
SUKUK ISSUANCE UNDERTAKING

In relation to facilitate the Government of Pakistan domestic Ijarah Sukuk program

BY AND AMONGST

PAKISTAN DOMESTIC SUKUK COMPANY LIMITED
(AS THE ISSUER)

NATIONAL HIGHWAY AUTHORITY
(AS THE TITLE AGENT)

**THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN FOR AND ON BEHALF OF THE
ISLAMIC REPUBLIC OF PAKISTAN**

THE SUKUK HOLDERS SPECIFIED IN SCHEDULE 2 HERETO

IN RESPECT OF

PKR _____/- SUKUK DUE 202_

EXECUTED AT ISLAMABAD

EXECUTED ON

2022

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SUKUK ISSUANCE UNDERTAKING

THIS SUKUK ISSUANCE UNDERTAKING (the “Undertaking”) is executed by and amongst:

- (1) **PAKISTAN DOMESTIC SUKUK COMPANY LIMITED**, a public limited liability company incorporated in Pakistan under the Companies Act, 2017 and having its registered office at Room 208, Ministry of Finance, Block Q, Pakistan Secretariat, Islamabad, as issuer of the Sukuk (as defined below) (in such capacity, the “**Issuer**” and “**Investment Agent**”, which expression shall mean and include its successors-in-interest, administrators and permitted assigns,
- (2) **NATIONAL HIGHWAY AUTHORITY**, a body corporate established under the National Highway Authority Act 1991 (the “**NHA Act 1991**”) and having an office at Headquarters, 28 Mauve Area, Sector G-9/1, Kashmir Highway, Service Road South, G 9/1 G-9, Islamabad, in its capacity as title agent for the Sukuk Holders, “**Title Agent**”, which expression shall mean and include its successors-in-interest, administrators and permitted assigns),
- (3) **THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN, FOR AND ON BEHALF OF THE GOVERNMENT OF ISLAMIC REPUBLIC OF PAKISTAN**, through the Joint Secretary (EF), Finance Division, Ministry of Finance, Islamabad (the “**Government**”)
- (4) **THE SUKUK HOLDERS SPECIFIED IN THE SCHEDULE 2 HERETO** (the “**Sukuk Holders**”, which expression shall mean and include their successors-in-interest, administrators, assigns and nominees).

WHEREAS:

- (A) The Issuer has agreed, subject to the provisions of the Sukuk Subscription Undertaking dated _____ (the “**Subscription Undertaking**”) executed by the Sukuk Holders in favour of the Issuer, the Government, the Investment Agent and the Title Agent, to issue PKR _____/- in aggregate face amount of Sukuk due 202_ (the “**Sukuk**”) to be constituted by the Title Agency Agreement (the “**Title Agency Agreement**”) made/to be made by, *inter alia*, the Issuer and the Title Agent dated on or about the date hereof.
- (B) The Investment Agent will use the proceeds from the issue of the Sukuk to purchase, as agent of and on behalf of the Sukuk Holders, from the Government pursuant to a purchase agreement (the “**Purchase Agreement**”) dated on or about the date hereof, the Sukuk Assets (as defined in the Purchase Agreement).
- (C) Pursuant to an ijarah agreement dated on or about the date hereof (the “**Ijarah Agreement**”), the Investment Agent proposes to lease or rent out, as agent of and on behalf of the Sukuk Holders, the Sukuk Assets to the President of Pakistan, for and on behalf of the Government (in such capacity, the “**Lessee**”), in return for which the Lessee will make semi-annual lease rental payments to the Investment Agent in accordance with the terms of the Ijarah Agreement.
- (D) Pursuant to the Title Agency Agreement, the Title Agent will declare that the Title Agent will hold the Sukuk Assets specified in the Title Agency and rights under the Ijarah Agreement, absolutely for the holders of the Sukuk (the “**Sukuk Holders**”) pro rata according to the face amount of Sukuk held by each holder in accordance with the Title Agency Agreement and the terms and conditions of the Sukuk. Each Sukuk will represent an undivided ownership in the Sukuk Assets and will rank *pari passu*, without any preference, with the other Sukuk.
- (E) The Sukuk will be in or substantially in the form set out in the Title Agency Agreement, issued subject to and with the benefit of an agency agreement dated on or about the date hereof (the “**Agency Agreement**”) and made between, *inter*

alia, the Investment Agent (as agent of the Sukuk Holders) and the agent named therein.

