (excluding stores, spares and Fuel) existing and located on each of the Bin Qasim Site (other than Units 3 and 4 of BQPS-1), the Korangi Site, the Korangi Gas Plant Site, and the S.I.T.E. Plant Site, including without limitation:
 - (i) all plants, machineries and equipments existing and located in each of the Bin Qasim Plant (other than Units 3 and 4 of BQPS-1), the Korangi Plant, the Korangi Gas Plant and the S.I.T.E. Plant;
 - (ii) the assets and properties forming part of the Generation Expansion and the Jenbacher Project Expansion; and
 - (iii) the assets and the properties to be supplied to the Company by the Bin Qasim Equipment Supply Contractor under the Bin Qasim Equipment Supply Agreement, Korangi Equipment Supply Contractor under the Korangi Equipment Supply Agreement and Jenbacher Supplier under the Jenbacher Supply Contracts,
- (b) such stores and spares of the Company, wheresoever located, which are of a value not more than fifteen percent (15%) of the aggregate value of all stores and spares, wheresoever located, of the Company;

(other than immovable properties, the Excluded Current Assets, the Hypothecated Consumer Receivables, the Hypothecated Account and Deposits, the Project Document Rights, the Insurance Monies, the Insurance Rights, Hypothecated Receivables (Facility Parties) and Hypothecated Account and Deposit (Facility Parties);

Hypothecated Properties means each of the following:

- (i) Hypothecated Assets;
- (ii) Project Document Rights;
- (iii) Insurance Monies; and
- (vi) Insurance Rights;

Hypothecated Account and Deposits (Facility Parties) is defined in the Declaration;

Hypothecated Receivables (Facility Parties) is defined in the Declaration;

Hypothecated Consumer Receivables is defined in the Declaration;

Hypothecation means the hypothecation created pursuant to this Letter;

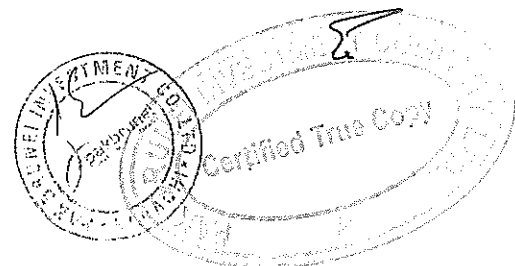
Insurance Monies is defined in the Declaration;

Insurance Rights is defined in the Declaration;

Jenbacher Project Expansion is defined in the Declaration;

Korangi Site is defined in the Declaration;

CHIEF EXECUTIVE OFFICER
Signature
Date



Korangi Plant is defined in the Declaration;

Korangi Gas Plant Site is defined in the Declaration;

Korangi Gas Plant is defined in the Declaration;

Korangi Equipment Supply Contractor is defined in the Declaration;

Korangi Equipment Supply Agreement is defined in the Declaration;

Letter is defined in the Recitals;

Lien means any mortgage, charge, pledge, hypothecation, security, interest, lien, right of set-off, contractual restriction (such as negative covenants) and any other encumbrance;

Letter of Hypothecation (Units Conversion Lenders) means Letter of Hypothecation to be executed by the Company in favour of Security Trustee (Units Conversion Lenders) for the benefit of Units Conversion Lenders on or about the date hereof, in terms whereof a second ranking hypothecation charge by way of hypothecation over the Hypothecated Properties will be created in favour of the Security Trustee (Units Conversion Lenders) for the benefit of Units Conversion Lenders, which: (a) will be subordinated to the Liens created under the Existing Security Documents; and (b) shall in every respect rank pari passu with subordinated charges created in terms of this Letter of Hypothecation and the Letter of Hypothecation (Bridge Financier);

Letter of Hypothecation (Bridge Financier) means Letter of Hypothecation to be executed by the Company in favour of the Bridge Financier on or about the date hereof, in terms whereof a second ranking hypothecation charge by way of hypothecation over the Hypothecated Properties will be created in favour of the Bridge Financier, which: (a) will be subordinated to the Liens created under the Existing Security Documents; and (b) shall in every respect rank pari passu with subordinated charges created in terms of the Letter of Hypothecation (Units Conversion Lenders) and the Letter of Hypothecation;

