

**CERTIFICATE ISSUANCE UNDERTAKING**

**in respect of**  
**Rs. \_\_\_\_\_ Sukuk Certificates due 20 \_\_\_\_\_**

**DATED \_\_\_\_\_**

**By**

**Pakistan Domestic Sukuk Company Limited**

**and**

**National Highway Authority**

**and**

**The President of the Islamic Republic of Pakistan for and on behalf of the Islamic  
Republic of Pakistan**

**in favour of**

**The Financial Institutions Specified in the Schedule hereto**

**THIS UNDERTAKING** is made on \_\_\_\_\_ by:

- (1) **PAKISTAN DOMESTIC SUKUK COMPANY LIMITED**, a public limited liability company incorporated in Pakistan under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984) and having its registered office at Room 208, Ministry of Finance, Block Q, Pakistan Secretariat, Islamabad, as issuer of the Certificates (as defined below) (in such capacity, the **“Issuer”**, which expression shall mean and include its successors-in-interest, administrators and permitted assigns);
- (2) **NATIONAL HIGHWAY AUTHORITY**, established through an act of the Parliament of the Islamic Republic of Pakistan (**Pakistan**) and wholly-owned by the Government (**“NHA”**, which expression shall mean and include its successors-in-interest, administrators and permitted assigns, and in its capacity as trustee for the Certificateholders, **“Trustee”**, 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 ISLAMIC REPUBLIC OF PAKISTAN**, through the Joint Secretary (EF), Finance Division, Ministry of Finance, Islamabad (the **“Islamic Republic”**)

in favour of

**THE FINANCIAL INSTITUTIONS SPECIFIED IN THE SCHEDULE HERETO** (the **“Financial Institutions”**, 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 Certificate Subscription Undertaking dated \_\_\_\_\_ (the **“Subscription Undertaking”**) executed by the Financial Institutions in favour of the Issuer, to issue Rs. \_\_\_\_\_ in aggregate face amount of Certificates due 20\_\_\_\_\_ (the **“Certificates”**) to be constituted by the Declaration of Trust (the **“Declaration of Trust”**) made/to be made by, inter alia, the Issuer and the Trustee dated on or about the date hereof.
- (B) The Issuer proposes to use the proceeds from the issue of the Certificates to purchase, as agent of and on behalf of the Financial Institutions / Certificateholders, from NHA pursuant to a purchase agreement (the **“Purchase Agreement”**) dated on or about the date hereof, the Highway Land (as defined in the Purchase Agreement).
- (C) Pursuant to an ijara agreement dated on or about the date hereof (the **“Ijara Agreement”**), the Trustee proposes to lease, as trustee of and on behalf of the Certificateholders, the Highway Land to the President of the Islamic Republic of Pakistan, for and on behalf of the Islamic Republic of Pakistan (in such capacity, the **“Lessee”**), in return for which the Lessee will make semi annual lease payments to the Issuer in accordance with the terms of the Ijara Agreement.
- (D) Pursuant to the Declaration of Trust, the Issuer (as agent of and on behalf of the Financial Institutions / Certificateholders) and the Trustee will declare that the Trustee will hold the Trust Assets specified in the Declaration of Trust (the **“Specified Assets”**), including the Highway Land and rights under the Ijara Agreement, upon trust absolutely for the holders of the Certificates (the **“Certificateholders”**) pro rata according to the face amount of Certificates held by each holder in accordance with the Declaration of Trust and the terms and

conditions of the Certificates. Each Certificate will represent an undivided ownership in the Specified Assets and will rank pari passu, without any preference, with the other Certificates.

- (E) The Certificates will be in or substantially in the form set out in the Declaration of Trust, 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 Issuer and the agents named therein.
- (F) The Financial Institutions have, in terms of the Subscription Undertaking, agreed to subscribe or procure subscription of, the Certificates as described therein and herein, subject to the Issuer issuing the Certificates.
- (G) The Islamic Republic of Pakistan, NHA and the Issuer are executing this Undertaking as part of a transaction which is in compliance with Shariah principles.