- (F) The Sukuk Holders have, in terms of the Subscription Undertaking, agreed to (i) subscribe or procure subscription of, the Sukuk as described in the Facility Documents, subject to the Issuer issuing the Sukuk; and (ii) appoint the Investment Agent as the Sukuk Holders' agent for purchase of the Sukuk Assets on their behalf.
- (G) The Government, the Title Agent, the Investment Agent and the Issuer are executing this Undertaking as part of a transaction which is in compliance with Shariah principles.

NOW, THEREFORE THIS UNDERTAKING WITNESSETH AS FOLLOWS:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Except where the context requires otherwise, the following terms used in this Undertaking have the meanings set out below:

Closing Date means _____-;

Costs Undertaking means the costs undertaking dated on or about the date hereof executed or to be executed by the Government for the purpose of undertaking to pay any costs and expenses that shall incur, and provide the indemnities in relation to the sukuk issuance;

Government means the government of the Islamic Republic of Pakistan, acting through the President or any ministry, agency or any other authority for and on behalf of the Islamic Republic of Pakistan;

PDSC means Pakistan Domestic Sukuk Company Limited, a public limited liability company, which is also wholly-owned by the Government, incorporated in the Islamic Republic of Pakistan (Pakistan) under the Companies Act, 2017;

Pronouncement means the pronouncement issued by the Shariah Advisory Committee of the State Bank of Pakistan;

Purchase Undertaking means the purchase undertaking dated on or about the date hereof executed or to be executed by the Government in relation to the Sukuk Assets in favour of the Investment Agent;

Pakistan Rupee means the lawful currency of Pakistan;

Rules means the rules dated on or about the date hereof executed or to be executed by the Title Agent and the Issuer pursuant to Clause 7.3 of Title Agency Agreement Deed;

Sukuk Assets means the asset as specifically described in Schedule 1 hereto;

Transaction Documents means the Purchase Agreement, the Ijarah Agreement, the Purchase Undertaking, the Title Agency Agreement, Agency Agreement, the Costs Undertaking, the Service Agency Agreement, the Sukuk Subscription Undertaking, the Sukuk Issuance Undertaking, the Sukuk, the Rules and any other agreements and documents delivered or executed in connection therewith;

- 1.2 Except where otherwise specified, the following rules of interpretation and construction shall apply in construing this Undertaking:

references to "**this Undertaking**" or any other agreement or document, or any analogous expression, shall be deemed also to refer to such agreement or document as amended, supplemented, varied, replaced or novated (in whole or in part) from time to time and to agreements and documents executed pursuant thereto;

references to costs or charges or expenses or remuneration shall be deemed to include, in addition, references to any goods and services tax, value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

words denoting one gender only shall include the other gender;

words denoting persons only shall include firms and corporations and vice versa;

- (a) references to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment;
- (b) any Schedule, Annex or Exhibit annexed to this Undertaking forms a part of this Undertaking and shall have the same force and effect as if set out in the body of this Undertaking;
- (c) headings are for ease of reference only;
- (d) save where the context otherwise requires, words importing the singular number include the plural and vice versa;
- (e) save where the context otherwise requires, references in this Undertaking to any signatory or addressee to this Undertaking or any other person shall include references to its successors and permitted transferees and assigns;
- (f) references to a **Schedule, Annex, Exhibit, Clause, sub-clause, paragraph or sub-paragraph** shall, unless, otherwise specified, be construed as a reference to a Schedule, Annex, Exhibit, Clause, sub-clause, paragraph or sub-paragraph, as the case may be, of or to this Undertaking;
- (g) references to any date shall be construed as references to such date or any alternative date as may be agreed between the parties to the document in which the date appears;

references to any action, remedy or method of judicial proceeding for the enforcement of the rights of Sukuk Holders shall be deemed to include, in respect of any jurisdiction other than Pakistan, references to such action, remedy or method of judicial proceeding for the enforcement of the rights of Sukuk Holders available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of judicial proceeding;

- (a) references to reports, notices and other documents and communications to be given or delivered pursuant to this Undertaking shall be construed as references to such reports, notices and other documents and communications in the English language or, where originally in a language other than English, an English translation thereof; and
- (b) references to a date on or about the date hereof means and includes any day falling on or within two weeks prior to or after the date of this Agreement

