REQUEST FOR PROPOSALS TO ACT AS ADVISOR TO SEEK SUITABLE INVESTORS FOR THE PURCHASE OF GOVERNMENT OWNERSHIP OF HILTON COLOMBO AND GRAND HYATT COLOMBO

05th January, 2018

1. Introduction

a) Background

The Government of Sri Lanka ("GoSL") Budget Speech in 2016 identified two companies, that come under the management of the Ministry of Public Enterprise Development ("MPED"), as non-strategic enterprises in which the divestment of the government ownership may be considered: i) Hotel Developers (Lanka) PLC which owns the Hilton Hotel in Colombo; ii) Canwill Holdings (Pvt) Ltd, owner of the Grand Hyatt Colombo Hotel construction project. GoSL intends to re-structure the ownership of these two non-strategic assets and divest the government stakes in the two companies.

The MPED is seeking to appoint a Transaction Advisor (the "TA") with significant experience in mergers and acquisition, divestitures, and public and private placements of hospitality assets, with a regional presence, to advise the MPED on its strategic options with respect to the divestment of its shares in the two companies described above.

b) Companies involved in the transaction

The TA is expected to provide advice with regard to the divestment of the government shares in the following two companies:

- Hotel Developers (Lanka) PLC: fully owned by the Secretary to the Treasury. The company operates the Colombo Hilton, a 350 room 5-star hotel in the heart of the City of Colombo on a 6.92 acre property leased by GoSL. The firm has entered into a management contract with Hilton
International which comes up for renewal in 2019. Hilton International has indicated its desire to renew the contract;

- Canwill Holdings (Pvt) Ltd: owned by three (3) state entities: i) Sri Lanka Insurance Corporation Ltd. (“SLIC”, 45.95%); ii) Litro Gas Lanka Ltd (“LGL”, 27.03%); and iii) Employees Provident Fund (“EPF”, 27.03%). Since Litro Gas is 100% owned by SLIC, the latter has effective control over Canwill Holdings (Pvt) Ltd and owns the Grand Hyatt Colombo construction project through its fully owned subsidiary, Sinolanka Hotel and Spa (Pvt) Ltd. The Grand Hyatt project is nearing completion (expected in 2018) and will operate as a 5-star hotel with 458 rooms and 100 serviced apartments, once completed. The hotel occupies a land extent of 2.32 acres, a majority of which is leased from GoSL. The management contract entered into with the Hyatt Group expires twenty years (20) after the start of operation.

c) Government strategy

GoSL wishes to offer a strategic and controlling stake of 51% in Hotel Developers (Lanka) PLC to a qualified and reputed investor selected through a competitive process. The shortlisted entities will be offered the opportunity to enter a competitive bid, on a special board of the Colombo Stock Exchange (“CSE”), to purchase the 51% stake introduced on an “All-or-Nothing” basis. It is intended to release the balance stake to the general public through an Offer for Sale on the CSE after allocating some shares to employees.

The government also wishes to offer 100% of the shares held in Canwill Holdings (Pvt) Ltd - owned by SLIC, LGL and EPF to a qualified and reputed investor selected through a competitive process as described above.

2. Scope of Work

The Advisor will be responsible for marketing the assets to seek and identify suitable investors for both investment opportunities described above, sourcing reputed potential investors with a capacity and willingness to invest in each of these properties.

The Advisor is expected to undertake, inter alia, the following tasks:

2
**Pre Preparation Stage:**

(i) Conduct market research and surveys to assess the level of interest among potential investors in different target markets

(ii) Advise the MPED on selecting the most appropriate transaction strategy to attract the best valuation

(iii) Advise the MPED on determining the most appropriate transaction structure for ease of conducting the transaction

(iv) Advise the MPED on appropriate timing to launch the sale process considering the market conditions;

**Preparation Stage:**

(i) Prepare advertisements and other marketing literature including printed material and multi-media presentations and videos to showcase the two investment opportunities. The cost of preparation of the material and the cost of publication in mass media will be borne by GoSL within an agreed budget

(ii) Prepare communication strategy and formulate approach to potential investors

(iii) Prepare a Request for Proposals ("RFP") to be issued to identified potential investors and submit for approval by the relevant authorities

**Engagement and Selection Stage**

(i) Conduct international roadshows in selected target markets to generate interest among potential investors. Arrange meetings with key investors, facilitate discussions on future prospects, and articulate the key marketing themes and positioning of each company. All expenses in this regard will be borne by GoSL within an agreed budget;