**IT IS AGREED** as follows:

## 1. **DEFINITIONS AND INTERPRETATION**

- 1.1 Except where the context requires otherwise, the terms used in the Subscription Undertaking shall have the same meaning when used herein. 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 made/to be made by the Islamic Republic pursuant to which it undertakes to pay the fees and expenses, and provide the indemnities, described therein;

**Government** means the government of the Islamic Republic of Pakistan, whether or not acting through the President or any ministry, agency or other authority for and on behalf of the Islamic Republic of Pakistan;

**PDSCL** means Pakistan Domestic Sukuk Company Limited as defined in para 1 to this Agreement;

**Pronouncement** means the pronouncement dated \_\_\_\_\_ issued by the Shariah Board of the State Bank of Pakistan;

**Purchase Undertaking** means the purchase undertaking dated on or about the date hereof made/to be made by the Islamic Republic Pakistan in favour of Pakistan Domestic Sukuk Company Limited;

**Rs. and Rupees** means the lawful currency for the time being of the Islamic Republic of Pakistan.

**Rules** means the rules dated on or about the date hereof made/to be made by the Trustee and the Issuer pursuant to Clause 7.3 of the Declaration of Trust;

**Service Agency Agreement** means the service agency agreement dated on or about the date hereof entered into/to be entered into between Pakistan Domestic Sukuk Company Limited and the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan;

**Transaction Documents** means the Purchase Agreement, the Ijara Agreement, the Purchase Undertaking, the Declaration of Trust, the Agency Agreement, the Costs Undertaking, the Service Agency Agreement, the Subscription Undertaking, this Certificate Issuance Undertaking, the Certificates, 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:

- (a) 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;
- (b) 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;
- (c) words denoting one gender only shall include the other gender;
- (d) words denoting persons only shall include firms and corporations and vice versa;
- (e) 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;
- (f) 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;
- (g) headings are for ease of reference only;
- (h) save where the context otherwise requires, words importing the singular number include the plural and vice versa;
- (i) 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;
- (j) 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;
- (k) 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;
- (l) references to any action, remedy or method of judicial proceeding for the enforcement of the rights of creditors 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 creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of judicial proceeding;

- (m) references to certificates, reports, notices and other documents and communications to be given or delivered pursuant to this Undertaking shall be construed as references to such certificates, 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
- (n) 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. APPOINTMENT AS AGENT AND TRUSTEE**

- 2.1 The Issuer hereby irrevocably confirms its acceptance of its appointment as the agent of the Financial Institutions / Certificateholders, in terms of and for the purposes set out in the Subscription Undertaking (acting in such capacity the Issuer hereinafter referred to as the “**Agent**”) 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 Agent hereby agrees and undertakes to the Financial Institutions that:
  - 2.2.1 it will take all steps and actions required to be taken by it in terms of Clause 2.1 of the Subscription Undertaking; and
  - 2.2.2 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.
- 2.3 The Trustee hereby irrevocably confirms that it will act as trustee for the Certificateholders under the Declaration of Trust and hereby agrees to comply with its obligations, and exercise its rights and authority, specified in the Declaration of Trustee.
- 2.4 Without prejudice to the generality of the foregoing, the Trustee hereby agrees and undertakes to the Financial Institutions that it will take all steps and actions required to be taken by it in terms of Clause 2.3 of the Subscription Undertaking.

## **3. SUBSCRIPTION**

Subject to the terms and conditions of this Undertaking and the Subscription Undertaking, the Issuer agrees to issue the Certificates on the Closing Date at an issue price (the “**Issue Price**” or “**Purchase Price**”) equal to 100.00 per cent. of the face value of the Certificates.

## **4. CLOSING**

Payment of the Purchase Price shall be required to be made by the Financial Institutions and/or its nominated subscribers, as the case may be, on the Closing Date, by providing immediately available as per the instructions of the Issuer. Delivery of the Certificates in book entry form shall be made within 30 days of the Closing Date for the respective accounts of the Financial Institutions and/or its

nominated subscribers, as the case may be, through the facilities of Subsidiary General Ledger Account (“SGLA”) of the SBP Banking Services Corporation.