- 2.1 The Investment Agent hereby irrevocably confirms its acceptance of its appointment as the agent of the Sukuk Holders, in terms of and for the purposes set out in the Subscription Undertaking and hereby agrees to comply with its obligations, and exercise its rights and authority, specified in the Subscription Undertaking.
- 2.2 Without prejudice to the generality of the foregoing, the Investment Agent hereby agrees and undertakes to the Sukuk Holders that:
- (i) it will take all steps and actions required to be taken by it in terms of clause 2.1 of the Subscription Undertaking; and
 - (ii) it will refrain from any of the steps and actions that it is required to refrain from taking in terms of clause 2.2 of the Subscription Undertaking.

3 ISSUANCE

Subject to the terms and conditions of this Undertaking and the Subscription Undertaking, the Issuer agrees to issue the Sukuk on the Closing Date at an issue price (the “**Issue Price**” or “**Purchase Price**”) equal to _____% (PKR _____ /-) of the face value of the Sukuk.

4 CLOSING

- 4.1 Payment of the Purchase Price shall be required to be made by the Sukuk Holders (for themselves or for and on behalf of other investors), as the case may be, on the Closing Date, by providing immediately available funds as per the instructions of the Issuer. Delivery of the Sukuk in book entry form shall be made within 30 (thirty) days of the Closing Date for the respective accounts of the Sukuk Holders (for themselves or for and on behalf of other investors), as the case may be, through the facilities of Subsidiary General Ledger Account (“**SGLA**”) of the SBP Banking Services Corporation.
- 4.2 Upon receipt of Sukuk proceeds, the same shall be passed on by the Issuer to the Investment Agent for executing the Purchase Agreement and purchasing the Sukuk Assets from the Government.

5 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF THE GOVERNMENT

- 5.1 As a condition of the obligation of the Sukuk Holders to subscribe and pay for or procure the subscription of and payment for the Sukuk, the Government represents and warrants to the Sukuk Holders as follows:
- (i) the execution by the Government of the Transaction Documents to which it is a party have been duly authorised by it and upon due execution, issue and delivery the same will constitute its legal, valid and binding obligations enforceable in accordance with their respective terms and conditions;
 - (ii) the Government and the Investment Agent have agreed to enter into the Purchase Agreement for the sale to the Investment Agent (for and on behalf of the Sukuk Holders) by the Government of the Sukuk Assets for the purchase price stated therein and in terms thereof;
 - (iii) the payment obligations of the Government under the Transaction Documents to which it is a party are and will be direct, unconditional, unsubordinated, unsecured and general obligations of the Government and will be backed by the full faith and credit of Pakistan;

- (iv) there is no constitutional provision, nor any provision of any treaty, convention, statute, law, regulation, decree, court order or similar authority of relevance to the Government, in each case binding upon the Government, nor any provision of any contract, agreement or instrument to which the Government is a party, which would be contravened or breached or which would result in the creation of any lien or encumbrance, or under which a default would arise or a moratorium in respect of any obligations of the Government would be effected, in each case as a result of the execution and delivery by the Government of the Transaction Documents to which it is a party or the performance or observance by the Government of the terms of any Transaction Document to which it is a party;
- (v) there is no litigation, arbitration or administrative proceeding of, or before, any court, arbiter, governmental authority or agency pending or, to the knowledge of the Government, threatened against the Government, or the properties and assets of the Government, which if adversely determined would have a material adverse effect on the assets and properties or condition of the Government or which would enjoin or restrain the execution or performance of any of the Transaction Documents; and
- (vi) there has been no material adverse change or development involving a prospective material adverse change in the condition (political, economic or otherwise) or general affairs of Pakistan.

6 JOINT AND COMMON REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF THE ISSUER, THE TITLE AGENT AND THE GOVERNMENT

6.1 As a condition of the obligation of the Sukuk Holders to subscribe and pay for or procure the subscription of and payment for the Sukuk, the Issuer, the Title Agent and the Government confirm to the Sukuk Holders as follows:

- (i) they have authorised the Sukuk Holders to offer Sukuk to third parties for subscription at the Issue Price;
- (ii) they have authorised the Sukuk Holders to distribute copies of the Pronouncement in connection with the offering of the Sukuk; and
- (iii) they have approved the arrangements made on their behalf (if any) by the Sukuk Holders for announcements in respect of the Sukuk.