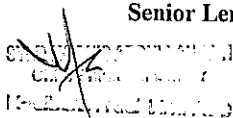
Obligations means an amount of PKR 29,333,333,334/- (Pak Rupees Twenty Nine Billion Three Hundred Thirty Three Million Three Hundred Thirty Four) and all other sums whatsoever, payable by the Company in respect of (i) all payments, dues, advances and obligations (including but not limited to the Rental Payments and the Buy Out prices), howsoever arising, owed by the Company under the Sukuk Transaction Documents, to the Sukuk Trustee in respect of the Sukuk Issue direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including all amounts under the Sukuk Transaction Documents, profits, late payment charges and liquidated damages thereon and all fees, stamp duties, charges, expenses, notarial and filing fees, attorneys' fees and consultants' fees chargeable to the Company or otherwise payable in respect of the security hereunder; (ii) any and all sums advanced by the Sukuk Holders or in order to preserve or appraise the security hereunder; and (iii) the expenses incurred by the Sukuk Trustee as a result of retaking, holding, preparing for sale or lease, appraising, conducting public or private auctions, selling or otherwise disposing of or realizing on the security hereunder, or of any exercise by the Sukuk Trustee of its rights under the Sukuk Transaction Documents, together with attorneys' fees and court costs incurred thereby;

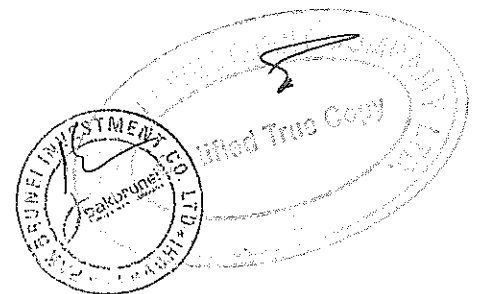
Project Document Rights is defined in the Declaration;

Security Trustee (Units Conversion Lenders) is defined in the Declaration;

Security Trustee (Senior Lenders) is defined in the Declaration;

Senior Lenders is defined in the Declaration;

A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "SUKUK TRUSTEE (SENIOR LENDERS)" and "KORANGI GAS PLANT PROJECT".



S.I.T.E. Plant Site is defined in the Declaration;

S.I.T.E. Plant is defined in the Declaration;

Sukuk is defined in the Recitals;

Sukuk Transaction Documents is defined in the Recitals;

Sukuk Holders is defined in the Recitals;

Termination Date means the date on which the Obligations are reduced to zero;

Units Conversion Lenders is defined in the Declaration;

1.2 Interpretation

The rules of interpretation set out in the Sukuk Transaction Documents shall be applied in the interpretation of the terms and provisions of this Letter. Unless the context otherwise requires, any reference in this Letter is a reference to this Letter as amended, supplemented or novated from time to time and includes a reference to any instrument which amends, waives, is supplemental to, novates or is entered into, made or given pursuant to or in accordance with any of the terms of this Letter.

2. HYPOTHECATION

2.1 For the purpose of securing the Obligations, the Company hereby hypothecates all of the Hypothecated Properties in favour of the Sukuk Trustee (for the benefit of the Sukuk Holders) by way of a ranking charge, which:

- (a) will be subordinated to the Liens created under the Existing Security Documents until all of the Senior Loan Agreement and all amounts outstanding in relation thereto have been repaid in full and the existing Liens created under the Existing Security Documents, in favour of the Security Trustee (Senior Lenders) for the benefit of the Senior Lenders and the Security Trustee (Units Conversion Lenders) for the benefit of the Units Conversion Lenders, over the Hypothecated Properties have been unconditionally released; and
- (b) shall in every respect rank pari passu with subordinated charges created in terms of the Letter of Hypothecation (Units Conversion Lenders) and the Letter of Hypothecation (Bridge Financier).

Provided that upon release of the Liens under the Existing Security Documents, the subordinated charge under this Letter, the Letter of Hypothecation (Units Conversion Lenders) and the Letter of Hypothecation (Bridge Financier) shall be automatically upgraded to pari passu first ranking hypothecation charges over the Hypothecated Properties which will rank in every respect pari passu with the charge over the Hypothecated Properties created under this Letters, the Letter of Hypothecation (Units Conversion Lenders) and the Letter of Hypothecation (Bridge Financier).