## **5 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF NHA AND THE ISLAMIC REPUBLIC**

5.1 As a condition of the obligation of the Financial Institutions to subscribe and pay for or procure the subscription of and payment for the Certificates, NHA represents and warrants to the Financial Institutions as follows:

- (a) the execution by NHA of this Undertaking and the other 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;
- (b) NHA and the Issuer have agreed to enter into the Purchase Agreement for the sale to the Issuer by NHA of the Highway Land (comprising an area of approximately \_\_\_\_\_ kanals together with all construction, superstructure, flyovers and interchanges made thereon (as an undivided share in land), as more particularly described therein, for the purchase price stated therein and in terms thereof;
- (c) there is no constitutional provision, nor any provision of any treaty, convention, statute, law, regulation, decree, court order or similar authority of relevance, in each case binding upon NHA, nor any provision of any contract, agreement or instrument to which NHA 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 NHA would be effected, in each case as a result of the execution and delivery by NHA of the Transaction Documents to which it is a party or the performance or observance by NHA of the terms of any Transaction Document to which it is a party; and
- (d) there is no litigation, arbitration or administrative proceeding of, or before, any court, arbiter, governmental authority or agency pending or, to the knowledge of NHA threatened against NHA, or the properties and assets of NHA, which if adversely determined would have a material adverse effect on the assets and properties or condition of NHA or which would enjoin or restrain the execution or performance of any of the other Transaction Documents.

5.2 As a condition of the obligation of the Financial Institutions hereunder to subscribe and pay for or procure the subscription of and payment for the Certificates, the Islamic Republic represents and warrants to the Financial Institutions as follows:

- (a) the execution by Islamic Republic 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;
- (b) the payment obligations of the Islamic Republic under the Transaction Documents to which it is a party are and will be direct, unconditional,

unsubordinated, unsecured and general obligations of the Islamic Republic and will be backed by the full faith and credit of Pakistan;

- (c) 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;
- (d) 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 the Certificate Issuance Undertaking or any of the other Transaction Documents; and
- (e) 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 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF NHA, THE ISSUER AND THE ISLAMIC REPUBLIC**

6.1 As a condition of the obligation of the Financial Institutions to subscribe and pay for or procure the subscription of and payment for the Certificates, NHA, the Issuer and the Islamic Republic confirm to the Financial Institutions as follows:

- (a) they have authorised the Financial Institutions to offer Certificates to third parties for subscription at the Issue Price;
- (b) they have authorised the Financial Institutions to distribute copies of the Pronouncement in connection with the offering of the Certificates; and
- (c) they have approved the arrangements made on their behalf (if any) by the Financial Institutions for announcements in respect of the Certificates.

6.2 As a condition of the obligation of the Financial Institutions to subscribe and pay for or procure the subscription of and payment for the Certificates, the Issuer, NHA and the Islamic Republic, jointly and severally, represent, warrant and covenant to the Financial Institutions as follows:

- (a) the Issuer:
  - (i) is duly incorporated as a public limited liability company under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984) of Pakistan;

- (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 Certificates 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;
- (b) the issuance and sale of the Certificates has been duly authorised by the Issuer and, when duly executed, authenticated, issued and delivered as provided in the Declaration of Trust and the Agency Agreement and paid for in accordance with the terms of this Undertaking, the Certificates will be duly and validly issued, and will be entitled to the benefits set forth in the Declaration of Trust and the terms and conditions of the Certificates;
- (c) each Certificate will, upon issue, evidence an undivided ownership interest in the Specified Assets in the proportion which the face amount of such Certificate bears to the aggregate outstanding Certificates and will rank *pari passu*, without any preference, with the other Certificates;
- (d) 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;
- (e) the execution and delivery by the Issuer, the Islamic Republic and NHA 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 it is a party will not infringe any applicable law or regulation of Pakistan or, so far as the Issuer or NHA or the Islamic Republic is 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 Islamic Republic any instrument, agreement or order to which the Issuer or NHA or the Islamic Republic, 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 Certificates;
- (f) 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 Certificates nor, so far as the Issuer is aware, is any such litigation or arbitration pending or threatened;
- (g) 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 NHA or the Islamic Republic of

the Transaction Documents to which it is a party and the performance by the Issuer and NHA and the Islamic Republic of the terms of the Transaction Documents to which it is a party have been obtained and are unconditional and in full force and effect;