6.2 As a condition of the obligation of the Sukuk Holders to subscribe and pay for or procure the subscription of and payment for the Sukuk, the Issuer, the Title Agent and the Government, jointly and severally, represent, warrant and covenant to the Sukuk Holders as follows:

the Issuer:

- (i) is duly incorporated as a public limited liability company under the Companies Act 2017;
- (ii) is validly existing in Pakistan and is able lawfully, and has full power and authority, to execute, issue and perform its obligations under the Sukuk and to execute and perform its obligations under the Transaction Documents to which it is a party;
- (iii) has full power and authority to conduct the business to be conducted by it;
- (iv) is able to pay its debts as they fall due;

- (v) is not, and will not be following the execution of the Transaction Documents, insolvent;
- (vi) is not involved in any bankruptcy or insolvency proceedings; and
- (vii) is lawfully qualified to do business in those jurisdictions in which business is conducted by it;
- (viii) the Sukuk and sale of the Sukuk has been duly authorised by the Issuer and, when duly executed, authenticated, issued and delivered as provided in the Title Agency Agreement and paid for in accordance with the terms of this Undertaking, the Sukuk will be duly and validly issued, and will be entitled to the benefits set forth in the Title Agency Agreement and the terms and conditions of the Sukuk;
- (ix) each Sukuk will, upon issue, evidence an undivided ownership interest in the Sukuk Assets in the proportion which the face amount of such Sukuk bears to the aggregate outstanding Sukuk s and will rank *pari passu*, without any preference, with the other Sukuk;
- (x) the execution and delivery by the Issuer of the Transaction Documents to which it is a party will have been duly authorised by the Issuer and upon due execution and delivery the same will constitute its legal, valid and binding obligations enforceable in accordance with their respective terms; the execution and delivery by the Issuer, the Title Agent, and the Government of the Transaction Documents to which each of them is a party and the performance by each of them of the terms of the Transaction Documents to which they are a party will not infringe any applicable law or regulation of Pakistan or, so far as the Issuer or the Title Agent or the Government are aware, any other applicable law or regulation, is not contrary to the provisions of the Issuer's constitutional documents and will not result in any breach of the terms of, or constitute a default or effect a moratorium in respect of any obligations of the Issuer or the Title Agent or the Government , any instrument, agreement or order to which the Issuer or the Title Agent or the Government, as the case may be, is a party or by which any of them or their property is bound, except where such breach or default would not be material in the context of the issue of the Sukuk;
- (xi) the Issuer is not involved in any litigation or arbitration proceedings relating to claims or amounts which are material in the context of the issue of the Sukuk nor, so far as the Issuer is aware, is any such litigation or arbitration is pending or threatened;
- (xii) all consents, approvals, authorisations, orders and clearances of any court, government department or other regulatory body required for the execution and delivery by the Issuer or the Title Agent or the Government of the Transaction Documents to which it is a party and the performance by the Issuer, the Title Agent, and the Government of the terms of the Transaction Documents to which each of them is a party have been obtained and are unconditional and in full force and effect;
- (xiii) no event has occurred which would constitute (after the issue of the Sukuk a dissolution or termination event or a potential dissolution or termination event, howsoever described, under any of the Transaction Documents;
- (xiv) the entire ordinary issued share capital of the Issuer is legally or beneficially owned by the Government;
- (xv) other than registration of each of the Title Agency Agreement and the Ijarah Agreement under the Registration Act 1908 of Pakistan, it is not necessary in order to ensure the legality, validity, enforceability or admissibility in

evidence of the Transaction Documents that any of the Transaction Documents or any other documents or instruments be registered, recorded or filed with any court or other authority in Pakistan or be notarised or that any documentary, stamp or similar tax, imposition or charge be paid on or in respect of the Transaction Documents except for the amount of stamp duty already affixed on the Transaction Documents;