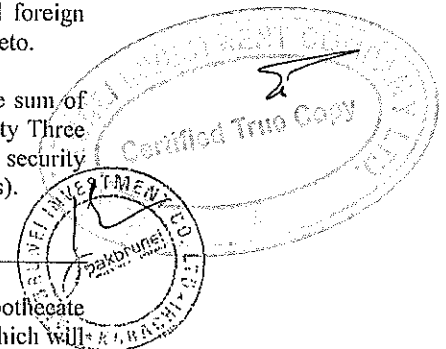
2.2 No objections letters issued by Habib Bank Limited, in whose favour the Existing Security Documents have been executed for the benefit of certain local and foreign lenders, for creation subordinated charge in terms of this Letter are attached hereto.

2.3 The total amount secured pursuant to this Letter shall be the aggregate of the sum of PKR 29,333,333,334/- (Pak Rupees Twenty Nine Billion Three Hundred Thirty Three Million Three Hundred Thirty Three Thousand Three Hundred Thirty Four) as security for the Obligations owed to the Sukuk Trustee (for the benefit of Sukuk Holders).

3. TITLE

3.1 The Company has the full and unencumbered right, power and authority to hypothecate charge the Hypothecated Properties, by way of by way of a ranking charge, which will

[Handwritten signature]
CHIEF FINANCIAL OFFICER
KARACHI
KARACHI LIMITED



be subordinated to the Liens created under the Existing Security Documents and automatically upgraded to first ranking pari passu charge in terms of Section 2 hereof.

- 3.2 The Company hereby declares covenants and confirms to the Sukuk Trustee that no Lien exist in or over the Hypothecated Properties except Liens created under the Existing Security Documents, the Hypothecation, the Letter of Hypothecation (Units Conversion Lenders) and the Letter of Hypothecation (Bridge Financier).

4. FURTHER ACTIONS

The Company, at its own expense, hereby agrees to execute, acknowledge and deliver to the Security Trustee (for the benefit of the Sukuk Holders), if required, from time to time such further documents and instruments and take such further steps relating to the hypothecation hereunder and the Hypothecated Properties as may be necessary or as the Security Trustee may reasonably require to (i) comply with its obligations hereunder; (ii) maintain this Letter and the Hypothecation in full force and effect and enforceable in accordance with its terms (iii) maintain and preserve the rights of the Sukuk Holders hereunder, (iv) maintain and preserve the priority of the hypothecation hereunder intended to be granted hereby at all times fully perfected and in full force and effect.

5. PROTECTIVE ACTIONS

The Security Trustee shall, without prejudice to any rights, powers and remedies under any of the Security Documents, be entitled (but not bound) at any time, and as often as may be necessary, to take any such action as it may in its absolute discretion think fit for the purpose of protecting or maintaining the hypothecation under this Letter and all reasonable expenses attributable thereto shall be payable by the Company to the Security Trustee on demand.

6. DUTIES

The Company shall carry on its business efficiently and shall furnish and verify all statements, reports, accounts, documents and information pertaining to the Hypothecated Properties and shall also execute all documents and do all acts and things which the Security Trustee may reasonably require, from time to time, to give effect hereto and the Company hereby authorises the Security Trustee and its agents and nominees, as the Company's attorneys, for and in the Company's name, to execute, seal and deliver and otherwise perfect and do all such deeds, assurances, agreements, instruments, acts and things, which may be required for full exercise of all or any of the rights, powers or remedies conferred in terms of this Letter and the Sukuk Transaction Documents or which may be deemed proper in or in connection with all or any of the purposes aforesaid with respect to the Hypothecated Properties.

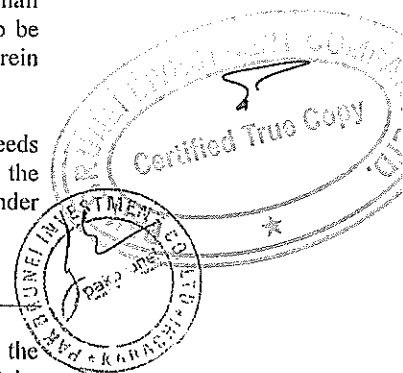
7. NO FURTHER CHARGE AND DISPOSAL OF HYPOTHECATED PROPERTIES

- 7.1 Except as expressly provided in the Sukuk Transaction Documents, the Company shall not create any Lien upon or over the Hypothecated Properties nor do or cause to be done or allow or cause to be allowed anything that may prejudice the security herein created.
- 7.2 The Hypothecated Properties and sale proceeds, realisations and/or insurance proceeds thereof shall be kept and held always distinguishable and the Company shall keep the same from being distressed for rent, rates or taxes or from being taken or attached under any execution.

8. INSPECTION AND POSSESSION OF HYPOTHECATED PROPERTIES

- 8.1 The Security Trustee and/or its nominees shall be entitled, on prior written notice to the Company, to enter any premises and to inspect, value, insure, superintend and/or take particulars of the Hypothecated Properties and to check any statements, accounts, reports and information pertaining to the Hypothecated Properties. The Security Trustee may dispense with such notice if, in the reasonable opinion of the Security Trustee, a

CHANDRA MOHAMMAD
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Default has occurred or the assets are in danger of being wasted, misappropriated or reduced in value and in such event the Security Trustee may take such action to protect the assets as the Security Trustee may reasonably deem expedient.

- 8.2 The Security Trustee and/or its nominees shall be entitled in the event of enforcement of the Security pursuant to the Sukuk Transaction Documents, to take possession of, recover, receive and/or sell or otherwise dispose of or deal with the Hypothecated Properties and to enforce, realise, settle, compromise and deal with any rights or claims relating thereto without being bound to do so and without prejudice to the other rights and remedies of the Sukuk Holders as to suit or other proceedings.
- 8.3 In the event of enforcement of the hypothecation pursuant to this Letter, the Sukuk Transaction Documents, the Company undertakes to hand over immediate possession of the Hypothecated Properties to the Security Trustee or its nominees and to transfer and deliver to them all related bills, contracts, securities and documents and agrees to accept the Security Trustee's accounts of sale and realisation as sufficient proof of amounts realised and relative expenses incurred, except where the same contains a manifest error, and to pay any shortfall or deficiency thereof, provided that the Security Trustee shall be entitled at all times to recover from the Company by suit or otherwise the balance remaining payable to the Sukuk Holders.
- 8.4 The Company shall make and furnish to the Security Trustee, such statements and returns in respect of the cost and value of the Hypothecated Properties and such fully detailed description thereof and procure such evidence in support thereof as the Security Trustee may from time to time require.

9. SECURITY

Nothing herein contained shall prejudice any of the rights or remedies of the Security Trustee (for the benefit of Sukuk Holders) in respect of any present or future security, guarantee, obligation or decree for any indebtedness or the Company's liability to the Security Trustee and/or Sukuk Holders irrespective and independent of the hypothecation herein. The security created hereunder shall cover and secure only the Obligations.

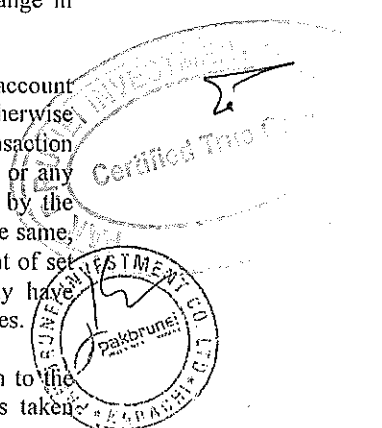
10. TRUST

The Hypothecated Properties and all additions thereto and the sale proceeds of such of the Hypothecated Properties, if any, as may be sold in the ordinary course of business shall always be kept distinguishable by the Company and shall be held as trust property and any property specifically appropriated to this hypothecation shall be dealt with according to the provisions hereof and the provisions of the Sukuk Transaction Documents.

11. CONTINUING SECURITY

- 11.1 This security created hereby is a continuing security and shall cover and secure the Obligations notwithstanding the bankruptcy, liquidation, incapacity or any change in our constitution or any settlement or other matter whatsoever.
- 11.2 This security shall be a continuing security notwithstanding any settlement of account or other matter whatsoever and is in addition to and shall not merge with or otherwise prejudice or affect, and may be enforced, pursuant to this Letter, the Sukuk Transaction Documents, notwithstanding the security created by any deposit of documents or any guarantee, lien, bill, note, mortgage or other security now or hereafter held by the Security Trustee, or any right or remedy of the Security Trustee in respect of the same, and nothing herein shall restrict the operation of any general lien, statutory right of set off or other rights or remedies whatsoever which the Security Trustee may have whether by law or otherwise under any contracts, agreements, securities or decrees.

- 11.3 Until the Termination Date, the Security Trustee shall not be obliged to return to the Company any of the Hypothecated Properties or documents of which it has taken



11.3
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possession under the provisions contained herein or part of the sale proceeds thereof. Until the Termination Date the Security Trustee shall have a lien, with full power of sale additional to the security heretofore given over all such Hypothecated Properties, over documents and sale proceeds to the extent of Obligations.

- 11.4 Notwithstanding any partial payments that may be made from time to time by the Company, this security shall continue until the Termination Date, or if earlier, until the Security Trustee, acting on behalf of the Sukuk Holders, vacates the charge hereby created.

12. INSOLVENCY

The Company undertakes not to commit any act of insolvency whatsoever. If, at any time, the Company is adjudicated insolvent or if the Company executes any deed or arrangement or composition with any of the Company's creditors or if any event shall happen which would entitle the Security Trustee and/or the Sukuk Holders to declare all of the Company's obligations or any part thereof due or require any payable amount to be paid prior to its due date, it shall be lawful for the Security Trustee, pursuant to enforcement under this Letter, the Sukuk Transaction Documents and without prejudice to any right of suit or any other rights of the Security Trustee under this Letter, he Sukuk Transaction Documents or under the law, to sell or dispose of either by public auction or private contract absolutely all or any of the Hypothecated Properties, either together or in lots or separately and to apply the net proceeds of such sale in and/or towards liquidation of the amount then due to the Security Trustee and/or Sukuk Holders in respect of the Obligations.

13. INDEMNIFICATION

- 13.1 Without prejudice to any other rights and remedies available to the Security Trustee, the Company hereby undertakes to indemnify the Security Trustee and/or Sukuk Holders including their respective affiliates, officers and employees against all proceedings, losses, claims, penalties, expenses and liabilities whatsoever which may be taken or made against or imposed upon the Security Trustee and/or Sukuk Holders by State Bank of Pakistan or are otherwise incurred by the Security Trustee and/or Sukuk Holders arising from this Letter.
- 13.2 The Company hereby agrees and confirms for the benefit of the Sukuk Holders and the Security Trustee that the indemnity contained herein shall survive any termination or expiry of this Letter.

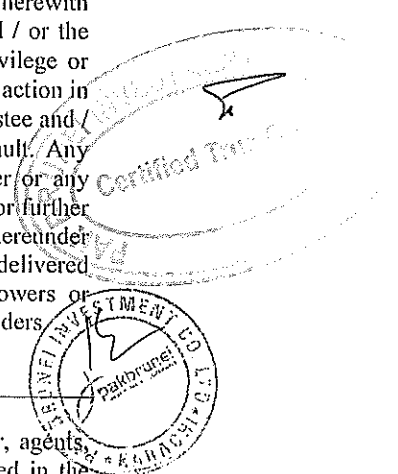
14. WAIVER

No waiver may be granted hereunder except with the prior written consent of each of the Parties affected by such waiver. No delay, forbearance or omission to exercise any right vested in or power or privilege or remedy accruing to the Security Trustee and / or the Sukuk Holders under this Letter or any document delivered in connection herewith and no course of dealing between the Company and the Security Trustee and / or the Sukuk Holders, as the case may be, shall impair any such right, power, privilege or remedy or be construed to be a waiver or omission of such power nor shall any action in respect thereof affect or impair any right, power or remedy of the Security Trustee and / or the Sukuk Holders in respect of any of the Company's subsequent default. Any single or partial exercise of any right, power, remedy or privilege hereunder or any other document delivered in connection herewith shall not preclude any other or further exercise thereof or the exercise of any other right, power, remedy or privilege hereunder or thereunder. The rights, power and remedies herein or any other document delivered in connection herewith are cumulative and not exclusive of any rights, powers or remedies that would be available to the Security Trustee and / or the Sukuk Holders.

15. RECEIVER

The Security Trustee shall be entitled to appoint and/or remove any receiver, agents, managers or other persons to exercise all or any of the powers hereby vested in the

Handwritten signature and initials in the margin.



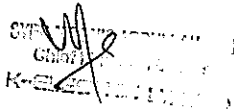
Security Trustee with reference to the security hereby created and shall be entitled to recover and receive from the Company remuneration and/or charges of such receiver, agents, managers or other persons as the case may be. The Security Trustee shall not be liable, and shall be entitled to be indemnified and kept indemnified by the Company for and in respect of all acts, defaults, negligence or mistakes (whether arising in the usual course of business or otherwise), of any such receiver, agents, managers or other persons and all losses, damages, claims, demands, suits, proceedings, costs, charges and expenses sustained or made in respect thereof, provided that the indemnity contained herein shall not extend to any cost or liability relating to improper intervention by the Security Trustee in the affairs of the receiver.

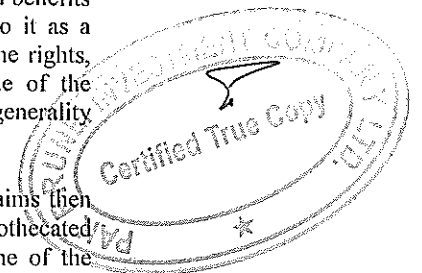
16. VALUE OF HYPOTHECATED PROPERTIES

The Company shall make and furnish to the Security Trustee such statements and returns in respect of the value of the Hypothecated Properties and such fully detailed description thereof and produce such evidence in support thereof as the Security Trustee may, from time to time, reasonably require and that the market value of the Hypothecated Properties shall not at any time fall below the amount of the balance due to the Sukuk Holders for the time being under the Sukuk Transaction Documents together with profit, service charges, costs and expenses. If at any time the market value of the Hypothecated Properties falls below the outstanding amounts owed by the Company to the Sukuk Holders, the Company shall provide such further security(ies) as may reasonably be required by the Security Trustee to cover the shortfall. The Security Trustee may at its discretion employ the services of any independent accountant/valuator to verify the value of the Hypothecated Properties and the reasonable cost of such valuation shall be borne by the Company. Such verification in respect of the Hypothecated Properties may not be carried out more than once a year, except where the Security Trustee considers that the market value of the Hypothecated Properties has fallen below the outstanding amounts owed by the Company to the Sukuk Holders and in which it shall notify the Company.

17. DEFAULT

- 17.1 The Company shall be in default if at any time a Default as specified in the Sukuk Transaction Documents shall have occurred.
- 17.2 Without prejudice to the generality of the above, the Security Trustee its agents and/or nominees or the receiver or other person appointed by the Security Trustee in exercise of its rights hereunder shall be entitled at all times and without notice to the Company to take any action pursuant to Section 17 hereof or any other clause of this Letter, upon the occurrence of a Default or any other event which may in the sole opinion of the Security Trustee is likely to or results in the depreciation of the Hypothecated Properties.
- 17.3 The Security Trustee, shall be entitled (but not bound) as and when instructed by the Sukuk Holders or as it may see fit for the purpose of securing the interest of the Sukuk Holders, to exercise in relation to the Hypothecated Properties or any rights and benefits arising therefrom all or any of the rights, powers and remedies available to it as a consequence of the hypothecation of the Hypothecated Properties and / or the rights, title and interest of the Company in the same (whether at law, by virtue of the hypothecation hereunder or otherwise) and in particular (without limiting the generality of the foregoing):
- (i) to collect, recover, compromise and give a good discharge for, all claims then outstanding or thereafter arising in relation to or under the Hypothecated Properties and to take over or institute (if necessary using the name of the Company) all such proceedings in connection therewith as the Company's agent in its absolute discretion, and to permit any brokers through whom collection or recovery is effected, to charge the usual brokerage therefor; and





- (ii) to recover from the Company on demand all expenses incurred or paid by the Security Trustee in connection with the exercise of the powers (or any of them) referred to in Clause 17.1 and 17.2 above.

18. REIMBURSEMENT

- 18.1 The Company shall bear and pay all costs and expenses arising in connection with the exercise of any right or power herein conferred on the Security Trustee and all losses and damages incurred or suffered by the Security Trustee, as a direct and indirect consequence of the exercise of any such right or power.
- 18.2 The Company hereby undertakes with the Security Trustee to pay on demand all costs, charges and expenses incurred by the Security Trustee, in or about the enforcement, preservation or attempted preservation of the hypothecation hereunder confirmed by the execution of this Letter on a full indemnity basis, together with the profit or liquidated damages as the case may be, from the date on which such costs, charges or expenses are so incurred until the date of payment by the Company (both before and after judgment).
- 18.3 The Security Trustee and its agents and nominees at all times shall be at liberty to pay or incur any legal and other incidental expenses as between client and attorney in and towards the exercising, enforcing and securing of all or any of the rights and remedies of the Security Trustee and/or the Sukuk Holders against the Company and taking all necessary steps towards the full realisation of all the dues from the Company and the Security Trustee shall have the right to determine the time and manner of paying, incurring and reimbursing such expenses as well as the quantum thereof.

19. RIGHTS AND REMEDIES NOT LIMITED

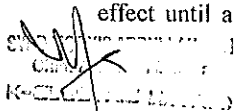
- 19.1 No failure to obtain any required authorization shall release the Company from or otherwise constitute a defense to the performance of its obligations hereunder.
- 19.2 The rights and remedies of the Security Trustee, for the benefit of the Sukuk Holders, in relation to any misrepresentation or breach of warranty on the part of the Company are not prejudiced:
- (a) by any investigation by or on behalf of the Sukuk Holders into the affairs of the Company or any other Person;
 - (b) by the execution or the performance of this Letter; or
 - (c) by any other act or thing that may be done by, or on behalf of the Sukuk Holders in connection with this Letter and which might, apart from this Section, prejudice such rights or remedies.

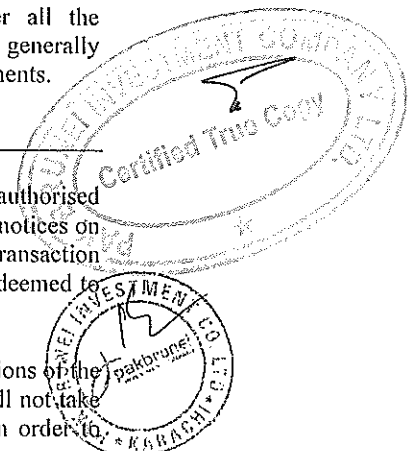
20. INSURANCE

The Company shall keep insured, with a reputable insurer / reinsurer all the Hypothecated Assets (and all additions thereto) in accordance with and generally comply with the insurance/takaful provisions of the Sukuk Transaction Documents.

21. SECURITY TRUSTEE

- 21.1 The Company acknowledges and admits that the Security Trustee is hereby authorised and empowered by the Sukuk Holders to give any or all directions and serve notices on behalf of the Sukuk Holders in terms of this Letter or the Sukuk Transaction Documents. Any such notice or directions by the Security Trustee shall be deemed to have been given by the Sukuk Holders.
- 21.2 In the event, the Security Trustee resigns or is removed pursuant to the provisions of the Security Trust Deed, such resignation or removal of the Security Trustee shall not take effect until all the necessary deeds or documents have been entered into in order to


SIGNED AND DELIVERED BY
KARACHI INVESTMENT COMPANY LTD



substitute the successor Security Trustee hereunder for the purpose of holding the Hypothecation created hereunder for and on behalf of the Sukuk Holders.

22. NOTICES

The provisions of Section 10.5 of the Declaration shall be incorporated by reference into this Letter and apply, *mutatis mutandis*, hereto.

23. SEVERABILITY

Each provision of this Letter is severable and distinct from the others. The invalidity, illegality or unenforceability of any one or more provisions of this Letter at any time shall not in any way affect or impair the validity, legality and enforceability of the remaining provisions hereof.

24. GOOD FAITH

The parties hereto shall act in good faith in the performance of all their obligations and in exercise of all their rights, powers and privileges hereunder.

25. NO PREJUDICE

Nothing contained herein shall prejudice or otherwise affect the rights and remedies that may otherwise be available under law to the Security Trustee and/or the Sukuk Holders.

26. COSTS

26.1 The Company shall bear and pay all costs and expenses arising in connection with the stamping, execution, registration, filing and vacation of this Letter.

26.2 The Company shall pay to the Security Trustee (for the benefit of the Sukuk Holders), or as the Security Trustee may direct, the actual and fees and expenses of counsel to the Security Trustee or the Sukuk Holders incurred in connection with the preparation and/or review, execution and, where appropriate, translation, notarization and registration of this Letter and any other documents related to this Letter.

26.3 The Company shall also pay the actual and reasonable costs and expenses incurred by the Secured Trustee in relation to:

(i) the administration by the Security Trustee of this Letter or otherwise in connection with any amendment, supplement or modification to, or waiver under, this Letter; and

(ii) the enforcement or protection or attempted enforcement or protection of their rights under this Letter including legal and other professional consultants' fees on a full indemnity basis.

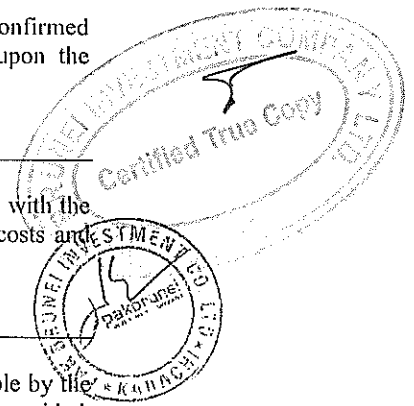
26.4 All costs and expenses related to the registration of the security created and confirmed in terms of this Letter and the vacation of the hypothecation hereunder upon the satisfaction of all the Obligations, shall be borne by the Company.

27. REGISTRATION

The Company agrees to take the necessary steps to register this hypothecation with the relevant authority in Pakistan (if required by applicable law) and to pay all costs and expenses associated with the registration of this Letter.

28. SUCCESSORS AND ASSIGNS

This Letter shall be binding upon and inure to the benefit of and be enforceable by the respective successors, permitted assigns and transferees of the parties hereto, provided,
BY: _____
CHIEF EXECUTIVE OFFICER
(K-ELEMENTARY LIMITED)



however, that the Company shall not assign, transfer or in any way relinquish any of its rights or obligations hereunder to any person or body without the prior written approval of the Security Trustee. The Security Trustee shall be fully and unconditionally entitled to assign or otherwise transfer all its rights hereunder.

29. RECONSTRUCTION


Any reconstruction, division, reorganisation or change in the constitution of the Security Trustee or the Sukuk Holders or their absorption in or amalgamation with any other person or body or the acquisition of all or part of its undertaking by any other person or body shall not in any way prejudice or affect its rights or obligations hereunder.

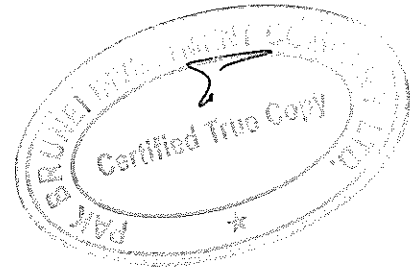
30. GOVERNING LAW AND JURISDICTION

This Letter and all rights and obligations of the Company, the Security Trustee and the Sukuk Holders hereunder shall be governed by and construed in accordance with the laws of Pakistan. For the benefit of the Sukuk Holders and the Security Trustee, the Company hereby submit itself to the exclusive jurisdiction of any court of competent jurisdiction in Karachi to entertain any suit or case arising out of or in relation to this Letter.

31. ORIGINALS

This Letter shall be executed in one (1) original.


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IN WITNESS WHEREOF, K-ELECTRIC LIMITED has caused this Letter to be duly executed by its duly authorized officer as of the date first above written.

For and on behalf of K-ELECTRIC LIMITED through its authorised signatory }

SIGNATURE

Name:
Designation:

.....

Name:
Designation:

.....

IN THE PRESENCE OF:
SIGNATURE OF WITNESSES

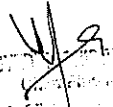
SIGNATURE

1- Name:
Address:
NIC No:

.....

2- Name:
Address:
NIC No:

.....


K-ELECTRIC LIMITED
K-ELECTRIC LIMITED