- (h) no event has occurred which would constitute (after the issue of the Certificates) a dissolution or termination event or a potential dissolution or termination event, howsoever described, under any of the Transaction Documents;
- (i) the entire ordinary issued share capital of the Issuer is legally or beneficially owned by the Islamic Republic;
- (j) other than registration of each of the Declaration of Trust and Ijara 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;
- (k) that, subject as described in the conditions of the Certificates, all payments by the Issuer in respect of the Certificates and by the Issuer and NHA and the Islamic Republic 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;
- (l) 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;
- (m) that under the laws of Pakistan and subject as provided below:
  - (i) the issue by the Issuer of the Certificates and the execution, delivery and performance by each of the Issuer, NHA and the Islamic Republic of the Transaction Documents to which it is a party and the Certificates constitute private and commercial acts (rather than public or governmental acts) of the Issuer, NHA and the Islamic Republic; and
  - (ii) (save as described in the Transaction Documents), none of the Issuer, NHA or the Islamic Republic nor any of their respective properties has any immunity from jurisdiction of a court of competent jurisdiction or from set-off.
- (n) 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 Certificates;
- (o) the Issuer has not taken any corporate action nor have any other steps 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;

- (p) there are no liabilities (including contingent liabilities) which are outstanding on the part of the Issuer;
- (q) the Issuer has not issued and will not issue, without the prior consent of the Financial Institutions, any press or other public announcement referring to the proposed issue of Certificates; and
- (r) no Transaction Document shall be changed without the prior written consent of holders of at least 51 per cent. in face amount of the Certificates then outstanding, nor shall either the Islamic Republic 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 Financial Institutions, each of the Issuer and the Islamic Republic jointly and severally undertakes to the Financial Institutions that if the Financial Institutions or any of their affiliates, directors, officers, employees, agents or controlling persons or any Certificateholder (together with the Financial Institutions, 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:

- (a) 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 NHA and/or the Islamic Republic under, this Undertaking or any other Transaction Document; or
- (b) 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,

it shall pay to that Relevant Party on demand an amount equal to such Loss. The Financial Institutions shall not have any duty or obligation, whether as fiduciary or trustee 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 6.3.

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 Islamic Republic under this Clause 6, such Relevant Party shall promptly notify the Issuer and the Islamic Republic in writing but failure to do so will not relieve the Issuer and the Islamic Republic from any liability under this Undertaking.

6.5 Each of the Issuer and the Islamic Republic 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 Islamic Republic (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:

- (a) the Issuer and/or the Islamic Republic, as the case may be, and such Relevant Party shall have mutually agreed to the retention of such lawyers; or

- (b) the named parties to such proceeding (including any joined parties) include the Issuer and/or the Islamic Republic, as the case may be, and such Relevant Party and representation of the Issuer and/or the Islamic Republic, 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
  - (c) the Issuer or the Islamic Republic has failed to retain lawyers in any relevant jurisdiction pursuant to the previous sentence.
- 6.6 Neither the Issuer nor the Islamic Republic 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 Islamic Republic 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 indemnity set out in Clauses 5 and 6 shall continue in full force and effect in relation to the Financial Institutions 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 Certificates or the termination of this Undertaking pursuant to any provision hereof.
- 6.8 Each of the Issuer and NHA and the Islamic Republic undertakes with the Financial Institutions that it will forthwith notify the Financial Institutions 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 Financial Institutions 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 Financial Institutions before payment being made to the Issuer on the Closing Date, the Financial Institutions shall be entitled (but not bound) by notice to NHA and the Islamic Republic and the Issuer to elect to treat such breach or change or event as (except as otherwise specifically provided) releasing and discharging the Financial Institutions from their obligations under the Subscription Undertaking.
- 6.9 Each of the Issuer and NHA and the Islamic Republic undertakes with the Financial Institutions that:
  - (a) it will on the date hereof execute each of the Transaction Documents to which it is a party;

- (b) the Issuer will use the net proceeds received from the issue of the Certificates in the manner specified in the Purchase Agreement;
- (c) it will inform the Financial Institutions 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 Financial Institutions could have a detrimental effect on the distribution of the Certificates;
- (d) the Issuer (failing whom, the Islamic Republic) shall bear and pay:
  - (i) any registration fee, stamp duty, transfer duty or other duties or taxes payable on or in connection with the issue and delivery of the Certificates and the execution and delivery of the Transaction Documents; and
  - (ii) 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
- (e) the Specified 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 and NHA and the Islamic Republic hereby jointly and severally, unconditionally and irrevocably confirm, covenant, warrant, undertake, acknowledge and accept to and for the benefit of the Financial Institutions that, notwithstanding anything to the contrary contained in the Subscription Undertaking, the obligations of the Financial Institutions under the Subscription Undertaking are conditional upon:

- (a) there having been, as at the Closing Date:
  - (i) no adverse change or development involving a prospective adverse change in the condition (financial or otherwise) or general affairs of the Islamic Republic or NHA since the date of the Subscription Undertaking, which is material in the context of the issue of the Certificates;
  - (ii) 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 Certificates; and
  - (iii) no event making any of the representations and warranties contained in Clauses 5 and 6 of 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 NHA and the Islamic Republic 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;

- (b) the delivery to the Financial Institutions on or before the Closing Date of:
  - (i) a certificate signed by duly authorised representatives of each of the Issuer, NHA and the Islamic Republic to the effect stated in paragraph (a);
  - (ii) evidence to the satisfaction of the Financial Institutions of the authority of each of NHA, the Islamic Republic 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;
  - (iii) evidence to the satisfaction of the Financial Institutions of the authority of the authorised signatories of each of NHA, the Islamic Republic and the Issuer to execute on their respective behalf the Transaction Documents to which each of them may respectively be a party;
  - (iv) evidence to the satisfaction of the Financial Institutions that the Certificates 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;
  - (v) evidence to the satisfaction of the Financial Institutions that the Certificates have been notified by the Government as “government securities” pursuant to the Public Debt Act, 1944;
  - (vi) evidence to the satisfaction of the Financial Institutions that the conditions precedent specified in Clause 3 of the Purchase Agreement have been satisfied;
  - (vii) evidence to the satisfaction of the Financial Institutions 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);
  - (viii) evidence to the satisfaction of the Financial Institutions of the Declaration of Trust having been registered under the Registration Act 1908; and
  - (ix) any other documents (including, but not limited to, any resolutions, consents and authorities) relating to the issue of the Certificates which the Financial Institutions may reasonably require and notify to the Issuer and NHA and the Islamic Republic in writing on or before the Closing Date; and
- (c) 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
- (d) the Declaration of Trust having been registered under the Registration Act 1908, of Pakistan.

7.2 NHA, the Islamic Republic 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 Financial Institutions 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 Financial Institutions shall be under no further liability arising out of the Subscription Undertaking, provided that the Financial Institutions 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 Islamic Republic will still be liable for any other liability arising before or in relation to such termination.

- 7.3 NHA, the Islamic Republic 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 Financial Institutions 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 Financial Institutions 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 NHA, the Islamic Republic 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 Certificates 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 Board 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 Financial Institutions.

## **10 NOTICES**

- 10.1 Any notice required to be given under this Undertaking to the Issuer and NHA and the Islamic Republic 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

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

NHA: National Highway Authority

Address: Finance Division, NHA HQ, 27, Mauve Area, G-9/1, Islamabad, Pakistan  
Telephone No: 051-9058640  
Facsimile No: 051-9210835  
Attention:

or such other address of which notice in writing has been given to the Financial Institutions 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 This Undertaking is governed by, and shall be construed in accordance with, the laws of Pakistan.
- 12.2 Each of the Issuer and NHA and the Islamic Republic agree for the exclusive benefit of the Financial Institutions 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.

**IN WITNESS WHEREOF**, each of the undersigned hereto has caused this Undertaking to be signed by their respective representatives thereunto duly authorised as of the day and year first above written

**SIGNATORIES**  
**(Certificate Issuance Undertaking)**

**For and on behalf of Pakistan Domestic Sukuk Company Limited**

By: \_\_\_\_\_

Name:

Title:

**For and on behalf of National Highway Authority**

By: \_\_\_\_\_

Name:

Title:

**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**

By: \_\_\_\_\_

Name:

Title:

**Witness:**

1. \_\_\_\_\_

2. \_\_\_\_\_

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**SCHEDULE**  
**DESCRIPTION OF FINANCIAL INSTITUTIONS**