- (xvi) that, subject as described in the conditions of the Sukuk, all payments by the Issuer in respect of the Sukuk and by the Issuer, the Title Agent and the Government in respect of the Transaction Documents may be made free and clear of, and without withholding or deduction for, any taxes imposed or levied by Pakistan;
- (xvii) the Issuer has not engaged in any business or activity, or incurred any indebtedness, since its incorporation, other than as contemplated by or to give effect to the intentions expressed in the Transaction Documents;
- (xviii) that under the laws of Pakistan and subject as provided below:
 - (a) the issue by the Issuer of the Sukuk and the execution, delivery and performance by each of the Issuer, the Title Agent and the Government of the Transaction Documents to which it is a party and the Sukuk constitute private and commercial acts (rather than public or governmental acts) of the Issuer, the Title Agent and the Government; and
 - (b) save as described in the Transaction Documents), none of the Issuer, the Title Agent and the Government nor any of their respective properties has any immunity from jurisdiction of a court of competent jurisdiction or from set-off.
- (xix) since the date of its incorporation, there has been no adverse change, or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) of, or the general affairs of, the Issuer, which is material in the context of the issue of the Sukuk;
- (xx) the Issuer has not taken any corporate action nor will any other steps have been taken or legal proceedings started or threatened against it for its winding-up or for the appointment of a receiver, receiver and manager, liquidator or similar officer of its or any or all of its assets, and it has not proposed or entered into any arrangement or composition with its creditors or any class thereof;
- (xxi) there are no liabilities (including contingent liabilities) which are outstanding on the part of the Issuer;
- (xxii) the Issuer has not issued and will not issue, without the prior consent of the Sukuk Holders, any press or other public announcement referring to the proposed issue of Sukuk; and
- (xxiii) no Transaction Document shall be changed without the prior written consent of holders of at least 51 per cent in face amount of the Sukuk then outstanding, nor shall either the Government, the Title Agent or the Issuer be entitled to enter into any negotiations for any such change without the aforesaid consent.

6.3 Without prejudice to the other rights or remedies of the Sukuk Holders, each of the Issuer and the Government jointly and severally undertakes to the Sukuk Holders that if the Sukuk Holders or any of their affiliates, directors, officers, employees, agents or controlling persons or any Sukuk Holder (together with the Sukuk Holders, each a **“Relevant Party”**) incurs any liability, damages, cost, loss or

expense (including, without limitation, legal fees, costs and expenses) (a **“Loss”**) arising out of, in connection with, or based on:

- (i) any actual or alleged breach of the representations, warranties and undertakings contained in, or made or deemed to be made by the Issuer and/or the Title Agent and/or the Government under, this Undertaking or any other Transaction Document; or
- (ii) any untrue or misleading (or allegedly untrue or misleading) statement in, or any omission (or alleged omission) from, the Transaction Documents or any supplement thereto,
- (iii) it shall pay to that Relevant Party on demand an amount equal to such Loss. The Sukuk Holders shall not have any duty or obligation, whether as fiduciary or title agent for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause 7.3.

6.4 In case any action shall be brought against any Relevant Party in respect of which recovery may be sought from either the Issuer or the Government under this Clause 7, such Relevant Party shall promptly notify the Issuer and the Government in writing but failure to do so will not relieve the Issuer and the Government from any liability under this Undertaking.

6.5 Each of the Issuer and the Government shall have the right to assume the defence of any action so notified, and, if it does, shall retain legal advisers satisfactory to the Relevant Party in each relevant jurisdiction, if more than one, and the Issuer or the Government (as appropriate) shall be liable to pay the fees and expenses of such lawyers related to such action or proceeding. In any such action or proceedings, such Relevant Party shall have the right to retain its own lawyers in each relevant jurisdiction, if more than one, but the fees and expenses of such lawyers shall be at the expense of such Relevant Party unless:

- (i) the Issuer and/or the Government, as the case may be, and such Relevant Party shall have mutually agreed to the retention of such lawyers; or
- (ii) the named parties to such proceeding (including any joined parties) include the Issuer and/or the Government, as the case may be, and such Relevant Party and representation of the Issuer and/or the Government, as the case may be, and such Relevant Party or any of them by the same lawyers (in the relevant jurisdiction) (in the opinion of any such Relevant Party) would be inappropriate due to actual or potential differing interests between them; or
- (iii) the Issuer or the Government has failed to retain lawyers in any relevant jurisdiction pursuant to the previous sentence.

6.6 Neither the Issuer nor the Government shall be liable in respect of any settlement of any action effected without its consent, such consent shall not be unreasonably withheld or delayed if requested. Neither the Issuer nor the Government shall, without the prior written consent of the Relevant Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or action in respect of which recovery may be sought hereunder (whether or not any Relevant Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each Relevant Party from all liability arising out of such claim or action and does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of a Relevant Party.