(ii) Submit list of potential investors to be approached

(iii) Prepare Non-Disclosure Agreements to be executed with interested parties

(iv) Coordinate the provision of information to interested parties

(v) Facilitate site visits and management meetings

(vi) Facilitate the due diligence process

(vii) Facilitate communication between the potential investors and the sellers during the due diligence process and follow-up inquiries
(viii) Obtain, at the end of this process, not less than five (5) proposals for each Company from suitable potential investors who are able to fulfil the eligibility criteria and conditions stipulated in the RFP. A Cabinet Appointed Procurement Committee (“CAPC”), with the assistance of a Technical Evaluation Committee (“TEC”), will have the discretion to accept or reject the proposals submitted. This committee will also retain the right to shortlist potential investors who will be allowed to bid for the relevant equity stake introduced on an “All-or-Nothing” basis, on a special board of the CSE;

Negotiation and Final Stage

(i) Assist the MPED in drafting, negotiating and finalizing Final Definitive Agreements including but not limited to Sale and Purchase Agreement

(ii) Act as a facilitator in the conduct of negotiations with the successful investor to ensure a smooth completion of the transaction

(iii) Assist the MPED in publishing press releases relating to the transaction (if necessary).

3. Instructions to Prospective Advisors

a) The prospective advisor is expected to examine all instructions, terms and specifications in this RFP document. Failure to furnish all information required in the bidding documents may result in the rejection of its proposal and will be at the prospective advisor’s own risk.

b) No binding legal relationship will exist between any of the prospective advisors and the MPED /GoSL till execution of contract between the parties in writing, or until a contract is prepared, signed and executed.

c) Each prospective advisor acknowledges and accepts that the MPED may in its absolute discretion apply selection criteria specified in the document for evaluation of proposals for shortlisting and selecting the eligible advisor(s). The RFP document will not form part of any contract or arrangement, which may result from the issue of this document or any investigation or review, carried out by a prospective advisor.

d) A prospective advisor will, by responding to MPED for RFP, be deemed to have accepted the terms of this Introduction and Disclaimer. Prospective advisors are required to direct all communications related to this RFP, through the Nominated Point of Contact person;


Contact: Mr. Manjula de Silva

Position: Consultant – Divestment and Restructuring

Email: desilva.m@mped.gov.lk

Telephone: +94777260978

Fax: +94112437811

e) MPED may seek additional information or material from any prospective advisor after the RFP closes and all such information and material provided must be taken to form part of the prospective advisor’s response.

f) Prospective advisors should provide details of their contact person, telephone, fax, email and full address(s) to ensure that replies to RFP could be conveyed promptly.

g) If MPED, in its absolute discretion, deems that the originator of the question will gain an advantage by a response to a question, then MPED reserves the right to communicate such response to all the prospective advisors.

h) MPED may, in its absolute discretion, engage in discussion or negotiation with the shortlisted advisors after the RFP closes to improve or clarify any response.

i) MPED will notify all shortlisted advisors in writing, by mail or by publishing in its website as soon as practicable about the outcome of their proposal. MPED is not obliged to provide any reasons for any such acceptance or rejection.

j) MPED may extend the deadline for submission of proposals if it so desires.

k) The proposal prepared by the prospective advisor, as well as all correspondence and comments relating to the proposal exchanged by the prospective advisor and MPED and supporting documents shall be written in English and shall be printed on official letter head.

l) The prospective advisor shall bear all the costs associated with the preparation and submission of the proposal and MPED will in no case be responsible or liable for these costs regardless of the conduct or outcome of the bidding process.

m) At any time prior to the last date and time for submission of proposals, MPED may, for any reason, modify the bidding document by amendments at the sole discretion of MPED.

n) In order to provide prospective advisors reasonable time to take the amendments, if any, into account in preparing their proposal, MPED may, at its discretion, extend the deadline for submission of proposals.
o) Proposals including Financial Proposals must remain valid for 90 days from the date of opening of the proposals. A proposal valid for shorter period shall be rejected by MPED as non-responsive.

p) MPED reserves the right to discontinue the arrangement with any appointment of advisor(s) at any time without assigning any reasons thereof.

q) Any proposal received by MPED after the deadline for submission of proposals will be rejected and/or returned unopened to the prospective advisor, if so desired by MPED.

r) Once submitted, proposals will be treated as final and no further correspondence will be entertained relating to them.

s) Any effort by the prospective advisor to influence MPED, CAPC, TEC or any related party of the GoSL in proposal evaluation or contract award decision may result in the rejection of the proposal. MPED’s decision will be final and without prejudice and will be binding on all Parties.

t) Maintenance of Confidentiality is of utmost importance to MPED. Confidentiality must be maintained with regards to all and any information disclosed in this RFP and any information that has been exchanged between the Parties whether the information is related or not to the subject matter of this RFP, either directly or indirectly, in writing, orally, or by inspection of tangible objects, whether or not designated as “Confidential”, “Proprietary” or some similar designation, including without limitation, to this RFP.

u) The successful TA must exhibit exceptional professionalism and have an impeccable track record.

v) Mobilization advance of maximum 20% of the contract sum shall be paid (if necessary) according to National Procurement Guidelines. If so, an unconditional irrevocable bank guarantee to the amount equivalent to be provided from any commercial bank operating in Sri Lanka and such guarantee (i) to remain effective until the advance payment has been fully set off, and (ii) to be in the form set forth in Attachment 5 hereto. Any other conditions pertaining to the payment of mobilization advance shall be informed in the formal contract to be signed.

4. Conflict of Interest

a) MPED requires that advisors provide professional, objective, and impartial advice and at all times hold the MPED’s interests paramount, strictly avoid conflicts with other assignments or their own corporate interests and act without any consideration for future work.
b) A firm that has been engaged by MPED to provide goods, works or services other than consulting services, and any of its affiliates, shall be disqualified from providing consulting services related to those goods, works or services. Conversely, a firm hired to provide consulting services, and any of its affiliates, shall be disqualified from subsequently providing goods or works or services other than consulting services resulting from or directly related to the firm’s consulting services.

c) An advisor (including its Personnel and Sub-Consultants) or any of its affiliates shall not be hired for any assignment that, by its nature, may be in conflict with another assignment of the advisor to be executed for the same or for another Client. For example, a Consultant hired to prepare engineering design for an infrastructure project shall not be engaged to prepare an independent environmental assessment for the same project. Similarly, a Consultant hired to prepare Terms of Reference for an assignment should not be hired for the assignment in question.

d) An advisor (including its Personnel and Sub-Consultants) that has a business or family relationship with a member of MPED’s staff who is directly or indirectly involved in any part of (i) the preparation of the Terms of Reference of the assignment, (ii) the selection process for such assignment, or (iii) supervision of the Contract, may not be awarded a Contract.

e) Advisors have an obligation to disclose any situation of actual or potential conflict that impacts their capacity to serve the best interest of their Client, or that may reasonably be perceived as having this effect. Failure to disclose said situations may lead to the disqualification of the Advisor or the termination of its Contract.

f) No agency or current employees of MPED shall work as Advisor’s Personnel under their own ministries, departments or agencies. Recruiting former government employees to work for their former ministries, departments or agencies is acceptable provided no conflict of interest exists. When the Advisor nominates any government employee as Personnel in their technical proposal, such Personnel must have written certification from their government or employer confirming that they are allowed to work full-time outside of their previous official position. Such certification shall be provided to the Client by the Advisor as part of his technical proposal.
5. **Fraud and Corruption**

The officials of the procuring entity, as well as Prospective Advisors participating in this advisor selection process should adhere to the highest ethical standards, both during the selection process and throughout the execution of a contract. In pursuance of this policy, the following definitions are given:

(i) “corrupt practice” means offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the selection process or in contract execution;

(ii) “fraudulent practice” means a misrepresentation or omission of facts in order to influence a selection process or the execution of a contract;

(iii) “collusive practices” means a scheme or arrangement between two or more prospective advisors with or without the knowledge of the procurement entity, designed to establish prices at artificial, noncompetitive levels;

(iv) “Coercive practices” means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in a procurement process, or affect the execution of a contract.

6. **Dispute resolution**

(a) The Parties agree that the avoidance or early resolution of disputes is crucial for a smooth execution of the Contract and the success of the assignment. The Parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or its interpretation.

(b) If either Party objects to any action or inaction of the other Party, the objecting Party may file a written Notice of Dispute to the other Party providing in detail the basis of the dispute. The Party receiving the Notice of Dispute will consider it and respond in writing within 30 Days after receipt. If that Party fails to respond within 30 Days, or the dispute cannot be amicably settled within 30 Days following the response of that Party, Clause 6(c) shall apply.

(c) Any dispute between the Parties as to matters arising pursuant to this Contract that cannot be settled amicably within thirty (30) Days after receipt by one Party of the other Party’s request for such amicable settlement may be submitted by either Party for settlement in accordance with the provisions of Sri Lanka Arbitration Act No. 11 of 1995.
7. Taxes

A foreign advisor may be subject to local taxes on amounts payable by the Client under the Contract. Any such amounts shall not be included in the Financial Proposal as they will not be evaluated, but they will be discussed at contract negotiations, and applicable amounts will be included in the Contract. The tax liability of a local advisor shall be borne by the advisor.

8. Currency of payment

All prospective international advisors should quote in United States Dollars (USD) while prospective local advisors should quote in Sri Lanka Rupees (LKR). The rate of exchange applicable on the day of opening the financial proposals will be used for conversion.

9. Language

Documents to be issued by the prospective advisors as part of this assignment must be in English language.

10. Law governing the contract

The format, contract, its meaning and interpretation and all other relations between the parties in this regard shall be governed by the law applicable in Sri Lanka.

11. Terms of Reference

A detailed terms of reference (TOR) based on the Scope of Work given in section 2 above will be issued to the selected transaction advisor.

12. Clarifications

Prospective advisors may request a clarification on this RFP before the proposal submission date. Any request for clarification must be sent in writing, to the designated email address given on the public notice (expressions_of_interest@mped.gov.lk). MPED will respond in writing, through email. In addition, the response (including an explanation of the query but without identifying the source of
inquiry) may be posted on its website www.mped.gov.lk under downloads for the benefit of all prospective advisors.

13. Agents

(a) Any person who acts as an agent or sub-agent, representative or nominee for or on behalf of any tenderer, shall register himself and such public contract in accordance with section 10 of Public Contracts Act No. 3 of 1987 and shall furnish to the Registrar the particulars required to furnish under section 6 of the said Act.

(b) Where any person is an agent, sub-agent, representative or nominee for and on behalf of a tenderer, he shall first produce a certificate of his appointment as agent, sub-agent, representative or nominee to the Registrar before he registers himself and the public contract under the above section.

14. Eligibility

Any firm of international property consultants, financial advisory, strategic/management consultancy, real estate advisory, investment banking, merchant banking or commercial banking with a dedicated investment and/or merchant banking division, or any other similar entity which can demonstrate previous experience in handling at least two (2) cross border transactions of a similar or higher value for public sector or large private sector clients, over the last five years, may submit a proposal. Preference will be given to firms that demonstrate a strong regional presence. Any consortium of entities which include entities that can meet the relevant criteria can also apply with letters of commitment from each participating entity.

15. Submission of Proposals

(a) Proposals must be submitted in a sealed envelope, either delivered by hand or couriered to reach the Chairman, Cabinet Appointed Consultants Procurement Committee, Secretary’s Bureau, Ministry of Public Enterprise Development, Level 07, West Tower, World Trade Centre, Echelon Square, Colombo 1, Sri Lanka; no later than 1130 hours on 16 February 2018; and be clearly marked “Request for proposals to act as advisor to seek suitable investors for the purchase of Government ownership of Hilton Colombo and Grand Hyatt Colombo”;
(b) Technical and financial proposals must be submitted separately in one original and a copy sealed separately and clearly marked as ‘Original’ and “Copy’. All these envelopes must be enclosed in one envelope and delivered as per (a) above.

(c) Proposals shall be opened immediately after closing the submission of proposals at the Secretary’s Bureau, Ministry of Public Enterprise Development, Level 07, West Tower, World Trade Centre, Echelon Square, Colombo 1, Sri Lanka; in the presence of applicants or their authorised representatives. The Chairman of the CACPC will declare the names of the Interested Parties.

(d) Financial proposals of organisations whose technical proposals were evaluated as qualified shall be opened in the presence of applicants or their representatives after allowing adequate time for prospective advisors to make arrangements to attend.

16. Bidding process and Request for Proposal format

For the purpose of the present job, the following documents are to be submitted,

1. Authority letter authorizing the authorized signatory by Company Secretary/Board of Directors/ Director of the prospective advisor to sign the proposal and other documents.
2. Prospective advisor’s Information as per Attachment 01
3. Information for Technical Evaluation (Technical Proposal) as per Attachments 02 and 03
4. Financial Proposal as per Attachment 04
5. Bank Guarantee for Advance Payment (if necessary) as per Attachment 05

The proposal shall be typed or written in indelible ink and shall be signed by the Authorized Signatory. All the pages of the proposal shall be initialled by the person(s) signing the Bid. The proposal shall contain no interlineations, erasures or overwriting except as necessary to correct errors made by the prospective advisor, in which case corrections shall be initialled by the person(s) signing the proposal. Technical Proposal shall be submitted as per Attachment 02 and 03 and shall not contain any pricing or commercial information.
a) Selection process and evaluation criteria

Proposals received will be evaluated by the Cabinet Appointed Consultants Procurement Committee (CACPC) and will be ranked according to the total of scores assigned for each evaluation criterion. The technical and commercial proposals submitted will be evaluated based on a 70:30 weighting.

Technical proposals that do not earn 60% of the marks (out of 100%) allotted to the technical proposal will be rejected without considering the financial proposals. Only the shortlisted applicants whose technical proposals earn a minimum of 60% marks (out of 100%) will be invited to the opening of financial proposals.

Technical Proposal (70%):

The Interested Parties will be evaluated on the basis of the following criteria and their respective weighting:

(i) Past experience in handling transactions, of a similar size and nature for public and large private sector clients as Advisor, including those in the hospitality and leisure/real estate sectors (30 points)

(ii) Qualifications and experience of the core team that will be handling this assignment (30 points)

(iii) Methodology proposed to identify suitable investors (30 points)

(iv) Local/regional presence especially in identified target markets (10 points)

Financial Proposal (30%):

Fee for acting as the Advisor to the proposed transaction (stipulate all fees including potential out of pocket expenses and success fees). The MPED may request additional documents or clarifications in regard to the proposals submitted by the Interested Parties.

Based on the criteria stipulated in the RFP, CACPC will select a Transaction Advisor for the task in accordance with Government procurement guidelines.
b) **Formal contract**

A written formal contract will be signed between MPED and the successful TA and this document will (RFP) also be considered as a part and parcel of the formal agreement to be signed between the parties.

Chairman,
Cabinet Appointed Consultants Procurement Committee,
Ministry of Public Enterprise Development,
Level 07, West Tower, World Trade Centre,
Echelon Square, Colombo 1, Sri Lanka.
ATTACHMENT 01

PROSPECTIVE ADVISOR’S INFORMATION

Please provide the following information about the Company/Firm.

<table>
<thead>
<tr>
<th>Description</th>
<th>Response</th>
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<tbody>
<tr>
<td>01 Name of the Company</td>
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<tr>
<td>02 Date of Incorporation</td>
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<td>03 Registered Address</td>
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<tr>
<td>04 Contact Person Details</td>
<td>Name:</td>
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<td></td>
<td>Designation:</td>
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<td></td>
<td>Telephone: Office</td>
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<td></td>
<td>Fax:</td>
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<tr>
<td>05 Range of Services provided by the Company</td>
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<tr>
<td>06 Provide details wherein any contract has been</td>
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<td>terminated by any client in the past five (5) years</td>
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<td>after the Company has been appointed as an</td>
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<td>advisor to a transaction due to a breach by the</td>
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<td>Company.</td>
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<td>07 Any pending or past litigation which may affect</td>
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<tr>
<td>the work to be awarded by MPED in the past five (5)</td>
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<td>years? If yes, please give details.</td>
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Signature of Authorised Signatory:

Name of the Authorised Signatory:

Company Seal:

Date:
ATTACHMENT 02

INFORMATION FOR TECHNICAL EVALUATION

(i) Past experience in handling transactions of a similar size and nature for public and large private sector clients as Advisor, including those in the hospitality and leisure/real estate sectors. (Please use attachment 03 for this purpose).

(ii) Qualifications and experience of the core team that will be handling this assignment (Please provide a detailed CV of each member of the team mentioning the level of engagement)

(iii) Methodology proposed to identify suitable investors (A detailed work plan is required)

(iv) Local/regional presence especially in the target markets

(Please provide supporting documents as proof in respect of above. See section 16 for allocation of marks).

Certified as true and accurate.

Signature of Authorised Signatory:

Name of the Authorised Signatory:

Company Seal:

Date:
**ATTACHMENT 03**

**ADVISOR’S EXPERIENCE IN HANDLING SIMILAR TRANSACTIONS**

[Using the format below, provide information on each assignment for which your firm, and each associate for this assignment, was legally contracted either individually as a corporate entity or as one of the major companies within an association, for carrying out consulting services similar to the ones requested under this assignment. Use maximum of 20 pages.]

<table>
<thead>
<tr>
<th>Name of the Firm¹</th>
<th></th>
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<tbody>
<tr>
<td>Name and address of Client:</td>
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<tr>
<td>Assignment name:</td>
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<tr>
<td>Approx. value of the contract:</td>
<td>Duration of assignment (months):</td>
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<tr>
<td>Location:</td>
<td>Total N° of staff-months of the assignment</td>
</tr>
<tr>
<td>N° of professional staff-months provided by you:</td>
<td>Approx. value of the services provided by firm:</td>
</tr>
<tr>
<td>Start date (month/year):</td>
<td>Completion date (month/year):</td>
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<tr>
<td>Name of associated Consultants, if any:</td>
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<tr>
<td>Name of senior professional staff of your firm involved and functions performed (indicate most significant profiles such as Project Director/Coordinator, Team Leader):</td>
<td></td>
</tr>
<tr>
<td>Narrative description of Project:</td>
<td></td>
</tr>
</tbody>
</table>

¹ Indicate the firms’ name or associate firms’ name
| Description of actual services provided by your staff within the assignment: |
Chairman
Cabinet Appointed Consultants Procurement Committee
Ministry of Public Enterprise Development,
Level 07, West Tower,
World Trade Center,
Colombo 1,
Sri Lanka.

Attention: [ ]

Dear Sirs,

With reference to the RFP for acting as the Transaction Advisor to the proposed divestment of Government Ownership of Hilton Colombo and Grand Hyatt Colombo, we hereby submit our proposal as per the following;

<table>
<thead>
<tr>
<th>Description</th>
<th>Response</th>
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<tbody>
<tr>
<td>01 Fee for acting as the Advisor to the proposed transaction (stipulate all fees including potential out of pocket expenses and success fees)</td>
<td></td>
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<tr>
<td>02 Fees to local agent (if any)</td>
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</tbody>
</table>

All prospective international advisors should quote in United States Dollars (USD) while prospective local advisors should quote in Sri Lanka Rupees (LKR). The rate of exchange applicable on the day of opening the financial proposals will be used for conversion.

Signature of Authorised Signatory:

Name of the Authorised Signatory:

Company Seal:

Date:
ATTACHMENT 05
Bank Guarantee for Advance Payment

[Bank's Name, and Address of Issuing Branch or Office]

Beneficiary: [Name and Address of Client]

Date: ________________

ADVANCE PAYMENT GUARANTEE No.: ________________

We have been informed that [name of Consulting Firm] (hereinafter called "the Consultants") has entered into Contract No. [reference number of the contract] dated [insert date] with you, for the provision of [brief description of Services] (hereinafter called "the Contract").

Furthermore, we understand that, according to the conditions of the Contract, an advance payment in the sum of [amount in figures] ([amount in words]) is to be made against an advance payment guarantee.

At the request of the Consultants, we [name of Bank] hereby irrevocably undertake to pay you any sum or sums not exceeding in total an amount of [amount in figures] ([amount in words]) 1 upon receipt by us of your first demand in writing accompanied by a written statement stating that the Consultants are in breach of their obligation under the Contract because the Consultants have used the advance payment for purposes other than toward providing the Services under the Contract.

It is a condition for any claim and payment under this guarantee to be made that the advance payment referred to above must have been received by the Consultants on their account number __________ at [name and address of Bank].

The maximum amount of this guarantee shall be progressively reduced by the amount of the advance payment repaid by the Consultants as indicated in copies of certified monthly statements which shall be presented to us. This guarantee shall expire, at the latest, upon our receipt of the monthly payment certificate indicating that the Consultants have made full repayment of the amount of the advance payment, or on the __ day of __________, 2__ whichever is earlier. Consequently, any demand for payment under this guarantee must be received by us at this office on or before that date.

This guarantee is subject to the Uniform Rules for Demand Guarantees, ICC Publication No. 458.

____________________

[Signature]

Note: All italicized text is for indicative purposes only to assist in preparing this form and shall be deleted from the final product.

1 The Guarantor shall insert an amount representing the amount of the advance payment and denominated either in the currency(ies) of the advance payment as specified in the Contract, or in a freely convertible currency acceptable to the Client.

2 Insert the expected expiration date. In the event of an extension of the time for completion of the Contract, the Client would need to request an extension of this guarantee from the Guarantor. Such request must be in writing and must be made prior to the expiration date established in the guarantee.