- 6.7 The representations, warranties and indemnities set out above shall continue in full force and effect in relation to the Sukuk Holders and each Relevant Party notwithstanding its actual or constructive knowledge with respect to any of the matters referred to in the representations and warranties, the completion of the arrangements set out in this Undertaking for the subscription and issue of the Sukuk or the termination of this Undertaking pursuant to any provision hereof.
- 6.8 Each of the Issuer and the Title Agent and the Government undertakes with the Sukuk Holders that it will forthwith notify the Sukuk Holders of any change affecting any of the above representations and warranties (assuming them to have been repeated at the time of the change), and of any event which occurs as a result of which any Transaction Document would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading at any time before payment is made to the Issuer on the Closing Date and that each of them will take such steps as may reasonably be requested by the Sukuk Holders to remedy and/or publicise the change or event. Upon any breach of any of the above representations and warranties or any change rendering any of the above representations and warranties inaccurate or any such event coming to the notice of the Sukuk Holders before payment being made to the Issuer on the Closing Date, the Sukuk Holders shall be entitled (but not bound) by notice to the Government and the Title Agent and the Issuer to elect to treat such breach or change or event as (except as otherwise specifically provided) releasing and discharging the Sukuk Holders from their obligations under the Subscription Undertaking.
- 6.9 Each of the Issuer, the Title Agent and the Government undertakes with the Sukuk Holders that:
- (i) it will on the date hereof execute each of the Transaction Documents to which it is a party;
 - (ii) the Issuer will use the net proceeds received from the issue of the Sukuk in the manner specified in the Purchase Agreement;
 - (iii) it will inform the Sukuk Holders if it proposes to syndicate, privately place, or in any way arrange any fund raising at any time prior to the Closing Date and will not so syndicate, privately place, or in any way arrange any such fund raising which, in the opinion of the Sukuk Holders could have a detrimental effect on the distribution of the Sukuk;
 - (iv) the Issuer (failing whom, the Government) shall bear and pay:
 - (a) any registration fee, stamp duty, transfer duty or other duties or taxes payable on or in connection with the issue and delivery of the Sukuk and the execution and delivery of the Transaction Documents; and
 - (b) any tax payable (if any) (but excluding any form of income or corporation tax) in connection with the commissions or other amounts payable or allowed under this Undertaking and otherwise in connection with the Transaction Documents; and
 - (v) the Sukuk Assets will not be commingled with those of any other person, except to the extent permitted by the Transaction Documents.

7 OVERRIDING PROVISIONS

- 7.1 The Issuer, the Title Agent and the Government hereby jointly and severally, unconditionally and irrevocably confirm, covenant, warrant, undertake,

acknowledge and accept to and for the benefit of the Sukuk Holders that, notwithstanding anything to the contrary contained in the Subscription Undertaking, the obligations of the Sukuk Holders under the Subscription Undertaking are conditional upon:

- (i) there having been, as at the Closing Date:
 - (a) no adverse change or development involving a prospective adverse change in the condition (financial or otherwise) or general affairs of the Government or the Title Agent since the date of the Subscription Undertaking, which is material in the context of the issue of the Sukuk;
 - (b) no adverse change or any development reasonably likely to involve an adverse change in the condition (financial or otherwise) of, or the general affairs of, the Issuer since the date of the Subscription Undertaking, which is material in the context of the issue of the Sukuk; and
 - (c) no event making any of the representations and warranties contained in this Undertaking untrue or incorrect in any material respect on the Closing Date as though they had been given and made on such date and each of the Issuer and the Title Agent and the Government having performed all the obligations to be performed by it under this Undertaking or the Subscription Undertaking or any other Transaction Document on or before the Closing Date;
- (ii) the delivery to the Sukuk Holders on or before the Closing Date of:
 - (a) a certificate signed by duly authorised representatives of each of the Issuer and the Government to the effect stated in paragraph (a);
 - (b) evidence to the satisfaction of the Sukuk Holders of the authority of each of the Government and the Title Agent and the Issuer to enter into and perform their respective obligations under the Transaction Documents to which each of them may respectively be a party;
 - (c) evidence to the satisfaction of the Sukuk Holders of the authority of the authorised signatories of each of the Government and the Title Agent and the Issuer to execute on their respective behalf the Transaction Documents to which each of them may respectively be a party;
 - (d) evidence to the satisfaction of the Sukuk Holders that the Sukuk have been notified by the Government as a Statutory Liquidity Reserve eligible instrument for Islamic banks and Islamic branches of commercial banks for the purposes of Sections 13 and 29 of the Banking Companies Ordinance 1962;
 - (e) evidence to the satisfaction of the Sukuk Holders that the Sukuk have been notified by the Government as “government securities” pursuant to the Public Debt Act 1944;
 - (f) evidence to the satisfaction of the Sukuk Holders that the conditions precedent specified in Clause 3 of the Purchase Agreement have been satisfied;
 - (g) evidence to the satisfaction of the Sukuk Holders of the execution of the Transaction Documents by the parties thereto (including any

other deed or agreement to be executed on or before the Closing Date by the parties thereto, pursuant to the terms of the Transaction Documents);

- (h) evidence to the satisfaction of the Sukuk Holders of the Title Agency Agreement having been registered under the Registration Act 1908; and
- (i) any other documents (including, but not limited to, any resolutions, consents and authorities) relating to the issue of the Sukuk which the Sukuk Holders may reasonably require and notify to the Issuer, the Title Agent and the Government in writing on or before the Closing Date; and
- (iii) the execution of the Transaction Documents by the parties thereto on the date hereof (including any other deed or agreement to be executed on or before the Closing Date by the parties thereto, pursuant to the terms of the Transaction Documents); and
- (iv) the Title Agency Agreement having been registered under the Registration Act 1908 of Pakistan.

7.2 The Government, the Title Agent and the Issuer hereby further jointly and severally, unconditionally and irrevocably confirm, covenant, warrant, undertake, acknowledge and accept to and for the benefit of the Sukuk Holders that, notwithstanding anything to the contrary contained in the Subscription Undertaking or this Undertaking, in the event that any of the conditions set out in Clause 7.1 above is not satisfied on or before the Closing Date, the Subscription Undertaking shall terminate and the Sukuk Holders shall be under no further liability arising out of the Subscription Undertaking, provided that the Sukuk Holders may in their discretion and by notice to the Issuer waive satisfaction of any of the above conditions or of any part of them. Provided further that notwithstanding termination of the Subscription Undertaking in accordance with this Clause, the Government will still be liable for any other liability arising before or in relation to such termination.

7.3 The Government, the Title Agent and the Issuer hereby further jointly and severally, unconditionally and irrevocably confirm, covenant, warrant, undertake, acknowledge and accept to and for the benefit of the Sukuk Holders that, notwithstanding anything to the contrary contained in the Subscription Undertaking or this Undertaking, they shall not be entitled to nor shall seek performance or enforcement of the obligations of the Sukuk Holders under the Subscription Undertaking in contravention or violation of the aforesaid provisions of this Undertaking and in case of a conflict between the provisions of this Undertaking and the provisions of the Subscription Undertaking, the provisions of this Undertaking shall prevail.

8 SHARIA COMPLIANCE

Each of the Government and the Title Agent and the Issuer agree and acknowledge that the Transaction Documents form a Sharia compliant structure and they undertake that they shall not call into question the structure of the transaction comprised in the Transaction Documents before any forum or court of law and they agree that the Transaction Documents shall be interpreted in accordance with the principles of Sharia. Any and all subsequent subscription of Sukuk under this structure shall comply with the principles of Sharia and shall not entail the giving or taking of interest, increased costs or any of the variants or forms of interest. Any dispute pertaining to interpretation of the Transaction Documents in compliance with the foregoing provisions of this Clause 8 shall be referred to the Sharia Advisory Committee of the State Bank of Pakistan, whose decision on the matter shall be final.

9 **TERMINATION**

This Undertaking has been issued for valuable consideration and therefore cannot be terminated, revoked or modified except with the prior written consent of the Sukuk Holders.

10 **NOTICES**

10.1 Any notice required to be given under this Undertaking to the Issuer, Title Agent, and Government shall be delivered in person, sent by pre-paid registered post or by facsimile addressed to:

- Issuer:**

Pakistan Domestic Sukuk Company Limited
Finance Division
Ministry of Finance
Block Q
Pakistan Secretariat
Islamabad
Tel: 051-9058640
Facsimile: 051-9210835
Attention: Muhammad Jameel
- Title Agent:**

National Highway Authority
Headquarters, 28 Mauve Area, Sector G-9/1, Kashmir
Highway, Service Road South, G 9/1 G-9,
Islamabad, Pakistan
Tel:
Facsimile:
Attention:

Tel:
Facsimile:
Attention:
- Government:**

Finance Division
Ministry of Finance
Block Q
Pakistan Secretariat
Islamabad
Tel: 051-9202584
Facsimile: 051-9058329
Attention:

or such other address of which notice in writing has been given to the Sukuk Holders under the provisions of this Clause.

10.2 Any such notice or notification shall be in English and shall take effect, in the case of a letter, at the time of delivery and, in the case of fax, at the time of despatch (provided that a confirmation of transmission is received by the sending party)

11 **COUNTERPARTS**

This Undertaking may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same undertaking and any signatory may execute into this Undertaking by executing a counterpart.

12 **GOVERNING LAW AND JURISDICTION**

12.1 GOVERNING LAW

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

12.2 JURISDICTION

Each of the Issuer and the Title Agent and the Government agree for the exclusive benefit of the Sukuk Holders that the courts in Islamabad shall settle any disputes which may arise out of or in connection with this Undertaking and/or the Subscription Undertaking and that accordingly any proceedings arising out of or in connection with this Undertaking and/or the Subscription Undertaking may be brought in such courts and, for such purposes, irrevocably submits to the jurisdiction of such courts.

[the remainder of this page has been intentionally left blank]

SIGNATURE PAGE

IN WITNESS WHEREOF each of the undersigned hereto has caused this Undertaking to be duly executed by each of their authorised representatives thereunto duly authorized as of the day and year first above written.

FOR AND ON BEHALF OF **PAKISTAN DOMESTIC SUKUK COMPANY LIMITED**
(AS THE ISSUER/INVESTMENT AGENT)

<i>By signing above, the person signing confirms they have authority to enter this Agreement</i>	<i>By signing above, the person signing confirms they have authority to enter this Agreement</i>

NAME:	.....	NAME:	.....
TITLE:	.....	TITLE:	.....
ID No.:	.....	ID No.:	.....

IN THE PRESENCE OF THE FOLLOWING **WITNESSES:**

NAME:	.....	NAME:	.....
ID No.:	.....	ID No.:	.....

SIGNATURE PAGE

FOR AND ON BEHALF OF **NATIONAL HIGHWAY AUTHORITY** (AS THE TITLE AGENT)

<i>By signing above, the person signing confirms they have authority to enter this Agreement</i>		<i>By signing above, the person signing confirms they have authority to enter this Agreement</i>	
NAME:	.....	NAME:	.....
TITLE:	.....	TITLE:	.....
ID No.:	.....	ID No.:	.....

IN THE PRESENCE OF THE FOLLOWING **WITNESSES:**

NAME:	.....	NAME:	.....
ID No.:	.....	ID No.:	.....

SIGNATURE PAGE

FOR AND ON BEHALF OF THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN FOR
AND ON BEHALF OF THE ISLAMIC REPUBLIC OF PAKISTAN THROUGH JOINT SECRETARY
(Ef), FINANCE DIVISION, MINISTRY OF FINANCE, ISLAMABAD

<i>By signing above, the person signing confirms they have authority to enter this Agreement</i>	<i>By signing above, the person signing confirms they have authority to enter this Agreement</i>

NAME:	.....	NAME:	.....
TITLE:	.....	TITLE:	.....
ID No.:	.....	ID No.:	.....

IN THE PRESENCE OF THE FOLLOWING **WITNESSES:**

NAME:	.....	NAME:	.....
ID No.:	.....	ID No.:	.....

Schedule 1

SUKUK ASSETS

SCHEDULE 2

DESCRIPTION OF SUKUK HOLDERS

1.

{Insert the name of sukuk holder}

Address:

Facsimile:
2.

{Insert the name of sukuk holder}

Address:

Facsimile:
3.

{Insert the name of sukuk holder}

Address:

Facsimile:
4.

{Insert the name of sukuk holder}

Address:

Facsimile:
5.

{Insert the name of sukuk holder}

Address:

Facsimile:
6.

{Insert the name of sukuk holder}

Address:

Facsimile:
7.

{Insert the name of sukuk holder}

Address:

Facsimile:
8.

{Insert the name of sukuk holder}

Address:

Facsimile: