

## **Transaction Structure of GoP Ijarah Sukuk (with Jinnah International Airport Karachi as the Underlying Asset - With PDSCL acting as the agent of the Certificate-holders)**

### **The Asset**

The Jinnah International Airport (“the Asset”) has been identified as the proposed asset for issuance of the new GoP Ijarah Sukuk (“Sukuk”). Valuation of the Asset shall be carried out by two PBA approved independent valuers, and the lower of the two valuations will be accepted as the sale price of the Asset.

### **Process Flow and Steps:**

#### **The Structure - Explanation**

1. **State Bank of Pakistan (“SBP”)** will conduct an auction through which Certificate Holders/Investors (“Investors”) will be identified.
2. The Investors will execute the **Certificate Subscription Undertaking** in favor of Pakistan Domestic Sukuk Company Limited (“**PDSCL**”) which will record the commitments of the Investors for subscription to the Sukuk to be issued by PDSCL. Under the **Certificate Subscription Undertaking**, the Investors will appoint PDSCL as their agent (the “Agent”) for the purposes set out in the Certificate Subscription Undertaking.
3. PDSCL and SBP’s **Banking Services Corporation (SBP BSC)** will execute an **Agency Agreement** whereby **PDSCL** (as Agent of the Investors) will appoint SBP BSC as its agent (the “**Paying Agent**”) to collect subscription proceeds from the Investors, collect the rentals from GoP and distribute the same to the Investors, and act as Reference Agent and Registrar for the Investors.
4. A **Certificate Issuance Undertaking** will be executed by **PDSCL** and **GoP** in favor of the Investors, whereby PDSCL will undertake to issue the Sukuk to the Investors. Under the Certificate Issuance Undertaking, PDSCL will also accept its appointment as Agent of the Investors/ Certificate Holders. Subsequent to the auction for the Sukuk programme, the Investors will provide their funds to SBP BSC (Paying Agent) enabling it to pay (on behalf of the PDSCL as Agent of the Investors/ Certificate Holders) the purchase price of the purchased share/percentage of the Asset to GoP upon execution of Purchase Agreement. Each Suk/Certificate to be issued will represent an undivided share in the ownership of the Asset.
5. **PDSCL** (as Agent of the Investors/ Certificate Holders) will enter into a **Purchase Agreement** with **GoP** (acting through Ministry of Finance ‘MoF’) for purchase of an agreed percentage of the Asset at an agreed price (“Purchase Price”) equivalent to the Sukuk issue amount (being an amount subscribed/agreed under the Certificate Subscription Undertaking). The Paying Agent shall subsequently transfer the Purchase Price to the Seller’s (GoP) bank account.
6. Pursuant to Purchase Agreement, the ownership of the purchased percentage/share in the Asset will be transferred to Investors/Certificate Holders while the registered title will be retained by **CAA** (on behalf of the Investors). CAA will execute a **Declaration of Trust**

in favour of the Investors/Certificate Holders to the effect that the CAA is holding the registered title of the Asset in trust for the Investors/Certificate Holders to the extent of their undivided share in the ownership of the Asset. To deliver possession of the purchased share of the Asset to the Investors/Certificate Holders, a document shall be executed between GoP (acting through MoF) and PDSCL (as Agent of Investors/Certificate Holders) to evidence that the (constructive) possession has been delivered to the Investors/Certificate Holders which will prove that all risks and rewards of the Asset have been passed on to the Investors/Certificate Holders to the extent of their share in its ownership. Under the Declaration of Trust, CAA will delegate its duties and powers under the trust to PDSCL, with the exception of holding the registered title to the Trust Asset. SBP-BSC may also be made delegate for the specified purposes.

7. After getting the title (acceptable to Shariah), on behalf of the Investors, of the purchased share in the Asset through the Purchase Agreement, and obtaining its possession through the above mentioned mechanism, PDSCL (as Agent of the Investors/Certificate Holders) will enter into an **Ijarah Agreement** with GoP (as Lessee acting through MoF) wherein this purchased share of the Asset (the Leased Asset or Airport Land) will be leased to GoP for a fixed period (3 years), against agreed Rental in accordance with the terms and conditions as specified in the Ijarah Agreement. Under the terms and conditions of the Ijarah Agreement, GoP will be allowed to nominate any of its affiliates e.g. CAA to use, operate and maintain the Leased Asset as its nominee.

The **Lease Rentals for each Rental Period** will comprise an amount equal to the product of

- (i) the Rental Rate (as to be decided in the auction of Sukuk issue and applicable for the entire Lease Term), ,
- (ii) the number of days in such rental period divided by 365, and
- (iii) the face value of the Sukuk issue.

All **routine maintenance** shall be carried out by the **Lessee** whereas all **major maintenance** shall be the responsibility of the **Lessor**. In case any major maintenance is required, the **Service Agent** would be under obligation to obtain prior permission from the Lessor to incur the necessary expenses for carrying out such major maintenance. It will subsequently submit the bill of the actual expenses, which shall be reimbursed by the Investors/Lessor to the Service Agent. This point would be properly incorporated in the Ijarah Agreement.

8. A **Service Agency Agreement** will be executed between PDSCL (as Agent of Investors/Certificate Holders) and GoP (acting through MoF) whereby GoP will be appointed as Service Agent to carry out Services related to the Leased Asset during the term of the lease in consideration for a nominal fee.
9. GoP (acting through MoF) will undertake to purchase (pursuant to a **Purchase Undertaking**) the Leased Asset at the Exercise Price at maturity or upon a Lease Event of Default and Termination. The **Exercise Price** shall be an amount equal to the initial Purchase Price plus any other amount due and payable by the Lessee (excluding any accrued and payable rental by the Lessee). Upon exercise of the Investors' right under the Purchase Undertaking at maturity or upon Lease Event of Default and Termination, a Sale Agreement shall be executed between PDSCL (as Agent of Investors/Certificate

Holder(s) and GoP (acting through MoF) to evidence the purchase of the Leased Assets by GoP from the Investors/ Certificate Holders. Consequently, the ownership of the Leased Asset shall be transferred from the Investors/ Certificate Holders to GoP while the registered / legal title and possession will be retained by CAA (on behalf of GoP).

10. **GoP** (acting through MoF) will undertake through a **Cost Undertaking** to pay all applicable fees and expenses and provide indemnities associated with the Sukuk issuance.
11. The **Islamic Banking Department of State Bank of Pakistan** shall be responsible for monitoring of: (i) proper execution and (ii) the legal documentation as per the approved Shariah Structure, to ensure Shariah compliance and seamless management throughout the tenor of the Sukuk and at the time of maturity of the Sukuk.

Each time there is an additional requirement of funds by the GoP, the above process will be repeated until the whole of the Asset is purchased by the Investors/Certificate Holders.

**Note:** As per the rules of Ijarah, all claims of ownership related expenses (including Major Maintenance and takaful expenses) during a Rental Period by the Service Agent shall be paid by the Agent or his appointed agent from the Rental income on behalf of Certificate Holders. In case the Expenses exceed the Rental in their respective Rental Periods, the Service Agent shall have the right to claim the unpaid Expenses immediately from the Agent. In case the Agent advises its inability to make such payment immediately, the Service Agent shall have the right to adjust the unpaid Expenses amount from the subsequent Rental that the Agent will receive on the rental payment date of the immediately following Rental Period.

### **Key Documentation**

| S.No. | Documents                            | Signatories         |
|-------|--------------------------------------|---------------------|
| 1     | Certificate Subscription Undertaking | Please refer pt. 2  |
| 2     | Certificate Issuance Undertaking     | Please refer pt. 4  |
| 3     | Purchase Agreement                   | Please refer pt. 5  |
| 4     | Declaration of Trust                 | Please refer pt. 6  |
| 5     | Agency Agreement                     | Please refer pt. 3  |
| 6     | Ijarah Agreement                     | Please refer pt. 7  |
| 7     | Service Agency Agreement             | Please refer pt. 8  |
| 8     | Purchase Undertaking                 | Please refer pt. 9  |
| 9     | Cost Undertaking                     | Please refer pt. 10 |
| 10    | Rules                                | Preamble            |

**CERTIFICATE SUBSCRIPTION UNDERTAKING**  
**in respect of**  
**Rs. Sukuk Certificates due \_\_\_\_\_**

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

**By**

**The Financial Institutions Specified in Schedule 1 hereto**

**in favour of**

**Pakistan Domestic Sukuk Company Limited;**

**And**

**Civil Aviation Authority**

**And**

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

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

**THE FINANCIAL INSTITUTIONS SPECIFIED IN SCHEDULE 1 HERETO** (the “**Financial Institutions**”, which expression shall mean and include their successors-in-interest, administrators, assigns and nominees).

**IN FAVOUR OF**

**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);

**AND**

**CIVIL AVIATION AUTHORITY**, a body corporate established under the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) (the “**Aviation Ordinance**”) and having an office at Headquarters, Terminal-1, Jinnah International Airport, Karachi, as trustee for the Certificate holders (in such capacity the “**Trustee**”, which expression shall mean and include its successors-in-interest, administrators and permitted assigns);

**AND**

**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.

**WHEREAS:**

- A. The Issuer shall, subject to the provisions of this Undertaking issue Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ Only) in aggregate face amount of Certificates due in \_\_\_\_\_ (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 / Certificate Holders, from the Government pursuant to a purchase agreement (the “**Purchase Agreement**”) dated on or about the date hereof, the Airport Land (as defined in the Purchase Agreement).
- C. Pursuant to an ijara agreement dated on or about the date hereof (the “**Ijara Agreement**”), the Issuer proposes to lease, as agent of and on behalf of the Certificate holders, the Airport 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 lease payments to the Issuer in accordance with the terms of the Ijara Agreement.

- D. Pursuant to the Declaration of Trust, the Issuer and the Trustee will declare that the Trustee will hold the Trust Assets specified in the Declaration of Trust (the “**Specified Assets**”), including the Airport Land and rights under the Ijara Agreement, upon trust absolutely for the holders of the Certificates (the “**Certificate holders**”) 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/to be made between, inter alia, the Issuer (as agent of the Financial Institutions) and the agents named therein.
- F. The Financial Institutions have agreed to (1) subscribe or procure subscription of, the Certificates as described herein, subject to the Issuer issuing the Certificates; and (2) appoint the Issuer as their agent for purchase of the Airport Land on their behalf.
- G. The Financial Institutions 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 following terms used in this Undertaking have the meanings set out below:

**Certificate Issuance Undertaking** means the certificate issuance undertaking dated on or about the date hereof by the Issuer, the Trustee, the Government and the Islamic Republic, in favour of the Financial Institutions and pursuant to which the Issuer agrees to issue and sell the Certificates upon the terms therein;

**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;

**Islamic Republic** means The President of The Islamic Republic of Pakistan for and on behalf of The Islamic Republic of Pakistan;

**Issuer** means PDSCL;

**PDSCL** means Pakistan Domestic Sukuk Company Limited, a public limited liability company incorporated in the Islamic Republic of Pakistan (**Pakistan**) under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984) and wholly-owned by the Government;

**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 in favour of PDSCL;

**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, inter alia, 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 PDSCL 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 Certificate Issuance Undertaking, this Certificate Subscription 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 mean and includes any day falling on or within two weeks prior to or after the date of this Undertaking;
- (o) Capitalised terms used herein shall have the same meaning ascribed in the Transaction Documents.

## 2. APPOINTMENT OF THE ISSUER'S AGENT



2.1 The Financial Institutions jointly hereby irrevocably appoint the Issuer as their agent of the Certificate holders for the purposes set out in this Undertaking (hereinafter referred to as “**Agent**”), and hereby authorize and instruct the Agent to:

- (a) take such action on behalf of the Financial Institutions / Certificate holders and to exercise such rights, remedies, powers and discretions as are specifically delegated to the Agent by this Undertaking, together with such powers and discretions as are reasonably incidental thereto;
- (b) to enter into the Transaction Documents to which it is required to be a party, on behalf of the Financial Institutions / Certificate holders and as their agent, and to exercise all rights, remedies, powers and discretions granted therein and be bound by and comply with all obligations stated therein;
- (c) without prejudice to the generality of the foregoing, to enter into the Purchase Agreement with the Government, on behalf of the Financial Institutions/ Certificate holders and as their agent, and to purchase the Airport Land from the Government in terms thereof;
- (d) without prejudice to the generality of the foregoing, to enter into the Ijarah Agreement with the Government, on behalf of the Financial Institutions / Certificate holders and as their agent, to lease the Airport Land to the Government in terms thereof;
- (e) without prejudice to the generality of the foregoing, to enter into the Service Agency Agreement with the Government, on behalf of the Financial Institutions / Certificate holders and as their agent, for the purpose and in terms thereof;
- (f) without prejudice to the generality of the foregoing, to enter into the Sale and Purchase Agreement with the Government, on behalf of the Financial Institutions / Certificate holders and as their agent, and to sell the Airport Land to the Government in terms thereof upon maturity and/or terminations of the Certificates;
- (g) to issue notices and make claims and demands on the Government and/or the Lessee and/or any other third party in relation to or pursuant to the Transaction Documents; and
- (h) to do all such acts as may be necessary and/or incidental for safeguarding the interests of the Financial Institutions/ Certificate Holders in relation to their investment in the Certificates.

2.2 The appointment of the Agent, and the exercise of the powers herein conferred on the Agent, shall at all times be subject to the condition that the Agent shall not:

- (a) commit any act which may be detrimental to the interests of the Certificate holders;

- (b) (except as contemplated in the Transaction Documents) amend or agree to any amendment of any Transaction Document to which it is a party without the prior written consent of holders of at least 51 per cent in face amount of the Certificates then outstanding or as permitted under the Transaction Documents; and
- (c) waive any of the conditions precedent specified in Clause 3 of the Purchase Agreement without prior written permission of the Financial Institutions.

2.3 The Financial Institutions jointly hereby irrevocably authorize and instruct the Trustee to:

- (a) without prejudice to the generality of the foregoing, to enter into the Declaration of Trust, on behalf of the Financial Institutions and as their trustee, and to declare and accept a trust of the Specified Assets in terms thereof for the benefit of the Certificate holders;
- (b) to act as trustee in terms of the Declaration of Trust and hold the benefits arising from the Specified Assets for and on behalf and in trust for the Certificate holders;
- (c) to pass all issuance proceeds to the Agent and any other ancillary acts for the purpose of the Agent entering into a Purchase Agreement with the Islamic Republic;
- (d) to issue notices and make claims and demands on the Lessee and/or any other third party in relation to or pursuant to the Transaction Documents; and
- (e) to do all such acts as may be necessary and/or incidental for safeguarding the interests of the Financial Institutions/ Certificate Holders in relation to the Financial Institutions' investment in the Certificates.

### **3. SUBSCRIPTION**

3.1 Subject to the terms and conditions of this Undertaking, and subject to the Issuer issuing the Certificates, the Financial Institutions severally agree to subscribe and/or procure the subscription of Certificates having the respective face values specified against their respective name in Schedule 2, having in aggregate a face value of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ Only), on the Closing Date at an issue price (the “**Issue Price**” or “**Purchase Price**”) equal to 100.00%(per cent) of the aforesaid face value of Certificates.

### **4. CLOSING**

4.1 Payment of the Purchase Price shall be made by the Financial Institutions (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 Certificates in book entry form shall be made within 30 days of the Closing Date for the respective accounts of the Financial Institutions (for themselves or for and on behalf of other investors), as the case may be, through the facilities of

the Subsidiary General Ledger Account (“**SGLA**”) of the SBP Banking Services Corporation. Irrespective of the date of delivery of the Certificates, they will be deemed to have been issued as of the Closing Date.

- 4.2 Upon receipt of issuance proceeds, the same shall be passed on by the Issuer to the Agent for executing the Purchase Agreement and purchasing the Airport Land from the Government.

## **5. SHARIA COMPLIANCE**

The Financial Institutions/Certificate Holders agree and acknowledge that the Transaction Documents form a Sharia compliant structure and 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 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 5 shall be referred to the Sharia Board of the State Bank of Pakistan, whose decision on the matter shall be final.

## **6. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS TO BE GIVEN BY THE GOVERNMENT**

It is 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 that the Government shall have in writing represented and warranted to the Financial Institutions as follows:

- (a) 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 as its legal, valid and binding obligations enforceable in accordance with their respective terms and conditions;
- (b) the Government and the Agent have agreed to enter into the Purchase Agreement for the sale to the Agent (for and on behalf of Certificate holders) by the Government of the Airport Land (comprising an area of approximately \_\_\_\_\_Acres 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 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; 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 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 other Transaction Documents.

## **7. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS TO BE GIVEN BY THE GOVERNMENT, THE ISSUER, THE TRUSTEE AND THE ISLAMIC REPUBLIC**

7.1 It is 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, that each of the Government (acting through Ministry of Finance ‘MOF’), the Issuer, the Trustee and the Islamic Republic shall have confirmed in writing 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.

7.2 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, the Trustee, the Government and the Islamic Republic shall, 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 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 Trustee, the Islamic Republic 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 Trustee or the Government or the Islamic Republic 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 Trustee or the Government or the Islamic Republic under the CAA Act, any instrument, agreement or order to which the Issuer or the Trustee or the Government 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 is 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 the Trustee or the Government or the Islamic Republic of the Transaction Documents to which it is a party and the performance by the Issuer, the Trustee and the Government and the Islamic Republic 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;
- (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 the 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 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, the Trustee, the Government 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, the Trustee, the Government and the Islamic Republic; and
  - (ii) (save as described in the Transaction Documents), none of the Issuer, the Trustee, the Government 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 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;
- (p) there are no liabilities (including contingent liabilities) which are outstanding on the part of the Issuer; and
- (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.

7.3 Each of the Issuer, the Trustee, the Government and the Islamic Republic shall undertake with each Financial Institution that:

- (a) it will on the date hereof execute each of the Transaction Documents to which it is a party;
- (b) the Issuer (failing whom, the Islamic Republic) shall bear and pay:
  - (i) any registration fee, stamp duty, transfer duty, capital value tax 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, fees or other amounts payable or allowed under this Undertaking and otherwise in connection with the Transaction Documents;
- (c) the Specified Assets will not be commingled with those of any other person, except to the extent permitted by the Transaction Documents.

## **8. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS TO BE GIVEN BY THE ISLAMIC REPUBLIC**

It is 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 that the Islamic Republic shall have in writing represented and warranted 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.

## **9. TERMINATION**

Notwithstanding anything contained in this Undertaking, the Financial Institutions may by written notice to the Issuer terminate this Undertaking at any time before the time on the Closing Date when payment would otherwise be due under this Undertaking to the Issuer in respect of the Certificates if, in the opinion of the Financial Institutions, there shall have been such a change, whether or not foreseeable at the date of this Undertaking, in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in their view be likely to prejudice materially the success of the offering and distribution of the Certificates or dealings in the Certificates in the secondary market. Upon such notice being given, the signatories to this Undertaking shall be released and discharged from their obligations under this Undertaking.



## **10. INDEMNIFICATION**

10.1 Subject to Clause 10.3 below, the Financial Institutions (if it indemnifies in accordance with its percentage and hold harmless the Agent and its officers, directors, agents and employees (together the “**Indemnified Persons**”) on a full indemnity basis from and against each and every actual loss which may be suffered, incurred or paid by, or made or asserted against that Indemnified Person, directly or indirectly, at any time after or during the term of this Undertaking:

- (i) in connection with any of the Transaction Documents;
- (ii) the performance of its duties under this Undertaking and/or any of the Transaction Documents;
- (iii) any action taken or omitted by the Agent under any of the Transaction Documents or this Undertaking; or
- (iv) any default by such Financial Institutions in the performance of any of the obligations expressed to be assumed by it in this Undertaking including the obligation to fund its contribution.

10.2 Each of the indemnities contained in this Clause 10 or otherwise contained in this Undertaking or in any other of the Transaction Documents, is in addition to, and not in substitution for, and shall not be affected or prejudiced by, any other security, guarantee or indemnity (including the other indemnities aforesaid) now or hereafter held by any Indemnified Person.

10.3 The indemnities contained in this Clause 10 shall not extend to any loss caused by the gross negligence or willful misconduct of any Indemnified Person.

10.4 The obligations on the part of the Financial Institutions in respect of the indemnities described in this Clause 10 shall survive the expiration or termination of this Undertaking or any Transaction Document for any reason whatsoever (including any fundamental or repudiatory breach).

## **11. NOTICES**

11.1 Any notice required to be given under this Undertaking to the Financial Institutions shall be delivered in person, sent by pre-paid registered post or by facsimile addressed to address specified against their respective name in Schedule 1, or such other address of which notice in writing has been given to the Financial Institutions under the provisions of this Clause.

11.2 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).

## **12. 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 Financial Institution may execute this Undertaking by executing a counterpart.

**13. GOVERNING LAW, JURISDICTION AND WAIVER**

- 13.1 This Undertaking is governed by, and shall be construed in accordance with, the laws of Pakistan.
- 13.2 The courts in Islamabad shall settle any disputes which may arise out of or in connection with this Undertaking and that accordingly any proceedings arising out of or in connection with this Undertaking may be brought in such courts and, for such purposes, irrevocably submits to the jurisdiction of such courts.

**IN WITNESS WHEREOF**, the Financial Institutions have caused this Certificate Subscription Undertaking to be signed by their representative thereunto duly authorised as of the day and year first above written.

**SIGNATORIES**  
**(Certificate Subscription Undertaking)**

**FINANCIAL INSTITUTIONS**

For and on behalf of \_\_\_\_\_

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

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

Name:

Name:

Title:

Title:

Witness:

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

For and on behalf of \_\_\_\_\_

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

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

Name:

Name:

Title:

Title:

Witness:

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

For and on behalf of \_\_\_\_\_

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

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

Name:

Name:

Title:

Title:

Witness:

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

For and on behalf of \_\_\_\_\_

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

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

Name:

Name:

Title:

Title:

Witness:

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

For and on behalf of \_\_\_\_\_

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

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

Name:

Name:

Title:

Title:

Witness:

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

For and on behalf of \_\_\_\_\_

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

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

Name:

Name:

Title:

Title:

Witness:

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

For and on behalf of \_\_\_\_\_

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

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

Name:

Name:

Title:

Title:

Witness:

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

For and on behalf of \_\_\_\_\_

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

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

Name:

Name:

Title:

Title:

Witness:

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**SCHEDULE 1**

**DESCRIPTION OF FINANCIAL INSTITUTIONS**

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

Address:

Facsimile:

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

Address:

Facsimile:

3. \_\_\_\_\_

Address:

Facsimile:

4. \_\_\_\_\_

Address:

Facsimile:

5. \_\_\_\_\_

Address:

Facsimile:

6. \_\_\_\_\_

Address:

Facsimile:

## SCHEDULE 2

### SUBSCRIPTION OBLIGATIONS

| <b>Sr. No.</b> | <b>Name of Financial Institutions</b> | <b>Face Value of Certificates (Rs.)(millions)</b> |
|----------------|---------------------------------------|---|
| 1              |                                       |   |
| 2              |                                       |   |
| 3              |                                       |   |
| 4              |                                       |   |
| 5              |                                       |   |
| 6              |                                       |   |
| 7              |                                       |   |
| 8              |                                       |   |
| 9              |                                       |   |
| 10             |                                       |   |
| 11             |                                       |   |
| 12             |                                       |   |
|                |                                       |   |



**CERTIFICATE ISSUANCE UNDERTAKING**

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

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

**By**

**Pakistan Domestic Sukuk Company Limited**

**And**

**Civil Aviation 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) **CIVIL AVIATION AUTHORITY**, a body corporate established under the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) (the “**Aviation Ordinance**”) and having an office at Headquarters, Terminal-1, Jinnah International Airport, Karachi (“**CAA**”, which expression shall mean and include its successors-in-interest, administrators and permitted assigns, and in its capacity as trustee for the Certificate holders, “**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 GOVERNMENT 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, and the Islamic Republic, 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 will use the proceeds from the issue of the Certificates to purchase, as agent of and on behalf of the Financial Institutions / Certificate holders, from the Government pursuant to a purchase agreement (the “**Purchase Agreement**”) dated on or about the date hereof, the Airport Land (as defined in the Purchase Agreement).
- (C) Pursuant to an ijara agreement dated on or about the date hereof (the “**Ijara Agreement**”), the Issuer proposes to lease, as agent of and on behalf of the Certificate holders, the Airport 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 Trustee will declare that the Trustee will hold the Trust Assets specified in the Declaration of Trust (the “**Specified Assets**”), including the Airport Land and rights under the Ijara Agreement, upon trust absolutely for the holders of the Certificates (the “**Certificate holders**”) 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 (as agent of the Financial Institutions) and the agents named therein.
- (F) The Financial Institutions have, in terms of the Subscription Undertaking, agreed to (1) subscribe or procure subscription of, the Certificates as described therein and herein, subject to the Issuer issuing the Certificates; and (2) appoint the Issuer as Financial Institutions’ agent for purchase of the Airport Land on their behalf.
- (G) The Islamic Republic of Pakistan, the Trustee 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 the PDSCL;

**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 the PDSCL 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 OF CAA AS TRUSTEE**

- 2.1 The Trustee hereby irrevocably confirms that it will act as trustee for the Certificate holders under the Declaration of Trust and hereby agrees to comply with its obligations, and exercise its rights and authority, specified in the Declaration of Trust.
- 2.2 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.

## **3. APPOINTMENT OF ISSUER AS AGENT**

- 3.1 The Issuer hereby irrevocably confirms its acceptance of its appointment as the agent of the Financial Institutions / Certificate holders, in terms of and for the purposes set out in the Subscription Undertaking (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.

- 3.2 Without prejudice to the generality of the foregoing, the Agent hereby agrees and undertakes to the Financial Institutions 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.

#### **4. ISSUANCE**

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.

#### **5. CLOSING**

- 5.1 Payment of the Purchase Price shall be required to be made by the Financial Institutions (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 Certificates in book entry form shall be made within 30 days of the Closing Date for the respective accounts of the Financial Institutions (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.
- 5.2 Upon receipt of issuance proceeds the same shall be passed on by the Issuer to the Agent for executing the Purchase Agreement and purchasing the Airport Land from the Government.

#### **6 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF 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, 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 Government and the Agent have agreed to enter into the Purchase Agreement for the sale to the Agent by the Government of the Airport Land (comprising an area of approximately \_\_\_\_\_ Acres 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) 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;
- (d) 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;
- (e) 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
- (f) 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.

## **7 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF THE ISSUER, THE TRUSTEE AND THE ISLAMIC REPUBLIC**

7.1 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, the Issuer, the Trustee 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.

7.2 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, the Trustee 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 Trustee and the Islamic Republic 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 the Trustee 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 Trustee or the Islamic Republic under the CAA Act, any instrument, agreement or order to which the Issuer or the Trustee 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 the Trustee or the Islamic Republic of the Transaction Documents to which it is a party and the performance by the Issuer, the Trustee 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 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, the Trustee 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, the Trustee 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, the Trustee and the Islamic Republic; and
  - (ii) (save as described in the Transaction Documents), none of the Issuer or the Trustee 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.

7.3 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 Certificate holder (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 the Trustee 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 7.3.

- 7.4 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 7, 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.
- 7.5 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.
- 7.6 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.

- 7.7 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.
- 7.8 Each of the Issuer and the Trustee 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 the Islamic Republic and the Trustee 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.
- 7.9 Each of the Issuer and the Trustee 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.

## **8 OVERRIDING PROVISIONS**

8.1 The Issuer and the Trustee 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 the Trustees 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 the Trustee 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 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 the Islamic Republic and the Trustee 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 the Islamic Republic and the Trustee 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, the Trustee 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.

8.2 The Islamic Republic, the Trustee 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.

- 8.3 The Islamic Republic, the Trustee 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.

## **9 SHARIA COMPLIANCE**

Each of the Islamic Republic and the Trustee 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.

## **10 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.

## **11 NOTICES**

- 11.1 Any notice required to be given under this Undertaking to the Issuer, Trustee, and 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

**Trustee:** Civil Aviation Authority  
Headquarters, Terminal-1, Jinnah International,  
Karachi  
Pakistan

Tel: 021-99242004  
Facsimile: 021-99242004  
Attention:

**Islamic Republic:** 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 Financial Institutions under the provisions of this Clause.

- 11.2 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)

## **12 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.

## **13 GOVERNING LAW AND JURISDICTION**

- 13.1 This Undertaking is governed by, and shall be construed in accordance with, the laws of Pakistan.
- 13.2 Each of the Issuer and the Trustee 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 Civil Aviation 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

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

Address: \_\_\_\_\_

Facsimile: \_\_\_\_\_

2.

Address: \_\_\_\_\_

Facsimile: \_\_\_\_\_

3. \_\_\_\_\_

Address: \_\_\_\_\_

Facsimile: \_\_\_\_\_

4.

Address: \_\_\_\_\_

Facsimile: \_\_\_\_\_

5. \_\_\_\_\_

Address: \_\_\_\_\_

Facsimile: \_\_\_\_\_

6.

Address: \_\_\_\_\_

Facsimile: \_\_\_\_\_

7. \_\_\_\_\_

Address: \_\_\_\_\_

Facsimile: \_\_\_\_\_

**8.**

Address: \_\_\_\_\_

Facsimile: \_\_\_\_\_

**9.** \_\_\_\_\_

Address: \_\_\_\_\_

Facsimile: \_\_\_\_\_

**10.**

Address: \_\_\_\_\_

Facsimile: \_\_\_\_\_

**PURCHASE AGREEMENT**

**DATED \_\_\_\_\_, 201\_\_**

**Pakistan Domestic Sukuk Company Limited (as the Agent of the Financial  
Institutions/Certificate holders)  
as Purchaser**

**and**

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

**THIS PURCHASE AGREEMENT** is dated \_\_\_\_\_, 201\_\_ and made between:

- (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 agent of the Financial Institutions / Certificate holders (each as defined below), as purchaser of the Airport Land (as defined below) (in such capacity, the “**Purchaser**”, which expression shall mean and include its successors-in-interest, administrators and permitted assigns);

AND

- (2) **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 (in such capacity, the **Seller**)

**WHEREAS:**

- (A) The Seller is the owner of the Airport Land;
- (B) The Purchaser, as the agent of the Financial Institutions/Certificate holders, wishes to purchase the Airport Land from the Seller, in accordance with and subject to the provisions of this Agreement.
- (C) The Purchaser and the Seller wish to enter into this Agreement for the purchase of the Airport Land by the Purchaser from the Seller.
- (D) The Purchaser and the Seller are entering into this Agreement as part of a transaction which is in compliance with Shariah principles.

**NOW IT IS HEREBY AGREED** as follows:

**1. INTERPRETATION**

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

**Airport** means Jinnah International Airport, Karachi (“JIAP”), a licensed aerodrome under the Aviation Ordinance and rules made thereunder;

**Airport Land** means the asset as specifically described in Schedule 1 hereto;

**Aviation Ordinance** means the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) as amended;

**Aviation Rules** means the Civil Aviation Rules, 1994 as amended;

**Awards** means the awards given by the relevant land acquisition collectors pursuant to the Land Acquisition Act, 1894 (Act No. I of 1894) in respect of the Airport Land;

**Beneficiaries** means certain beneficiaries for whom CAA acts, or will act, as trustee from time to time pursuant to the Declaration of Trust;

**Business Day** means a day on which the State Bank of Pakistan and commercial banks in Pakistan are open for full scale banking business;

**Certificates** means the Rs. \_\_\_\_\_ Sukuk Certificates due 201\_\_\_\_\_ to be issued, pursuant to the Declaration of Trust, by Pakistan Domestic Sukuk Company Limited as of the Closing Date;

**CAA** means the Civil Aviation Authority established pursuant to Section 3 of the Aviation Ordinance;

**Closing Date** means \_\_\_\_\_;

**Compensated Persons** has the meaning given to it in Clause 5.1;

**Conditions** means the terms and conditions of the Certificates and references to a particular Condition shall be construed accordingly;

**Declaration of Trust** means the declaration of trust dated on or about the date hereof executed/to be executed by inter alia CAA (as Trustee);

**Dissolution Distribution Amount** has the meaning given to it in Condition 8 of the Certificates;

**Financial Institutions** means the financial institutions who have executed a certificate subscription undertaking dated on or about the date hereof in favour of inter alia the Purchaser;

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

**Pakistan** means the Islamic Republic of Pakistan;

**PDSCL** means Pakistan Domestic Sukuk Company Limited, a public limited liability company incorporated in the Islamic Republic of Pakistan (**Pakistan**) under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984) and wholly-owned by the Government;

**Person** means an individual, company, firm, partnership, joint venture association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**Proceedings** means any suit, action or proceedings arising out of or in connection with this Agreement;

**Purchase Price** means Rs. \_\_\_\_\_ ;

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

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

- (a) references to "**this Agreement**" 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 Agreement and the recitals of this Agreement forms a part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement;
- (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 Agreement to any party to this Agreement 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 Agreement;
- (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 Agreement 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. OFFER AND SALE OF THE AIRPORT LAND

- 2.1 The Seller has irrevocably and unconditionally offered to sell to the Purchaser (as agent of the Financial Institutions/ Certificate holders) and the Purchaser has irrevocably and unconditionally accepted, on behalf of the Financial Institutions/Certificate holders, the offer of the Seller to sell, subject to the terms of this Agreement, all right, title and interest in, to and under the Airport Land at the Purchase Price free from all claims, liens and encumbrances and with all attached or

accrued rights as at the date of this Agreement (including but not limited to the right of leasing against a consideration) and otherwise in accordance with all applicable provisions of law. Formal recognition of sale of the Airport Land to the Purchaser (as agent of the Financial Institutions/Certificate holders), and of transfer/disposition to the Purchaser of all rights, title and interests in and to the Airport Land, shall be effected by the execution and registration by CAA of the Declaration of Trust under which CAA shall hold the legal title to the Airport Land as 'Trustee' for and on behalf of Certificate holders, notwithstanding that the Purchase Price may not have been paid to the Seller by the Purchaser at the time of such execution and registration. The Parties undertake to execute, immediately after execution of this Agreement, the certificates confirming handing over of possession of the Airport Land to the Purchaser in substantially the form set out in Schedule 3 attached hereto and thereafter to immediately execute the Declaration of Trust.

- 2.2 Each party hereto shall do all acts and things, and use all reasonable endeavours to procure that third parties shall execute documents and do all acts and things, as the other party hereto shall reasonably request in order to carry out the intended purpose of this Agreement.
- 2.3 The Parties shall ensure that the Declaration of Trust is registered under the Registration Act, 1908 of Pakistan prior to the Closing Date. The Parties hereto shall deliver satisfactory evidence of such registration to the Banking Services Corporation, State Bank of Pakistan (SBP BSC) as soon as practicable and in any event prior to the Closing Date.
- 2.4 The Purchaser warrants and confirms that it is purchasing the Airport Land for and on behalf of the Certificate holders. The Parties hereby agree and confirm that the legal registered title of the Airport Land shall be retained in the name of CAA solely as a trustee for the benefit of the Certificate holders; and at no point in time would it be deemed that the ownership of Airport Land is in the name of CAA for itself. The purchaser further confirms that CAA will disclose in its annual accounts that it is holding the legal title of the Airport Land upon trust absolutely for and on behalf of the Certificate Holders.
- 2.5 Subject to fulfilment of the conditions precedent specified in Clause 3 below, the Purchase Price shall be paid by the Purchaser or its appointed agent on the Closing Date by credit to the Government's account no \_\_\_\_\_ with SBP-BSC.

### **3. CONDITIONS PRECEDENT**

Notwithstanding any other provision herein contained, the Purchaser or its appointed agent shall release the Purchase Price as per Clause 2.5 on the Closing Date only upon the fulfilment to the satisfaction of the Purchaser, at its sole and absolute discretion, of the conditions set out below:

- (a) no extraordinary circumstances or change of law or other action by the Government shall have occurred, in each case after the date hereof, which shall make it improbable that the Seller will be able to observe and perform the covenants and obligations on its part to be performed under this Agreement or any other document required by the Purchaser to be executed by the Seller on the date hereof;
- (b) the representations and warranties contained in Clause 4 being true, accurate and correct in all material respects as if made on the date on which the release of the Purchase Price is to be made;
- (c) there shall not have occurred any default in the performance by the Seller of any covenant or agreement contained in this Agreement;



- (d) the net proceeds of the issue of the Certificates shall have been received by, or on behalf of, the Purchaser; and
- (e) the Purchaser shall have received all the consents, approvals, exemptions and notifications referred to in Schedule 2 hereto;

provided, however, the Purchaser may waive any one or more of the aforesaid conditions.

#### **4. REPRESENTATIONS AND WARRANTIES**

4.1 The Seller represents and warrants to and for the benefit of the Purchaser that:

- (a) the making and the performance of this Agreement and the other documents required by the Purchaser to be executed by the Seller on the date hereof or hereafter (i) are within the powers of the Seller and have been duly authorised by all necessary actions, and (ii) do not contravene (1) any applicable law, regulation, decree, order, permit, judgment, decree or other restriction binding upon the Seller in any manner or any of the properties and assets of the Seller or (2) any agreement, mortgage, bond, contract or other undertaking or instrument to which the Seller is a party or which is binding upon the Seller or any of the properties and assets of the Seller which affects the ability of the Seller to meet its obligations under this Agreement and (iii) will not result in the creation or imposition of, or any obligation to create or impose any mortgage, lien, pledge or charge on any of the properties and assets of the Seller pursuant to any such agreement, mortgage, bond, contract or other undertaking or instrument;
- (b) all necessary statutory, governmental or other authorities' licences, approvals, authorisations and consents have been obtained for the due execution and delivery of this Agreement and the other documents required by the Purchaser to be executed by the Seller on the date hereof;
- (c) there are no litigation, arbitration or administrative proceedings of or before any court, arbiter, governmental authority or agency pending or to the knowledge of the Seller threatened against the Seller or the properties and assets of the Seller which, if adversely determined, would enjoin or restrain the execution or performance of this Agreement and the other documents required by the Purchaser to be executed on the date hereof;
- (d) this Agreement and the other documents required by the Purchaser to be executed by the Seller on the date hereof will be the legal, valid and binding obligations of the Seller enforceable in accordance with its and their respective terms;
- (e) the Airport Land is not affected by any existing agreement, mortgage, charge (whether fixed or floating) pledge, lien or any other form of encumbrance and the Seller is not a party to, nor is the Airport Land bound by, any order, agreement or instrument under which the Seller is, or in certain events may be, required to create, assume or permit to arise any encumbrance, in each case other than those in connection with and pursuant to this Agreement and the other documents required by the Purchaser to be executed on the date hereof;
- (f) The Seller has paid any and all rents, rates, assessments, taxes, levies, duties, charges and fees due in respect of the Airport Land and the Seller is, on and immediately before the date of this Agreement, the owner of the Airport Land free from any form of encumbrance, has good title thereto and has full power and authority to own the Airport Land and to sell the Airport Land hereunder;

- (g) The Seller is subject to civil and commercial law with respect to its obligations under this Agreement and any other document required by the Purchaser to be executed by the Seller on the date hereof, and the transactions contemplated hereby and thereby constitute private and commercial acts done for private and commercial purposes and neither the Airport Land nor the Seller are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suits, attachment prior to judgment, execution or other enforcement in Pakistan);
- (h) the Airport Land constitutes the immovable property and assets of the Seller as of the date of this Agreement;
- (i) this Agreement is a specifically enforceable contract and the Seller waives all rights and objections it may have to such specific enforcement;
- (j) the Airport Land is in all material respects fit for the purpose for which it is currently employed and complies with all present laws and regulations applicable for such purpose; and
- (k) the Purchase Price has been determined on the basis of valuation of the Airport Land conducted by two valuers approved by Pakistan Bank's Association, and is the lower of the two values.

## 5. REIMBURSEMENT AND COMPENSATION

- 5.1 The Seller shall fully reimburse and compensate and save harmless the Purchaser and its directors, officers and duly appointed representatives (the "**Compensated Persons**") for any and all obligations, liabilities, losses, costs, expenses, fees (including legal fees and expenses properly incurred in connection with any enforcement of this Agreement and the other documents required by the Purchaser to be executed on the date hereof), damages, penalties, demands, actions and judgments of every kind and nature imposed on, incurred by, or asserted against any of the Compensated Persons arising out of (in each case, without duplication):
- (a) any failure on the part of the Seller to perform or comply with any term of this Agreement or any other document, agreement or contract entered into in relation hereto or otherwise in relation to the Airport Land; or
  - (b) any claims, encumbrances, security interests, liens or legal processes regarding the Purchaser's title to or ownership of the Airport Land attributable to the Seller's use of the Airport Land or otherwise; or
  - (c) any material breach by the Seller of any representation, warranty or covenant herein made; or
  - (d) any defect in the Purchaser's title to the Airport Land in existence at the time the Airport Land was acquired by the Purchaser from the Seller hereunder.
- 5.2 The Seller shall give each Compensated Person prompt notice of any occurrence or condition actually known to it as a consequence of which any Compensated Person is entitled to reimbursement or compensation under Clause 5.1. The reimbursement and compensation provided in this Clause 5 shall specifically apply to and include claims or actions brought by or on behalf of employees of the Compensated Persons. The provisions of this Clause 5 are expressly made for the benefit of, and are enforceable by, each Compensated Person and shall survive the termination of this Agreement. The Seller hereby expressly waives, as against any

Compensated Person, any immunity to which it may otherwise be entitled under any applicable laws.

- 5.3 The Seller shall promptly upon request by any Compensated Person (but in any event within 30 days of such request) reimburse such Compensated Person for all amounts reimbursable to it under Clause 5.1 or pay the relevant amount directly to such person as such Compensated Person may direct. Without prejudice to the generality of the foregoing, in case this Agreement or the transactions contemplated herein become unenforceable, void or invalid, the Seller shall reimburse to the Purchaser the Dissolution Distribution Amount as of the date this Agreement or the transactions contemplated herein become unenforceable, void or invalid

## 6. NOTICES

Any notice required to be given under this Agreement to any of the parties hereto shall be delivered in person, sent by pre-paid registered post or by facsimile addressed to:

Purchaser: Pakistan Domestic Sukuk Company Limited

Finance Division  
Ministry of Finance  
Block Q  
Pakistan Secretariat  
Islamabad  
Tel: 051-9058640  
Facsimile: 051-9210835  
Attention: Muhammad Jameel

Seller: Finance Division  
Ministry of Finance  
Block Q  
Pakistan Secretariat  
Islamabad, Pakistan

Telephone No: 051-9202584  
Facsimile No: 051-9058329  
Attention:

or such other address of which notice in writing has been given to the other party to this Agreement under the provisions of this Clause. Any such notice shall take effect, if delivered in person, at the time of delivery, if sent by registered post, five Business Days after despatch, and, in the case of facsimile, when a transmission report showing the successful transmission of the facsimile is received by the sender.

## 7. MISCELLANEOUS

- 7.1 No relaxation, forbearance, indulgence, failure or delay on the part of the Purchaser, or as the case may be, the Seller in exercising nor any omission to exercise any right, power, privilege or remedy accruing to the Purchaser, or as the case may be, the Seller under this Agreement shall impair any such right, power, privilege or remedy or, unless expressly agreed by the parties hereto, be construed as a waiver thereof or an acquiescence in any default affect or impair any right, power, privilege or remedy of the Purchaser, or as the case may be, the Seller in respect of any other or subsequent default nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any other rights or remedies provided by law.

- 7.2 No amendment, modification or termination of any provision of this Agreement shall be effective unless the same shall be in writing and signed or executed by the Purchaser and the Seller and shall not adversely affect the interests of the Certificate holders. No waiver of, or consent to any departure by the Seller from, any provisions of this Agreement shall be effective unless the same shall be in writing and signed or executed by the Purchaser and shall not adversely affect the interests of the Certificate holders and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Seller in any case shall entitle the Seller to any other or further notice or demand in similar or other circumstances unless otherwise required herein.
- 7.3 This Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be an original but all such counterparts shall together constitute but one and the same instrument.
- 7.4 This Agreement shall be valid and binding upon and ensure to the benefit of the Seller, the Purchaser and their respective successors in title and permitted assigns.
- 7.5 The Purchaser may at any time without the consent or concurrence of the Seller be at liberty to assign or to transfer its rights and/or obligations hereunder, provided written notice of such assignment or transfer is provided to the Seller.
- 7.6 The Seller shall not assign or transfer its rights and/or obligations hereunder or any interest herein.
- 7.7 The Seller shall bear all applicable taxes, stamp duties, fees, costs and expenses reasonably and properly incurred in connection with or incidental to the execution, delivery, performance, release, discharge, amendment, enforcement, attempted enforcement or otherwise of this Agreement and any other documents required by the Purchaser to be executed in connection herewith. In the event of any action of law in relation to this Agreement and the other documents required by the Purchaser to be executed on the date hereof, The Seller, in addition to all sums which The Seller may be called upon to pay to the Purchaser, will pay all properly incurred legal fees, costs and expenses of the Purchaser of such demand, action or suit.
- 7.8 Any provision of this Agreement which is invalid, unenforceable or prohibited shall not affect the validity or enforceability of the other provisions of this Agreement.
- 7.9 In addition, and without prejudice to the express terms of this Agreement, all terms and conditions implied in the contracts of sale of immovable properties as set out in the Transfer of Property Act, 1882 (Act No. IV of 1882) (as modified from time to time) shall also govern the relationship of the parties to this Agreement.

## **8. GOVERNING LAW AND JURISDICTION**

- 8.1 This Agreement is governed by, and shall be construed in accordance with, the laws of Pakistan.
- 8.2 Each party hereto hereby agrees for the exclusive benefit of the other party that the courts at Islamabad are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any Proceedings arising out of or in connection with this Agreement may be brought in such courts and, for such purposes, irrevocably submits to the jurisdiction of such courts.

**IN WITNESS WHEREOF**, each of the parties hereto have caused this Purchase Agreement to be signed by their respective duly authorised representatives as of the day and year first above written.

# SCHEDULE 1

## AIRPORT LAND

\_\_\_\_\_ % UNDIVIDED SHARE IN TOTAL LAND MEASURING 1510 ACRES COMPRISED IN, JINNAH INTERNATIONAL AIRPORT, KARACHI TOGETHER WITH ALL CONSTRUCTION, SUPERSTRUCTURE, BUILDINGS, FLYOVERS, RUNWAYS AND INTERCHANGES MADE THEREON AS AT THE DATE HEREOF AS DESCRIBED BELOW:

### Land 1

Land measuring **109Acres 11Ghuntas** comprised in land measuring **79 Acres** bearing Survey Nos. 425min(1Acre-30Ghuntas), 426min(19Acres-11Ghuntas), 433min(5Acres-19Ghuntas), 440min(52Acres-20Ghuntas) and land measuring **30 Acres 11 Ghuntas** bearing Survey Nos. 282(5Acres-23Ghuntas), 54(2Acres-20Ghuntas), 286(7Acres-12Ghuntas), 285(4Acres-23Ghuntas), 288(4Acres-34Ghuntas) and 287(5Acres-19Ghuntas) situated at Deh Mehran, Taluka Maleer, District Karachi vide Form VII bearing Jarian No. 1826 and 1827 respectively dated 04-04-1995.

### Land 2

Land measuring **1400 Acres 29 Ghuntas** comprised in Survey Nos. 99(8Acres-30Ghuntas), 87(8Acre-6Ghuntas), 95(13Acres-32Ghuntas), 97(6Acres-21Ghuntas), 22(25Acres-2Ghuntas), 23(12Acres-13Ghuntas), 24(22Acres-18Ghuntas), 25(22Acres-38Ghuntas), 26(22Acres-25Ghuntas), 27(24Acres-26Ghuntas), 28(21Acres-23Ghuntas), 29(19Acres-10Ghuntas), 30(22Acre-4Ghuntas), 31(10Acre-10Ghuntas), 32(13Acres-36Ghuntas), 33(14Acres-6Ghuntas), 35(23Acres-26Ghuntas), 36(18Acres-20Ghuntas), 37(19Acres-3Ghuntas), 38(23Acres-26Ghuntas), 40(24Acres-8Ghuntas), 41(23Acres-5Ghuntas), 44(19Acres-27Ghuntas), 45(16Acre-15Ghuntas), 46(19Acre-12Ghuntas), 47(23Acres-29Ghuntas), 48(24Acres-36Ghuntas), 49(22Acres-6Ghuntas), 50(14Acres-7Ghuntas), 51(14Acres-1Ghunta), 52(16Acres-33Ghuntas), 53(25Acres-0Ghuntas), 54(16Acres-25Ghuntas), 55(13Acres-31Ghuntas), 56(22Acres-37Ghuntas), 57(11Acre-13Ghuntas), 58(22Acres-33Ghuntas), 60(18Acres-2Ghuntas), 61(24Acres-11Ghuntas), 62(0Acres-29Ghunta), 65(12Acres-35Ghuntas), 83(10Acres-4Ghuntas), 84(17Acres-16Ghuntas), 85(14Acres-8Ghuntas), 86(24Acres-6Ghuntas), 82(1Acre-10Ghuntas), 89(17Acres-12Ghuntas), 91(11Acres-2Ghuntas), 92(24Acres-13Ghuntas), 94(21Acres-35Ghuntas), 96(15Acres-13Ghuntas), 90(24Acres-30Ghuntas), 100(9Acres-39Ghuntas), 101(20Acres-36Ghuntas), 102(9Acres-7Ghuntas), 104(23Acres-39Ghuntas), 106(10Acres-0Ghuntas), 111(0Acre-23Ghuntas), 112(16Acres-0Ghuntas), 113(7Acres-2Ghuntas), 114(16Acres-37Ghuntas), 116(24Acres-21Ghuntas), 105(12Acres-11Ghuntas), 117(24Acres-31Ghuntas), 118(10Acres-22Ghuntas), 122(5Acres-37Ghuntas), 123(3Acres-0Ghuntas), 121(6Acres-38Ghuntas), 129(24Acres-33Ghuntas), 131(8Acres-36Ghuntas), 132(6Acres-30Ghuntas), 133(5Acres-21Ghuntas), 134(13Acres-34Ghuntas), 135(3Acres-26Ghuntas), 138(24Acres-7Ghuntas), 141(13Acres-8Ghuntas), 142(2Acres-29Ghuntas), 143(17Acres-35Ghuntas), 137(21Acres-23Ghuntas), 144(14Acres-27Ghuntas), 145(17Acres-38Ghuntas), 146(17Acres-19Ghuntas), 147(4Acres-4Ghuntas), 148(19Acres-28Ghuntas), 149(24Acres-26Ghuntas), 151(7Acres-10Ghuntas), 165(22Acres-5Ghuntas), and 103(5Acres-8Ghuntas) situated at Deh Safooran, Taluka Malir, District Karachi vide Form VII bearing Jarian No. 189 dated 08-08-2007

## SUMMARY OF BUILDING

| S.No. | Description   | Covered Area  | Covered Area    |
|-------|---|---------------|-----------------|
| A     | <b>Jinnah Terminals</b>   | In Sq. Mtr    | <b>In Sq Ft</b> |
| 1     | Level 0   | 37,524.35     | 403,908.73      |
| 2     | Level 1   | 36,781.84     | 395,916.42      |
| 3     | Level 2   | 11,761.36     | 126,598.26      |
| 4     | Level 3   | 11,761.36     | 126,598.26      |
| 5     | Level 4   | 9,069.23      | 97,620.41       |
| 6     | Level 5   | 6,065.25      | 65,285.79       |
| 7     | Level 6   | 1,315.30      | 14,157.81       |
| 8     | Level 7   | 415.81        | 4,475.70        |
| 9     | Level 8   | 305.49        | 3,288.27        |
| B     | Runway 1  | 3,200m x 46 m |                 |
|       | Runway 2  | 3,400m x 46 m |                 |
| C     | Firefighting Shed, Old Terminals, CAA Head Office, Cargo Buildings  | Lump Sum      |                 |
| D     | CAA Flats, CAA Houses, Civil Aviation Club, CAA Medical Center, CAA General Engineering Depot, Township Medical Center, CAA Model Schools, Commercial Center CAA, CAA Office Buildings, Metrological Office, Karachi Airport. | Lump Sum      |                 |

**SCHEDULE 2**  
**LIST OF CONSENTS**

- 1) Evidence of approval of the Federal Government for undertaking the transactions envisaged by the Declaration of Trust (and the Transaction Documents stated therein).
- 2) CAA's Board's Resolution of equivalent document for selling the Airport Land to the Purchaser in terms of this Agreement.
- 3) Exemption for the Purchaser from payment of minimum income tax under Section 113 of the Income Tax Ordinance
- 4) Exemption from the obligation to deduct income tax under the Income Tax Ordinance 2001 from the payments to be made by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan to the Purchaser under the relevant Transaction Document(s).
- 5) Appropriate notifications from relevant Government officials confirming that there will be no stamp duty payable in relation to the issuance or transfer of the Certificates.
- 6) Notification by the Federal Government of rules relating to Certificates and declaration of the Certificates as government securities under the Public Debt Act, 1944.
- 7) Notification by the Federal Government declaring the Certificates as approved securities for the purpose of Section 13 and Section 29 of the Banking Companies Ordinance 1962.
- 8) Notification by the Federal Government exempting the Certificates from compulsory deduction of Zakat under the Zakat and Ushr Ordinance, 1980.



## SCHEDULE 3

### Part 1

## Possession Handing over

In pursuance of the Purchase Agreement dated on or about the date hereof I, **THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN, FOR AND ON BEHALF OF THE ISLAMIC REPUBLIC OF PAKISTAN**, do hereby confirm that we have handed over the vacant and physical peaceful joint possession of the Airport Land to **Pakistan Domestic Sukuk Company Limited**, as agent of the Financial Institutions / Certificate holders, as purchaser of the Airport Land on this \_\_\_\_\_ pursuant to the Purchase Agreement dated \_\_\_\_\_ (the "**Purchase Agreement**"). Terms defined in the Purchase Agreement shall have the same meaning when used herein.

(Signature of GoP)

---

## Part 2

## Possession Taking Over

In pursuance of the Purchase Agreement dated on or about the date hereof we, **Pakistan Domestic Sukuk Company Limited**, as agent of the Financial Institutions / Certificate holders, as purchaser of the Airport Land do hereby confirm that we have taken over the vacant and physical peaceful joint possession of **the Airport Land** from **THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN, FOR AND ON BEHALF OF THE ISLAMIC REPUBLIC OF PAKISTAN** on this \_\_\_\_\_ pursuant to the Purchase Agreement dated \_\_\_\_\_ (the "**Purchase Agreement**"). Terms defined in the Purchase Agreement shall have the same meaning when used herein.

(Signature of Purchaser)

**SIGNATORIES**  
**(Purchase Agreement)**

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

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

Name:

Title:

**Witnesses:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**For and on behalf of 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**

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

Name:

Title:

**Witness:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**Duly Acknowledged and Confirmed by:**

**For and on behalf of Civil Aviation Authority**

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

Name:

Title:

**Witnesses:**

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

Name:

Address:

NIC No.:

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

Name:

Address:

NIC No.:

**DECLARATION OF TRUST dated \_\_\_\_\_**

in respect of Sukuk Certificates due 201\_\_

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

**Civil Aviation Authority** as Trustee

**And**

**Pakistan Domestic Sukuk Company Limited** as Issuer, as First Delegate and as Agent

**And**

**SBP Banking Services Corporation** as Second Delegate

**THIS DECLARATION OF TRUST** (this “**Declaration of Trust**”) is made on \_\_\_\_\_ by

**CIVIL AVIATION AUTHORITY**, a body corporate established under the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) (the “**Aviation Ordinance**”) and having its headquarters at Terminal 1, Jinnah International Airport (JIAP), Karachi (as “**Trustee**”) and **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, and which is wholly-owned by the Government (as defined below) (as “**Issuer**”, “**First Delegate**” and “**Agent**”) and **SBP BANKING SERVICES CORPORATION**, a subsidiary of the State Bank of Pakistan established pursuant to the SBP Banking Services Corporation Ordinance, 2001, as amended, and having an office at Islamabad (as “**Second Delegate**”)

WHEREAS:

- A. The CAA has legal title to the Airport Land for public purpose by virtue of the Awards and the Aviation Ordinance.
- B. The Airport is a licensed aerodrome under the Aviation Ordinance and rules made thereunder.
- C. The Agent (as agent of the Financial Institutions / Certificate holders) has purchased the Airport Land from the Government pursuant to the provisions of the Purchase Agreement.
- D. CAA has agreed to execute this Declaration of Trust, whereby as the Trustee it shall agree to hold the Trust Assets upon trust absolutely for and on behalf of the Certificate holders in accordance with the provisions of these presents.
- E. The Agent (as agent of the Financial Institutions / Certificate holders) has applied the sums paid to it by the Certificate holders towards the acquisition of the Trust Assets as authorised and directed by the Certificate holders, and the Issuer proposes to issue Certificates to Certificate holders representing their ownership in the Trust Assets (as agreed to and accepted by the Trustee).
- F. The Certificates will be in registered form.
- G. The Trustee intends to delegate certain powers to the Delegates in accordance with the provisions of these presents.
- H. The Issuer, the Trustee and the Delegates are executing this Declaration of Trust as part of a transaction which is in compliance with Shariah principles.

NOW THIS DECLARATION OF TRUST WITNESSETH AND IT IS HEREBY DECLARED as follows:

## **1. DEFINITIONS AND INTERPRETATION**

- 1.1 Except where the context requires otherwise, the following terms used in this Declaration of Trust, the Agency Agreement and the Certificates, and any other agreements and documents in connection therewith which are expressed to incorporate the defined terms set out herein, have the meanings set out below;

**Accountholder** means each person (other than SBP-BSC) who is for the time being shown in the SGLA records of SBP-BSC as the holder of the Certificates with a

particular face amount (in which regard any certificate or other document issued by SBP-BSC as to the face amount of the Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error);

**Agency Agreement** means the agency agreement dated on or about the date hereof between the Agent and the Agents;

**Agent** means Pakistan Domestic Sukuk Company Limited, duly appointed as agent by the Financial Institutions under the Certificate Subscription Undertaking;

**Agents** means any of the Paying Agent, the Reference Agent and the Registrar appointed by the Agent pursuant to the Agency Agreement;

**Airport** means Jinnah International Airport, Karachi, a licensed aerodrome under the Aviation Ordinance and rules made thereunder;

**Airport Land** means the assets as described in Schedule 1 hereto;

**Aviation Ordinance** means the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) as amended;

**Awards** means the awards given by the relevant land acquisition collectors pursuant to the Land Acquisition Act, 1894 (Act No. I of 1894) in respect of the Airport Land;

**Business Day** means a day on which State Bank of Pakistan and commercial banks in Pakistan are open for full scale banking business;

**CAA** means the Civil Aviation Authority established pursuant to Section 3 of the Aviation Ordinance;

**Certificate Issuance Undertaking** means the certificate issuance undertaking dated on or about the date hereof by the Issuer, Trustee, Agent 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 and pursuant to which the Issuer agrees to issue and sell the Certificates upon the terms therein;

**Certificate Subscription Undertaking** means the certificate subscription undertaking dated on or about the date hereof by the Financial Institutions in favour of, inter alia, the Issuer, Trustee, Agent and the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan pursuant to which the Financial Institutions agree to subscribe to or procure subscription of the Certificates upon the terms therein;

**Certificate holders** means the several persons in whose names the Certificates are for the time being registered (as set out in the Register), and each Accountholder shall be deemed to be the holder of Certificates of a particular face amount (as set out in the Register) and shall be treated by the Issuer and any of the Agents as the holder of the Certificates in accordance with and subject to the terms of the Condition and the expressions "Certificate holder", "holder of Certificates" and related expressions shall (where appropriate) be construed accordingly;

**Certificates** means the Sukuk Certificates (of such amount and denomination as specified in the Conditions and the Issuance Undertaking) due 201\_\_ being securities representing undivided ownership in the Airport Land with all the rights and interests to be issued by the Issuer in the form of book entry securities pursuant to Section 120 of the Companies Ordinance, 1984 (Ordinance No. XL VII of 1984) of Pakistan on the Closing Date and constituted by this Declaration of Trust;

**Closing Date** means \_\_\_\_\_;

**Conditions** means the terms and conditions relating to the Certificates as set out in Schedule 1 to the Rules (as the same may from time to time be modified in accordance with the provisions thereof) and a reference to any particular **Condition** thereof shall be construed accordingly;

**Costs Undertaking** means the costs undertaking dated the date hereof made/to be made by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan pursuant to which it undertakes to pay the fees and expenses, and provide the indemnities, described therein;

**Delegates** mean collectively the First Delegate and the Second Delegate;

**Dissolution Event** has the meaning set forth in Condition 11;

**Extraordinary Resolution** has the meaning set forth in paragraph 20 of Schedule 2 to the Rules;

**First Delegate** means PDSCL, in its capacity as a delegate of the Trustee;

**Financial Institutions** means the financial institutions who have executed a Certificate Subscription Undertaking dated on or about the date hereof in favour of inter alia the Issuer, Trustee, Agent and Islamic Republic;

**Government** means the government 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;

**Ijara Agreement** means the ijara agreement dated on or about the date hereof entered/to be entered between the Agent as lessor (acting as the agent of the Certificate holders on their behalf) and the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan as lessee;

**Issuer** means PDSCL, in its capacity as issuer of the Certificates;

**Liability** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

**Outstanding** means in relation to the Certificates all the Certificates issued other than (a) those Certificates which have been redeemed pursuant to this Declaration of Trust and the Conditions, (b) those Certificates in respect of which the Scheduled Dissolution Date (as defined in Condition 8.1) in accordance with the Conditions has occurred and the Dissolution Distribution Amount (as defined in Condition 8.2) has been duly paid to the Trustee or to the Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the Certificate holders in accordance with Condition 14) and remains available for payment against presentation of the relevant Certificates, (c) those Certificates which have been cancelled in accordance with Condition 8, (d) those Certificates which have become void under Condition 10; provided that for each of the following purposes, namely: (i) the right to attend and vote at any meeting of the Certificate holders or any of them, (ii) the determination of how many and which Certificates are for the time being outstanding for the purposes of Conditions 8, 11, 12 and 15 and Schedule 2 to the Rules, (iii) any discretion, power or authority (whether contained in this Declaration of Trust or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the

interests of the Certificate holders or any of them and (iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Certificate holders or any of them, those Certificates (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer or the Government shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

**Pakistan** means the Islamic Republic of Pakistan;

**Paying Agent** means the institution at its specified office appointed as paying agent in relation to the Certificates by the Agent pursuant to the Agency Agreement;

**PDSCL** means Pakistan Domestic Sukuk Company Limited, a public limited liability company incorporated in Pakistan under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984) and wholly-owned by the Government;

**Proceedings** means any suit, action or proceedings arising out of or in connection with this Declaration of Trust;

**Purchase Agreement** means the purchase agreement dated on or about the date hereof entered/to be entered between the Agent, as purchaser (acting as the agent of the Financial Institutions / Certificate holders on their behalf), and GoP, as seller, in respect of the Airport Land;

**Purchase Undertaking** means the purchase undertaking dated on or about the date hereof made/to be made by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan in respect of the Airport Land in favour of the Agent;

**Reference Agent** means the institution at its specified office appointed as reference agent in relation to the Certificates by the Agent pursuant to the Agency Agreement;

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

**Registrar** means the institution at its specified office appointed as registrar in relation to the Certificates by the Agent pursuant to the Agency Agreement;

**Rental** has the meaning set forth/to be set forth in the Ijara Agreement;

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

**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 hereof;

**SBP** means the State Bank of Pakistan established under the State Bank of Pakistan Act, 1958, as amended;

**SBP-BSC** means the SBP Banking Services Corporation, a subsidiary of SBP established pursuant to the SBP Banking Services Corporation Ordinance, 2001, as amended;

**Second Delegate** means SBP-BSC in its capacity as a delegate of the Trustee;

**Seller** means GoP as seller of the Airport Land pursuant to the Purchase Agreement;



**Service Agency Agreement** means the service agency agreement dated on or about the date hereof entered/to be entered between the Agent and the Service Agent;

**Service Agent** means the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan;

**SGLA** means the Subsidiary General Ledger Account being operated by SBP-BSC, into which the book entry Certificates will be credited in accordance with the provisions hereof;

**Specified office** means, in relation to any of the Agents, either the office identified with its name at the foot of the Conditions or such other office as shall have been notified to the Certificate holders;

**Transaction Account** means the Rupees account maintained with SBP Banking Services Corporation in the name of the Trustee and into which, among other things, all payments under the Ijara Agreement and the Purchase Undertaking will be deposited;

**Transaction Documents** means the Purchase Agreement, the Ijara Agreement, the Purchase Undertaking, this Declaration of Trust, the Service Agency Agreement, the Agency Agreement, the Costs Undertaking, the Certificate Issuance Undertaking, the Certificate Subscription Undertaking, the Rules and the Certificates and any other agreements and documents delivered or executed in connection therewith;

**Trust** means the trust established by this Declaration of Trust;

**Trust Assets** means (a) the Airport Land, (b) all of the Trustee's and/or Certificate holders' and/or Issuer's rights, title, interest and benefit, present and future, in, to and under the Transaction Documents, (c) all monies standing to the credit of the Transaction Account, and (d) all proceeds of the foregoing;

**Trustee** means, subject to the provisions of Clause 5 below, CAA, in its capacity as trustee in respect of the Trust Assets pursuant to this Declaration of Trust, and shall be construed in the manner provided in Clause 5;

**Trust Act** means the Trust Act, 1882 as amended or re-enacted from time to time.

1.2. Except where otherwise specified, the following rules of interpretation and construction shall apply in respect of this Declaration of Trust, the Rules the Agency Agreement, the Conditions and the Certificates and any other agreements and documents in connection therewith which are expressed to incorporate such rules:

(a) references to **payments** shall be construed as references to "payments in immediately available and freely transferable funds";

(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) references to this **Declaration of Trust** or any other agreement or document, or any analogous expression, shall be deemed also to refer to this Declaration of Trust (including its Schedules and Rules) and 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;
- (g) any Schedule, Annex or Exhibit annexed to this Declaration of Trust forms a part of this Declaration of Trust and shall have the same force and effect as if set out in the body of this Declaration of Trust;
- (h) headings are for ease of reference only;
- (i) save where the context otherwise requires, words importing the singular number include the plural and vice versa;
- (j) save where the context otherwise requires, references in this Declaration of Trust to any party to this Declaration of Trust or any other person shall include references to its successors and permitted transferees and assigns;
- (k) 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 Declaration of Trust;
- (l) 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;
- (m) references to any action, remedy or method of judicial proceeding for the enforcement of the rights of certificate 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 certificate holders available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of judicial proceeding;
- (n) time shall be of the essence;
- (o) references to certificates, reports, notices and other documents and communications to be given or delivered pursuant to this Declaration of Trust 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;
- (p) notice to a Certificate holder shall be deemed to mean notice to a Certificate holder in accordance with Condition 14;
- (q) in this Declaration of Trust, references to these presents shall be a reference to this Declaration of Trust, the Rules, the Conditions and the Certificates;
- (r) 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 Declaration of Trust.

## **2. DECLARATION OF TRUST, REPRESENTATIONS, WARRANTIES AND COVENANTS**

### **Declaration of Trust**

2.1 PDSCL (in its capacity as Issuer) and CAA (in its capacity as Trustee) hereby declare that:

- (a) CAA will, with effect from the execution of this Declaration of Trust, in its capacity as Trustee, hold the Trust Assets (including title to and possession of the Airport Land) upon trust absolutely for the Certificate holders pro rata according to the face value of Certificates held by each Certificate holder, in accordance with these presents;
- (b) Following the execution of this Declaration of Trust:
  - (i) the Trustee will enter into the remaining Transaction Documents to which it is a party;
  - (ii) the Trustee and the Issuer will use their best efforts to procure that this Declaration of Trust is registered under the Registration Act, 1908 on the date hereof and, in any event, prior to the Closing Date;
  - (iii) the Trustee and the Issuer will use their best efforts to procure the issuance the Certificates on the Closing Date;
- (c) the Trustee shall comply with and perform its obligations, or cause such obligations to be complied with and performed on its behalf, in accordance with the terms of the Certificates and the Transaction Documents to which it is a party;
- (d) the Trustee shall act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of these presents;
- (e) the Trustee shall disclose in its annual accounts that it is holding the legal title of Airport Land upon trust absolutely for and on behalf of the Certificate Holders;
- (f) the Trustee shall exercise on behalf of Certificate holders all of the Issuer's and Trustee's rights under any Transaction Document to which either of them is a party or to the benefit of which either of them is entitled, to delegate any authority given to it and to appoint such agents as it deems necessary in respect of the Certificates; and
- (g) the Trust Assets shall be kept, on behalf of the Certificate holders, separate, distinct and independent from the Trustee's own assets and will not be commingled with its own assets or those of any other person.

### **Representations and Warranties**

2.2 PDSCL (in its capacity as Issuer) hereby represents and warrants to each Certificate holder as of the date hereof and the Closing Date that:

- (a) it has been duly incorporated as a public limited liability company in Pakistan under the Companies Ordinance, 1984 (Ordinance No. XL VII of 1984) and (i) is validly existing in Pakistan and is able lawfully, and has full power and authority, to execute and perform its obligations under the Certificates and the other Transaction Documents to which it is a party, (ii) has full power and authority to own its property and conduct its business, (iii) is able to pay its debts as they fall due, (iv) is not, and will not be, following the implementation of the transactions contemplated by the Transaction Documents, insolvent, (v) is not involved in any litigation, arbitration or administrative proceedings of or before any court, arbiter, governmental authority or agency and is not aware of any such proceedings threatened against it or any of its properties and assets, (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) it has not paid any dividends nor made any distributions since its incorporation and has no subsidiaries or employees;
- (c) it has the requisite power to enter into and perform its obligations under each Transaction Document to which it is a party and each such Transaction Document has been duly authorised and executed by it and constitutes its valid, binding and enforceable obligation;
- (d) compliance with the terms of each Transaction Document to which it is a party does not and will not conflict with or constitute a default under any provision of:
  - (i) any agreement or instrument to which it is a party;
  - (ii) its constitutional documents; or
  - (iii) any lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which it is bound; and
- (e) no consent, approval or authorisation of any governmental agency or other person is required by it for the entry into and the performance of its obligations under each Transaction Document to which it is a party (other than those which it has already obtained as of the date hereof).

2.3 CAA (in its capacity as Trustee) hereby represents and warrants to each Certificate holder as of the date hereof and the Closing Date that:

- (a) it (i) is validly existing in Pakistan and is able lawfully, and has full power and authority, to execute and perform its obligations under the Declaration of Trustee and the other Transaction Documents to which it is a party, (ii) has full power and authority to own its property and conduct its business, (iii) is able to pay its debts as they fall due, (iv) is not, and will not be, following the implementation of the transactions contemplated by 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) it has the requisite power to enter into and perform its obligations under each Transaction Document to which it is a party and each such Transaction Document has been duly authorised and executed by it and constitutes its valid, binding and enforceable obligation;
- (c) compliance with the terms of each Transaction Document to which it is a party does not and will not conflict with or constitute a default under any provision of:
  - (i) any agreement or instrument to which it is a party;
  - (ii) its constitutional documents; or
  - (iii) any lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which it is bound; and

- (d) all the consent, approval or authorisation of any governmental agency or other person, if any required will be obtained by it for the entry into and the performance of its obligations under each Transaction Document to which it is a party (other than those which it has already obtained as of the date hereof);

## **Covenants**

2.4 PDSCL (in its capacity as Issuer) covenants to and for the benefit of the Trustee and each Certificate holder that, for so long as any Certificate is Outstanding, it shall comply with the Conditions (including, but not limited to, Condition 5) and will comply in all material respects with all applicable laws, regulations, guidelines and policy statements binding on it and its operations or its properties and assets in connection with the execution and delivery and the performance of the Certificates and this Declaration of Trust. Without prejudice to the generality of the foregoing, PDSCL (in its capacity as Issuer) covenants to and for the benefit of the Trustee and each Certificate holder that for so long as any Certificate is Outstanding, it shall not:

- (a) incur any indebtedness whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) other than those in issue as at \_\_\_\_\_ (the "**Closing Date**") except, in all cases, as contemplated in the Transaction Documents;
- (b) secure any of its present or future indebtedness by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);
- (c) use the proceeds of the issue of the Certificates for any purpose other than as set out in the Declaration of Trust or these Conditions;
- (d) (except as contemplated in the Transaction Documents) amend or agree to any amendment of any Transaction Document to which it is a party or its Memorandum and Articles of Association, or enter into any other agreement, letter or document, without the prior written consent of holders of at least 51 per cent in face amount of the Certificates then Outstanding;
- (e) have any subsidiaries or employees;
- (f) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
- (g) put to its directors or shareholders any resolution for its winding up or for the commencement of any other bankruptcy or insolvency proceeding with respect to it or appoint any liquidator or other similar official in relation to itself; or
- (h) enter into any contract, transaction, or make any amendment to any contract or transaction, or incur any obligation or liability other than the Transaction Documents to which it is a party or as expressly permitted or required thereunder or engage in any business or activity other than:
  - (i) as provided for or permitted in the Transaction Documents or as otherwise permitted by the Government from time to time);

(ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and

(iii) such other matters which are incidental thereto.

2.5 The Trustee covenants to and for the benefit of the Issuer and each Certificate holder that, for so long as any Certificate is Outstanding, it shall comply with the Conditions (including, but not limited to, Condition 5) and will comply in all material respects with all applicable laws, regulations, guidelines and policy statements binding on it and its operations or its properties and assets in connection with the execution and delivery and the performance of the Certificates and this Declaration of Trust. Without prejudice to the generality of the foregoing, the Trustee covenants to and for the benefit of the Issuer and each Certificate holder that for so long as any Certificate is Outstanding, it shall not:

(a) sell, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), the whole or any part of (i) its title to the Airport Land or any interest therein except as otherwise contemplated in the Transaction Documents or (ii) its interests in any of the other Trust Assets except pursuant to the Transaction Documents; and

(b) (except as contemplated in the Transaction Documents or as otherwise permitted by the Government from time to time) act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificate holders.

2.6 PDSCL (in its capacity as Issuer) covenants to and for the benefit of the Trustee, the Delegates and each Certificate holder that for so long as any Certificate is Outstanding:

(a) the Trustee may, on behalf of Certificate holders, enforce the rights of the Issuer and Certificate holders pursuant to these presents and any other Transaction Document;

(b) it will, in accordance with these presents, on the Scheduled Dissolution Date of the Certificates provided for in the Conditions, or on such earlier date as the Dissolution Distribution Amount may become due and payable thereunder and on each Periodic Distribution Date or any other date on which a Periodic Distribution Amount may become due and payable thereunder, pay or procure to be paid unconditionally to or to the order of the Trustee the due and unpaid Dissolution Distribution Amount or, as the case may be, Periodic Distribution Amounts of the Certificates payable on that date PROVIDED THAT:

(i) every payment of the due and unpaid Dissolution Distribution Amount and the Periodic Distribution Amounts in respect of the Certificates to or to the account of the Paying Agent in the manner provided in the Agency Agreement shall operate in satisfaction *pro tanto* of the relative covenant by the Issuer in this Clause except to the extent that there is default in the subsequent payment thereof in accordance with the Conditions to the Certificate holders; and

(ii) in any case where payment of the due and unpaid Periodic Distribution Amounts is not made to the Trustee or the Paying Agent on or before the due date, the late payments amounts received by the Issuer under the Ijara Agreement shall be notified to each Certificate holder and any amounts

paid in addition to the Rental payments due shall be donated to a charity of the choice of the holders of at least 51 per cent. in face amount of the Certificates then outstanding;

- (c) in order to enable the Trustee to ascertain the amount of Certificates for the time being Outstanding for any of the purposes referred to in the proviso to the definition of **Outstanding** in Clause 1, it will deliver to the Trustee forthwith upon being so requested in writing by the Trustee a certificate in writing signed by two Directors of the Issuer setting out the total number and aggregate amount of Certificates which are at the date of such certificate held by, for the benefit of, or on behalf of, the Issuer or the Government, in each case as the beneficial owner;
- (d) it will cause the Register to be kept by the Registrar and will procure that, as soon as practicable after the Closing Date, the Register is duly made up in respect of the subscribers of the Certificates; and
- (e) it will forthwith give notice in writing to the Trustee and the Delegates upon the occurrence of a Dissolution Event or a Potential Dissolution Event.

### **Indemnify the Agent**

2.7 Subject to Clause 2.9 below, PDSCL (if it indemnifies in accordance with its percentage and hold harmless the Agent and its officers, directors, agents and employees (together the “**Indemnified Persons**”) on a full indemnity basis from and against each and every actual loss which may be suffered, incurred or paid by, or made or asserted against that Indemnified Person, directly or indirectly, at any time after or during the term of this Declaration of Trust:

- (i) in connection with any of the Transaction Documents;
- (ii) the performance of its duties under this Declaration of Trust and/or any of the Transaction Documents;
- (iii) any action taken or omitted by the Agent under any of the Transaction Documents or this Declaration of Trust; or
- (iv) any default by such Financial Institutions in the performance of any of the obligations expressed to be assumed by it in this Declaration of Trust including the obligation to fund its contribution.

2.8 Each of the indemnities contained in the Clause 2.7 or otherwise contained in this Declaration of Trust or in any other of the Transaction Documents, is in addition to, and not in substitution for, and shall not be affected or prejudiced by, any other security, guarantee or indemnity (including the other indemnities aforesaid) now or hereafter held by any Indemnified Person.

2.9 The indemnities contained in the Clause 2.7 shall not extend to any loss caused by the gross negligence or willful misconduct of any Indemnified Person.

2.10 The obligations on the part of the Financial Institutions in respect of the indemnities described in the Clause 2.7 shall survive the expiration or termination of this Declaration of Trust or any Transaction Document for any reason whatsoever (including any fundamental or repudiatory breach).

### **3. FORM AND TRANSFER OF CERTIFICATES**

- 3.1 The Certificates shall be in the form of book entry securities. Book entry securities shall be deemed to have been issued to, and shall be held by, SBP-BSC (as operator of the SGLA) as a depository, on terms that it will hold the same for the account of the Accountholders, as appearing in the records of the SGLA of SBP-BSC for the time being.
- 3.2 The Certificates shall be issued in the form of book entry securities on the Closing Date and shall be delivered to the holder within 30 days of the Closing Date by credit to its account in the SGLA.
- 3.3 Interests in the Certificates in book entry form shall be transferable only in accordance with the rules and procedures for the time being of SBP-BSC as applicable to the SGLA and the Conditions.

#### **4. APPOINTMENT OF AGENTS**

- 4.1 The Agent has initially appointed the persons named as Registrar, Paying Agent and Reference Agent in the Agency Agreement each, acting through its specified office set out therein. The Agent reserves the right, at any time, to vary or terminate the appointment of any of the Agents and to appoint replacement or additional Agents provided that it will at all times maintain such Agents as are required by the Conditions. Notice of any termination or appointment of Agents and of any changes in their respective specified offices will be given to Certificate holders promptly by the Trustee in accordance with Condition 14.
- 4.2 At any time after a Dissolution Event shall have occurred, the Second Delegate may:
  - (a) by notice in writing to the Agent/Issuer and each of the Agents (each as defined in the Agency Agreement) require each of the Agents pursuant to the Agency Agreement:
    - (i) to act thereafter as agents respectively of the Second Delegate in relation to payments to be made by or on behalf of the Second Delegate under the provisions of this Declaration of Trust mutatis mutandis on the terms provided in the Agency Agreement (save that the Second Delegate's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of each Agent shall be limited to the amounts for the time being held by the Second Delegate under this Declaration of Trust relating to the Certificates and available for such purpose) and thereafter to hold all sums, documents and records held by them in respect of Certificates on behalf of the Second Delegate; or
    - (ii) to deliver up all sums, documents and records held by them in respect of Certificates to the Second Delegate or as the Second Delegate shall direct in such notice provided that such notice shall be deemed not to apply to any documents or records which the Paying Agent or the Reference Agent, as the case may be, is obliged not to release by any law or regulation;
  - (b) by notice in writing to the Agent/Issuer require it to make all subsequent payments in respect of the Certificates to or to the order of the Second Delegate and not to the Paying Agent; with effect from the issue of any such notice to the Agent/Issuer and until such notice is withdrawn proviso (i) to Clause 2.6(b) of this Declaration of Trust relating to the Certificates shall cease to have effect.

#### **5. DELEGATION OF AUTHORITY TO THE DELEGATES**



- 5.1 In accordance with the power reserved to it under Clause 7.1(i) and subject as provided in the next sentence above and Clause 5.2 below, the Trustee hereby irrevocably and unconditionally delegates to the First Delegate all of the duties, powers, trusts, authorities and discretions vested in the Trustee by these presents (including but not limited to the authority to request indications from any Certificate holders and the power to make a determination of material prejudice, as permitted and required by Condition 8) (the **initial relevant powers**) and so that all references in Clauses 2, 6, 7, 8, 9, 10, 11, 12 and 13 (the **initial relevant provisions**) to the Trustee shall, upon such delegation becoming effective, be construed as references to the First Delegate. The delegation made in the previous sentence shall become effective immediately upon signing of this Declaration of Trust.
- 5.2 In accordance with the power reserved to it under Clause 7.1(i) and subject as provided in the next sentence and notwithstanding anything to the contrary contained in Clause 5.1 above, the Trustee hereby irrevocably and unconditionally delegates to the Second Delegate all of the duties, powers, trusts, authorities and discretions vested in the Trustee by these presents (including but not limited to the authority to request indications from any Certificate holders and the power to make a determination of material prejudice, as permitted and required by Condition 8) (the **subsequent relevant powers**) and so that all references in Clauses 6 (other than the second sentence of Clause 6.1 and Clause 6.4), 7 (other than Clause 7.1 (o)), 8, 9, 10, 11, 12 and 13 (the **subsequent relevant provisions**) to the Trustee shall, upon such delegation becoming effective, be construed as references to the Second Delegate. The delegation made in the previous sentence shall become effective immediately upon the Closing Date.
- 5.3 Immediately upon and following the delegation provided for in Clause 5.1 becoming effective, the Trustee will not be entitled to exercise any of the initial relevant powers (and any earlier delegations if any made by the Trustee shall stand cancelled to the extent of the initial relevant powers), references to the Trustee in the initial relevant provisions will not be construed as references to the Trustee and the Trustee hereby irrevocably and unconditionally undertakes that it will act in accordance with all directions and instructions given to it by the First Delegate, provided that any such directions and instructions do not require the Trustee to do anything which may be illegal or contrary to any applicable law or regulation.
- 5.4 Immediately upon and following the delegation provided for in Clause 5.2 becoming effective, the Trustee will not be entitled to exercise any of the subsequent relevant powers (and any earlier delegations if any made by the Trustee shall stand cancelled to the extent of the subsequent relevant powers), references to the Trustee in the subsequent relevant provisions will not be construed as references to the Trustee or the First Delegate and the Trustee hereby irrevocably and unconditionally undertakes that it will act in accordance with all directions and instructions given to it by the Second Delegate, provided that any such directions and instructions do not require the Trustee to do anything which may be illegal or contrary to any applicable law or regulation

## **6. DUTIES OF TRUSTEE**

- 6.1 The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Transaction Documents to which it or the Issuer is a party and no implied covenants or obligations shall be read into this Declaration of Trust against the Trustee. In the event that the Issuer fails to perform any of its obligations under any Transaction Document to which it is a party, the Trustee shall to the extent practicable cause such obligations to be performed in accordance therewith.
- 6.2 Each of the Trustee (before the delegations referred to in Clause 5 becomes effective) and the Delegates (after the delegations referred to in Clause 5 becomes effective) undertakes

to cause all income from the Trust Assets to be distributed, and all payments in respect of the Certificates to be made, in accordance with the Conditions and the Agency Agreement.

- 6.3 The Issuer hereby unconditionally and irrevocably authorises the Trustee to, and the Trustee undertakes that it will, upon the occurrence of a Dissolution Event exercise, on behalf of the Certificate holders, its option in accordance with the provisions of the Purchase Undertaking if (a) the Trustee is directed in writing by the holders of at least 25 per cent. in aggregate face amount of Certificates then Outstanding, (b) the Trustee is directed by an Extraordinary Resolution or (c) the Trustee determines in its discretion to do so (and notifies the Certificate holders of such determination) and, in the case of either (a) or (b), if the Trustee is indemnified against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.
- 6.4 The Trustee shall hold available for inspection by Certificate holders at its specified office during normal business hours on any weekday (excluding Sundays and public holidays) copies of the following documents:
- (a) the constitutional documents of the Issuer;
  - (b) the most recently published annual financial statements of the Issuer, if any; and
  - (c) the Transaction Documents.
- 6.5 None of the provisions contained in this Declaration of Trust shall require the Trustee to do anything which may (i) be illegal or contrary to applicable law or regulation or (ii) cause it to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers or discretions, if it shall have reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or Liability is not reasonably assured to it.

## **7. PROVISIONS SUPPLEMENTAL TO THE TRUST ACT**

- 7.1 The Trustee shall have all the powers and discretions conferred upon trustees by the Trusts Act 1882 (to the extent not inconsistent with these presents) and in addition thereto (but subject as provided in Clause 7.2) it is expressly declared as follows:
- (a) subject to clause 10, the Trustee may in relation to these presents act on the opinion or advice of, or information or certificate (whether addressed to the Trustee or not) obtained from, any lawyer, valuer, banker, broker, accountant or other expert, in each case, appointed by the Issuer, the Trustee or any of the Agents or otherwise in connection with this Declaration of Trust, the Transaction Documents or the Certificates, and shall not be responsible to any person for any loss occasioned by so acting;
  - (b) any such opinion, advice, information, certificate or report may be sent or obtained by letter, telegram or facsimile device and the Trustee shall not be liable to Certificate holders for acting on any opinion, advice or information purporting to be conveyed by any such letter, telegram or facsimile device although the same shall contain some error or shall not be authentic;

- (c) neither the Trustee nor the Delegates shall be bound to give notice to any person of the execution of any of the documents comprised or referred to in these presents or to take any steps to ascertain whether any Dissolution Event has happened and, until it shall have actual knowledge or shall have express notice pursuant to these presents to the contrary, the Trustee and the Delegates shall be entitled to assume that no such event has happened and that the Issuer is performing all its obligations under these presents;
- (d) subject to Clause 10, the Trustee shall not be liable to any person for having acted upon any resolution purporting to have been passed by Certificate holders even though it may subsequently be found that there was some defect in the passing of such resolution or that for any reason such resolution was not valid or binding upon Certificate holders;
- (e) the Trustee shall be at liberty to hold or to deposit these presents and any deed or documents relating to these presents or the Trust Assets with any banker or banking company or company whose business includes undertaking the safe custody of deeds or documents or with any lawyer or firm of lawyers believed by it to be of good repute and the Trustee shall not be responsible for, or be required to insure against, any loss incurred in connection with any such holding or deposit and may pay all sums required to be paid on account of or in respect of any such deposit;
- (f) the Trustee shall, as regards all the powers, trusts, authorities and discretions vested in it by these presents (including, without limitation, any modification), have regard to the interests of Certificate holders as a class and, in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of the exercise thereof for individual Certificate holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and shall have absolute and uncontrolled discretion as to the exercise thereof and it shall be in no way responsible to Certificate holders for any loss, costs, damage, expenses or inconvenience which may result from the exercise or non-exercise thereof;
- (g) whenever it considers it expedient in the interests of Certificate holders, the Trustee may, in the conduct of the trust business, instead of acting personally employ and pay an agent, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money), and provided that the Trustee shall have exercised reasonable care in the selection of such agent, it shall not be responsible for any misconduct, omission or default on the part of any such person appointed by it hereunder or be bound to supervise the proceedings or acts of any such person;
- (h) any trustee of the Trust being a lawyer, banker, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or any partner of his or by his firm in connection with the Trust and also his properly incurred charges in addition to disbursements for all other work and business done by him or his partner or firm on matters arising in connection with these presents;
- (i) the Trustee may, whenever it thinks it expedient in the best interests of Certificate holders, delegate to any person or persons or fluctuating body of persons all or any of the duties, powers, trusts, authorities and discretions vested in the Trustee by these presents and any such delegation may be by power of attorney or in such

other manner as the Trustee may think fit and may be made upon such terms and subject to such conditions (including power to sub-delegate) and such regulations as the Trustee may reasonably think fit. Provided that the Trustee shall have exercised reasonable care in the selection of such delegate, it shall not be under any obligation to supervise the proceedings or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate (subject at all times to Clause 10);

- (j) the Trustee as between itself and Certificate holders in relation to the Certificates shall have the power to determine all questions and doubts arising in relation to any of the provisions of these presents and every such determination, whether or not relating in whole or in part to the acts or proceedings of the Trustee, shall be, barring any manifest mistake or error of judgment, conclusive and shall bind the Trustee and Certificate holders;
- (k) the Trustee shall have no responsibility with regard to the Trust Assets other than as expressly set out in these presents and (without prejudice to the generality of the foregoing) makes no representation and assumes no responsibility for the validity or enforceability of any Trust Assets and shall not under any circumstances have any Liability to Certificate holders in respect of any payment or delivery which should have been made by it but is not so made or be obliged to account to Certificate holders for any amount on any sum or assets which should have been paid or delivered by it;
- (l) subject to Clause 10, the Trustee shall not be responsible for the acts or omissions of any of the Agents;
- (m) the Trustee shall not incur any Liability to Certificate holders if, by reason of any provision of any present or future law or regulation of any other country or of any relevant governmental authority, or by reason of the interpretation or application of any present or future law or regulation or any change therein, or by reason of any other circumstance beyond its control, it shall be prevented or forbidden from doing or performing any act or thing which the terms of these presents or the Agency Agreement provide shall be done or performed; nor shall the Trustee incur any Liability by reason of any non-performance or delay, caused as aforesaid, in performance of any act or thing which the terms of these presents or the Agency Agreement provide shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any power or discretion provided for in these presents;
- (n) the Trustee may call for any statement or other document to be issued by SBP-BSC as to the face amount of Certificates standing to the account of any person in the SGLA. Any such certificate or other document shall be conclusive and binding for all purposes. Subject to clause 10, the Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any statement or other document to such effect purporting to be issued by SBP-BSC and subsequently found to be forged or not authentic;
- (o) the Trustee shall be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto and shall be liable for any failure to obtain any license, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto;

- (p) the Trustee shall not be responsible for the receipt or application of the proceeds of the issue of any of the Certificates by the Issuer;
- (q) save as expressly otherwise provided in these presents, the Trustee shall have absolute and uncontrolled discretion, but at all times subject to Clause 10, as to the exercise or non-exercise of its trusts, powers, authorities and discretions under these presents (the exercise or non-exercise of which as between the Trustee and the Certificate holders shall be conclusive and binding on the Certificate holders) and shall not be responsible for any Liability which may result from their exercise or non-exercise and in particular the Trustee shall not be bound to act at the request or direction of the Certificate holders or otherwise under any provision of these presents or to take at such request or direction or otherwise any other action under any provision of these presents, without prejudice to the generality of Clause 9.3, unless it shall first be indemnified to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing;
- (r) subject to Clause 10, the Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any Certificate purporting to be such and subsequently found to be forged or not authentic;
- (s) without prejudice to the right of indemnity by law given to trustees but subject to Clause 10, the Issuer shall indemnify the Trustee and every attorney, manager, agent, delegate, nominee, custodian or other person appointed by the Trustee under these presents and keep it or him indemnified against all Liabilities to which it or he may be or become subject or which may be incurred by it or him in the execution or purported execution of any of its or his trusts, powers, authorities and discretions under these presents or its or his functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to these presents or any such appointment (including all Liabilities incurred in disputing or defending any of the foregoing);
- (t) any consent or approval given by the Trustee for the purposes of these presents may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit and, notwithstanding anything to the contrary in these presents, may be given retrospectively. The Trustee may give any consent or approval, exercise any power, authority or discretion or take any similar action (whether or not such consent, approval, power, authority, discretion or action is specifically referred to in these presents) if it is satisfied that the interests of the Certificate holders will not be materially prejudiced thereby. For the avoidance of doubt, the Trustee shall not have any duty to the Certificate holders in relation to such matters other than that which is contained in the preceding sentence;
- (u) the Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Certificate holder any information unless its disclosure to the Certificate holders is part of its duties as the Trustee (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Trustee by the Issuer or any other person in connection with these presents and no Certificate holder shall be entitled to take any action to obtain from the Trustee any such information;
- (v) the Trustee may certify that any of the conditions, events and acts set out in subparagraphs (b) and (c) of Condition 11 (each of which conditions, events and acts shall, unless in any case the Trustee in its absolute discretion shall otherwise determine, for all the purposes of these presents be deemed to include the circumstances resulting therein and the consequences resulting therefrom) is in its opinion materially prejudicial to the interests of the Certificate holders and any

such certificate shall be conclusive and binding upon the Issuer and the Certificate holders;

- (w) subject to Clause 10, the Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the Trust as the Trustee may determine, including for the purpose of depositing with a custodian these presents or any document relating to the Trust and the Trustee shall not be responsible for any Liability incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of such person; the Trustee is not obliged to appoint a custodian if the Trustee invests in securities payable to bearer;
- (x) the Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate signed by any two Directors of the Issuer and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by it or any other person acting on such certificate;
- (y) subject to Clause 10, the Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to the Certificates or any series thereof or for checking or commenting upon the content of any such legal opinion;
- (z) any corporation into which the Trustee shall be merged or with which it shall be consolidated or any company resulting from any such merger or consolidation shall be a party hereto and shall be the Trustee under these presents without executing or filing any paper or document or any further act on the part of the parties thereto;
- (aa) the Trustee shall not be bound to take any action in connection with these presents or any obligations arising pursuant thereto, including, without prejudice to the generality of the foregoing, forming any opinion or employing any financial adviser, where it is not reasonably satisfied that the Issuer and/or the Certificate holders will be able to indemnify it against all Liabilities which may be incurred in connection with such action and may demand prior to taking any such action that there be paid to it in advance such sums as it reasonably considers (without prejudice to any further demand) shall be sufficient so to indemnify it and on such demand being made the Issuer and/or the Certificate holders shall be obliged to make payment of all such sums in full;
- (bb) unless notified to the contrary, the Trustee shall be entitled to assume without enquiry (other than requesting a certificate pursuant to Clause 2.6(d)) that no Certificates are held by, for the benefit of, or on behalf of, the Issuer or the Government;
- (cc) any certificate or report of the auditors of the Issuer or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these presents may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the Liability of the auditors of the Issuer or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself;

- (dd) subject to Clause 10, the Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in these presents, or any other agreement or document relating to the transactions contemplated in these presents or under such other agreement or document; and
  - (ee) the Trustee shall not be liable or responsible for any Liabilities or inconvenience which may result from anything done or omitted to be done by it in accordance with the provisions of these presents.
- 7.2 Sub clauses (p) to (ee) of Clause 7.1 only apply to the Second Delegate and shall become operative only following the delegation provided in Clause 5.2 becoming effective.
- 7.3 Without prejudice to the generality of the foregoing, simultaneous to execution of this Declaration of Trust, the Issuer, the Trustee and the Delegates shall execute the Rules to give effect to the provisions of this Declaration of Trust, which Rules shall, inter alia, include and incorporate the Conditions pertaining to the Certificates and provisions for meetings of the Certificate holders. The Rules shall form an integral part of this Declaration of Trust and shall be deemed to be incorporated herein.

## **8. REMUNERATION AND INDEMNIFICATION OF THE TRUSTEE**

- 8.1 If the Trustee finds it expedient or necessary to undertake duties which the Trustee decides to be outside the ordinary course of administration of the Trust or in performing its duties hereunder obtains the advice or services of any lawyer, valuer, banker, broker, accountant or other expert, the Trustee shall be entitled to receive additional remuneration in respect of such duties at its standard rates for the time being in force and to be reimbursed all costs, charges, expenses and liabilities incurred in connection with the aforesaid in accordance with the Costs Undertaking. If such amounts are insufficient for such reimbursement, the Trustee shall not be obliged to undertake such duties unless indemnified to its satisfaction.
- 8.2 The obligations of the Trustee and the Delegates under this Declaration of Trust are conditional upon the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan executing the Costs Undertaking. By executing the Costs Undertaking, the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan agrees to indemnify the Trustee, the Delegates and their respective directors, officers, employees, agents, delegates and controlling persons against all losses, liabilities, costs, claims, actions, damages, expenses or demands (including but not limited to, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) which any of them may incur or which may be made against any of them as a result of or in connection with the appointment of or the exercise of the powers and duties by the Trustee or Delegates under this Declaration of Trust except as may result from its willful default, gross negligence or bad faith or that of its directors, officers, employees, agents, delegates or controlling persons or any of them, or breach by it of the terms of this Declaration of Trust.

## **9. ENFORCEMENT OF RIGHTS**

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

- 9.2 No Certificate holder shall be entitled to proceed directly against the Government unless (i) the Trustee having become bound so to proceed, fails to do so within sixty days of becoming so bound and such failure is continuing and (ii) the relevant Certificate holder (or such Certificate holder together with the other Certificate holders who propose to proceed directly against the Government) holds at least 25 per cent. of the aggregate face amount of the Certificates then in issue in which case the Trustee and the Certificate holders may enforce the obligation of the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan to pay the Exercise Price under the Purchase Undertaking and otherwise perform its obligations under the Transaction Documents to which the Government is a party.
- 9.3 The Trustee shall not be bound in any circumstances to take any action to enforce or realise the Trust Assets or take any action against the Government under any Transaction Document to which the Government is a party unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least 25 per cent. in aggregate face amount of the Certificates then Outstanding and in either case then only if it is indemnified to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.
- 9.4 The Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters.

## **10. TRUSTEE'S LIABILITY**

Nothing contained in these presents shall in any case in which the Trustee (or Delegate(s)) has failed to show the degree of care and diligence required of it as trustee and as agent (having regard to the provisions of these presents conferring on the Trustee (or the Delegate(s)) any duties, powers, trusts, authorities or discretions) relieve or indemnify it from or against any Liability for breach of trust or any Liability which by virtue of any rule of law would otherwise attach to it in respect of any negligence, default, willful misconduct, breach of duty or breach of trust of which it may be guilty in relation to its duties under these presents.

## **11. APPOINTMENT, REMOVAL OR RETIREMENT OF TRUSTEE**

- 11.1 The Certificate holders, through an Extraordinary Resolution, shall have power to remove any trustee hereunder and appoint a replacement trustee under these presents.
- 11.2 Any trustee hereunder may retire at any time upon giving not less than two months' notice in writing to Certificate holders without assigning any reason and without being responsible for any costs occasioned by such retirement. The retirement of any sole trustee shall not become effective until a successor trustee is appointed. If a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, the Issuer will use all reasonable endeavours to procure that another trust corporation be appointed as Trustee as soon as practicable and if, after 30 days' of such notice having been given the Issuer has failed to do so, the Trustee shall be entitled (at the expense of the Issuer) but not obliged to appoint another trust corporation selected by the Trustee as its successor.
- 11.3 The Trustee, and the Certificate holders through an Extraordinary Resolution, shall have power by notice in writing to the Agents to appoint any person to act as co-trustee jointly with the Trustee:
- (a) if the Trustee or such Certificate holders consider such appointment to be in the interests of the Certificate holders; or



- (b) for the purpose of conforming to any legal requirement, restriction or condition in any jurisdiction in which any particular act or acts is or are to be performed.

Any person so appointed shall (subject to the provisions of these presents) have such rights (including as to reasonable remuneration), powers, duties and obligations as shall be conferred or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any person so appointed. Such co-trustee shall have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by these presents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment.

## **12. TRUSTEE NOT PRECLUDED FROM ENTERING INTO CONTRACTS**

No director or officer of a corporation (other than the Issuer) acting as a trustee of the Trust or its delegate or holding, affiliated or associated company of such corporation shall be precluded from underwriting the Certificates, with or without a commission or other remuneration, or from purchasing or otherwise acquiring, holding, dealing in or disposing of any notes, bonds, debentures, shares or securities whatsoever or from being interested in any contract or transaction or from accepting and holding the office of trustee for the holders of any other securities, and in any such case no such trustee, director or officer shall be liable to Certificate holders for any profit made by it or him thereby or in connection therewith.

## **13. MODIFICATIONS**

Notwithstanding Clauses 2.3 and 2.4 and Condition 5, the Trustee may from time to time and at any time without any consent or sanction of Certificate holders make any modification to these presents if in the opinion of the Trustee such modification:

- (a) is of a formal, minor or technical nature; or
- (b) is made to correct a manifest or proven, to the satisfaction of the Trustee, error.

Unless the Trustee otherwise decides, any such modification shall as soon as practicable thereafter be notified to Certificate holders and shall in any event be binding upon Certificate holders.

## **14. NOTICES**

Any notice required to be given under this Declaration of Trust to the Issuer or the Trustee, or to the Delegates, shall be delivered in person, sent by pre-paid registered post or by facsimile addressed to:

Trustee: Civil Aviation Authority  
Headquarters, Terminal-1, Jinnah International,  
Karachi, Pakistan  
Telephone No: 021-99242004  
Facsimile No: 021-99242004  
Attention:

Issuer, Agent and First Delegate: PAKISTAN DOMESTIC SUKUK COMPANY LIMITED  
Finance Division  
Ministry of Finance  
Block Q  
Pakistan Secretariat  
Islamabad

Pakistan  
Telephone No: 051-9058640  
Facsimile No: 051-9210835  
Attention:

Second Delegate: SBP Banking Services Corporation  
Islamabad  
Tel: 051-9201715  
Facsimile No: 051-9204991

Attention:

or such other address of which notice in writing has been given to the other parties. Any such notice shall take effect, if delivered in person, at the time of delivery, if sent by post, five Business Days after dispatch, and, in the case of facsimile, when a transmission report showing the successful transmission of the facsimile is received by the sender.

## **15. COUNTERPARTS**

This Declaration of Trust may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this Declaration of Trust may enter into the same by executing and delivering a counterpart.

## **16. GOVERNING LAW AND JURISDICTION**

- 16.1 This Declaration of Trust is governed by, and shall be construed in accordance with, the laws of Pakistan.
- 16.2 The Issuer hereby agrees for the exclusive benefit of the Trustee and the Certificate holders that the courts at Islamabad are to have jurisdiction to settle any disputes which may arise out of or in connection with this Declaration of Trust and that accordingly any Proceedings arising out of or in connection with this Declaration of Trust may be brought in such courts and, for such purposes, irrevocably submits to the jurisdiction of such courts.

**IN WITNESS WHEREOF**, this Declaration of Trust has been executed as a deed by the Trustee, the Issuer and the Delegates on the day and year first above written.

## SCHEDULE 1

### AIRPORT LAND

\_\_\_\_\_ % UNDIVIDED SHARE IN TOTAL LAND MEASURING 1510 ACRES COMPRISED IN, JINNAH INTERNATIONAL AIRPORT, KARACHI TOGETHER WITH ALL CONSTRUCTION, SUPERSTRUCTURE, BUILDINGS, FLYOVERS, RUNWAYS AND INTERCHANGES MADE THEREON AS AT THE DATE HEREOF AS DESCRIBED BELOW:

#### Land 1

Land measuring **109Acres 11Ghuntas** comprised in land measuring **79 Acres** bearing Survey Nos. 425min(1Acre-30Ghuntas), 426min(19Acres-11Ghuntas), 433min(5Acres-19Ghuntas), 440min(52Acres-20Ghuntas) and land measuring **30 Acres 11 Ghuntas** bearing Survey Nos. 282(5Acres-23Ghuntas), 54(2Acres-20Ghuntas), 286(7Acres-12Ghuntas), 285(4Acres-23Ghuntas), 288(4Acres-34Ghuntas) and 287(5Acres-19Ghuntas) situated at Deh Mehran, Taluka Maleer, District Karachi vide Form VII bearing Jarian No. 1826 and 1827 respectively dated 04-04-1995.

#### Land 2

Land measuring **1400 Acres 29 Ghuntas** comprised in Survey Nos. 99(8Acres-30Ghuntas), 87(8Acre-6Ghuntas), 95(13Acres-32Ghuntas), 97(6Acres-21Ghuntas), 22(25Acres-2Ghuntas), 23(12Acres-13Ghuntas), 24(22Acres-18Ghuntas), 25(22Acres-38Ghuntas), 26(22Acres-25Ghuntas), 27(24Acres-26Ghuntas), 28(21Acres-23Ghuntas), 29(19Acres-10Ghuntas), 30(22Acre-4Ghuntas), 31(10Acre-10Ghuntas), 32(13Acres-36Ghuntas), 33(14Acres-6Ghuntas), 35(23Acres-26Ghuntas), 36(18Acres-20Ghuntas), 37(19Acres-3Ghuntas), 38(23Acres-26Ghuntas), 40(24Acres-8Ghuntas), 41(23Acres-5Ghuntas), 44(19Acres-27Ghuntas), 45(16Acre-15Ghuntas), 46(19Acre-12Ghuntas), 47(23Acres-29Ghuntas), 48(24Acres-36Ghuntas), 49(22Acres-6Ghuntas), 50(14Acres-7Ghuntas), 51(14Acres-1Ghunta), 52(16Acres-33Ghuntas), 53(25Acres-0Ghuntas), 54(16Acres-25Ghuntas), 55(13Acres-31Ghuntas), 56(22Acres-37Ghuntas), 57(11Acre-13Ghuntas), 58(22Acres-33Ghuntas), 60(18Acres-2Ghuntas), 61(24Acres-11Ghuntas), 62(0Acres-29Ghunta), 65(12Acres-35Ghuntas), 83(10Acres-4Ghuntas), 84(17Acres-16Ghuntas), 85(14Acres-8Ghuntas), 86(24Acres-6Ghuntas), 82(1Acre-10Ghuntas), 89(17Acres-12Ghuntas), 91(11Acres-2Ghuntas), 92(24Acres-13Ghuntas), 94(21Acres-35Ghuntas), 96(15Acres-13Ghuntas), 90(24Acres-30Ghuntas), 100(9Acres-39Ghuntas), 101(20Acres-36Ghuntas), 102(9Acres-7Ghuntas), 104(23Acres-39Ghuntas), 106(10Acres-0Ghuntas), 111(0Acre-23Ghuntas), 112(16Acres-0Ghuntas), 113(7Acres-2Ghuntas), 114(16Acres-37Ghuntas), 116(24Acres-21Ghuntas), 105(12Acres-11Ghuntas), 117(24Acres-31Ghuntas), 118(10Acres-22Ghuntas), 122(5Acres-37Ghuntas), 123(3Acres-0Ghuntas), 121(6Acres-38Ghuntas), 129(24Acres-33Ghuntas), 131(8Acres-36Ghuntas), 132(6Acres-30Ghuntas), 133(5Acres-21Ghuntas), 134(13Acres-34Ghuntas), 135(3Acres-26Ghuntas), 138(24Acres-7Ghuntas), 141(13Acres-8Ghuntas), 142(2Acres-29Ghuntas), 143(17Acres-35Ghuntas), 137(21Acres-23Ghuntas), 144(14Acres-27Ghuntas), 145(17Acres-38Ghuntas), 146(17Acres-19Ghuntas), 147(4Acres-4Ghuntas), 148(19Acres-28Ghuntas), 149(24Acres-26Ghuntas), 151(7Acres-10Ghuntas), 165(22Acres-5Ghuntas), and 103(5Acres-8Ghuntas) situated at Deh Safooran, Taluka Malir, District Karachi vide Form VII bearing Jarian No. 189 dated 08-08-2007

## SUMMARY OF BUILDING

| S.No. | Description   | Covered Area      | Covered Area    |
|-------|---|-------------------|-----------------|
| A     | <b>Jinnah Terminals</b>   | <b>In Sq. Mtr</b> | <b>In Sq Ft</b> |
| 1     | Level 0   | 37,524.35         | 403,908.73      |
| 2     | Level 1   | 36,781.84         | 395,916.42      |
| 3     | Level 2   | 11,761.36         | 126,598.26      |
| 4     | Level 3   | 11,761.36         | 126,598.26      |
| 5     | Level 4   | 9,069.23          | 97,620.41       |
| 6     | Level 5   | 6,065.25          | 65,285.79       |
| 7     | Level 6   | 1,315.30          | 14,157.81       |
| 8     | Level 7   | 415.81            | 4,475.70        |
| 9     | Level 8   | 305.49            | 3,288.27        |
| B     | Runway 1  | 3,200m x 46 m     |                 |
|       | Runway 2  | 3,400m x 46 m     |                 |
| C     | Firefighting Shed, Old Terminals, CAA Head Office, Cargo Buildings  | Lump Sum          |                 |
| D     | CAA Flats, CAA Houses, Civil Aviation Club, CAA Medical Center, CAA General Engineering Depot, Township Medical Center, CAA Model Schools, Commercial Center CAA, CAA Office Buildings, Metrological Office, Karachi Airport. | Lump Sum          |                 |

**SIGNATORIES  
(Declaration of Trust)**

**TRUSTEE**  
**For and on behalf of Civil Aviation Authority**

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

Name:

Title:

**Witnesses:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No

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

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

Name:

Title:

**Witnesses:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**DELEGATES**

The Delegates hereby acknowledge and accept their appointment as such on terms of this Declaration of Trust

**For and on behalf of SBP Banking Services Corporation**

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

Name:

Title:

**Witnesses:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

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

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

Name:

Title:

**Witnesses:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**AGENCY AGREEMENT**

**in respect of**

**RS. \_\_\_\_\_ Sukuk Certificates due 201\_\_**

**DATED \_\_\_\_\_, 201\_\_**

**Pakistan Domestic Sukuk Company Limited;  
asAgent**

**and**

**SBP Banking Services Corporation  
as Paying Agent, Reference Agent and Registrar**

**THIS AGENCY AGREEMENT** is dated \_\_\_\_\_, 201\_\_ and made among:

- (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, (in its capacity as agent of the Investors (as defined below), the “**Agent**”);
- (2) **SBP BANKING SERVICES CORPORATION**, a subsidiary of the State Bank of Pakistan established pursuant to the SBP Banking Services Corporation Ordinance, 2001, as amended, and having an office at Islamabad, as paying agent (in such capacity, the “**Paying Agent**”), as reference agent (in such capacity the “**Reference Agent**”), as registrar (in such capacity, the “**Registrar**”), in each case in respect of the Certificates;

**WHEREAS:**

- (A) The Agent has been appointed as an agent by the Financial Institutions / Certificate Holders to act on behalf of the Investors pursuant to the Subscription Undertaking with respect to the sale and purchase of the Assets and issuance of Certificates. PDSCL has agreed to issue the certificates pursuant to the Certificate Issuance Undertaking.
- (B) The Agent has to appoint the Paying Agent, the Reference Agent and the Registrar in connection with the Certificates.
- (C) The parties to this Agreement are entering into this Agreement as part of a transaction which is in compliance with Shariah principles.

**NOW IT IS HEREBY AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Agreement:

**Agents** has the meaning given to it in Clause 2.2;

**Declaration of Trust** means the declaration of trust dated on or about the date hereof made by the Issuer, the Trustee and the Delegate (as defined in the Declaration of Trust);

**PDSCL** means Pakistan Domestic Sukuk Company Limited, a public limited liability company incorporated in the Islamic Republic of Pakistan (Pakistan) under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984) and wholly-owned by the Government;

**Subscription Undertaking** means the subscription undertaking dated on or about the date hereof made by the Investors in favour of PDSCL, Trustee and Islamic Republic of Pakistan;;

**Transaction Documents** means the Purchase Agreement, the Ijara Agreement, the Purchase Undertaking, the Declaration of Trust, this Agency Agreement, the Costs Undertaking, the Service Agency Agreement, the Subscription Undertaking, the Certificate Issuance Undertaking, the Certificates, the Rules and any other agreements and documents delivered or executed in connection therewith;

**Trustee** means the Civil Aviation Authority, a body corporate established under the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) (the “**Aviation Ordinance**”), having an office at Headquarters, Terminal-1, Jinnah International Airport, Karachi.



## 1.2 Interpretation

In this Agreement words and expressions defined and rules of construction and interpretation set out in the Transaction Documents or if not defined therein, the terms and conditions (the “**Conditions**”) of the Certificates (as such definitions and rules are amended in relation to this Agreement) shall, unless the context otherwise requires, have the same meanings herein.

## 2. APPOINTMENT OF AGENTS

- 2.1 The Agent hereby appoints, on the terms and subject to the conditions of this Agreement:
- (a) SBP Banking Services Corporation, at its specified office in Islamabad as paying agent in respect of the Certificates and to collect, transfer, distribute proceeds and rentals;
  - (b) SBP Banking Services Corporation, at its specified office in Islamabad as reference agent for the purpose of determining certain periodic amounts payable in respect of the Certificates; and
  - (c) SBP Banking Services Corporation, at its specified office in Islamabad as registrar in respect of the Certificates.
- 2.2 The Paying Agent, the Reference Agent and the Registrar are together referred to as the “**Agents**”.
- 2.3 Each Agent accepts its appointment as agent of the Agent in relation to the Certificates and agrees to comply with the terms of this Agreement. Each Agent further agrees to perform the duties specified for it in this Agreement and the Conditions. The obligations of each Agent are several and not joint.

## 3. ACCOUNTS AND PAYMENTS

- 3.1 The Agent shall have opened and shall maintain in its name or in Trustee’s name or its Delegate’s/nominees name with SBP Banking Services Corporation the Transaction Account which shall be operated by the Paying Agent on behalf of the Agent for the benefit and use of the Certificate holders.
- 3.2 The Paying Agent on behalf of the Agent shall cause to be deposited into the Transaction Account by 10.00 a.m. (PST):
- (a) on the last Business Day preceding each Periodic Distribution Date, to the extent paid by the Lessee pursuant to the Ijara Agreement, an amount equal to the Rental to be paid under the Ijara Agreement on the last Business Day preceding such Periodic Distribution Date;
  - (b) on the Scheduled Distribution Date or any earlier date on which the Trust is dissolved in accordance with Condition 8 or 11, to the extent paid by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan pursuant to the Ijara Agreement and/or Purchase Undertaking, an amount equal to the Dissolution Distribution Amount; and
  - (c) on any date where payment is received from the Service Agent pursuant to the Service Agency Agreement, all amounts so received from the Service Agent.

- 3.3 The Paying Agent on behalf of the Agent shall procure that, before 1.00 p.m. (PST) on the last Business Day before the Periodic Distribution Date, to the extent that the Lessor has received the equivalent confirmation under the Ijara Agreement, the bank effecting payment for it confirms by tested telex or authenticated SWIFT message to the Paying Agent the payment instructions relating to such payment.
- 3.4 On each Periodic Distribution Date or on the Redemption Date, the Paying Agent shall, notwithstanding any instructions received from the Trustee or Agent to the contrary, apply the monies standing to the credit of the Transaction Account in the following order of priority:
- (a) first, to the Trustee's Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as delegate of the Trustee;
  - (b) second, for application by the Paying Agent in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due and unpaid;
  - (c) third, only if such payment is made on the Redemption Date, for application by the Paying Agent in or towards payment *pari passu* and rateably of the Dissolution Distribution Amount;
  - (d) fourth, only if such payment is made on the Redemption Date, to the Service Agent in or towards payment of all outstanding Expenses; and
  - (e) fifth, only if such payment is made on the Redemption Date, to the Agent.
- 3.5 In respect of all Periodic Distribution Amounts, the Paying Agent shall perform its obligations as set out in, and in accordance with the terms of, the Conditions (which payment shall constitute the fulfilment of its obligations to make payments in respect of the Certificates).
- 3.6 The Reference Agent shall at any time upon request by the Agent calculate the Periodic Distribution Amount, Dissolution Distribution Amount and Rental as of a specified date.
- 3.7 The Paying Agent shall apply each amount paid to it under this Clause 3 in accordance with the provisions of this Agreement and the Conditions.

#### **4. DUTIES OF THE PAYING AGENT**

- 4.1 The Paying Agent shall act as paying agent of the Agent in respect of the Certificates and shall pay or cause to be paid on behalf of the Agent, on and after each date on which any payment becomes due and payable, the Dissolution Distribution Amount and/or Periodic Distribution Amount then payable on redemption of Certificates and/or any other amount payable by the Agent under the Conditions, this Agreement and the Transaction Documents. If any payment provided for pursuant to Clause 3 is made late but otherwise pursuant to the terms of this Agreement the Paying Agent shall nevertheless act as paying agent following receipt by it of payment.
- 4.2 If a default is made by the Issuer in respect of any payment, unless and until the full amount of the payment has been made under the terms of this Agreement (except as to the time of making the same) or other arrangements satisfactory to the Paying Agent have been made, the Paying Agent shall not be bound to act as paying agent.

#### **5. DELEGATE**

- 5.1 Any reference in this Agreement to the Trustee shall, subject to the provisions of the Declaration of Trust, mean and include a reference to the Delegate (as applicable).

## **6. REIMBURSEMENT OF THE PAYING AGENT**

- 6.1 If the Paying Agent makes any payment in accordance with this Agreement, it shall be entitled to appropriate for its own account out of the funds received by it under Clause 3.2 an amount equal to the amount so paid by it.
- 6.2 The Paying Agent shall only be under an obligation to make a payment in respect of the Certificates on or after the due date for such payment under the Conditions at a time at which the Paying Agent has received the full amount of the relevant payment due to it under Clause 3.2.

## **7. DETERMINATION AND NOTIFICATION OF T-BILL RATE, PERIODIC DISTRIBUTION AMOUNTS AND PERIODIC DISTRIBUTION DATES**

- 7.1 The Reference Agent shall determine T-Bill Rate applicable to each Return Accumulation Period, the Periodic Distribution Amount payable in respect thereof and the relevant Periodic Distribution Date, all subject to and in accordance with the Conditions.
- 7.2 The Reference Agent shall notify the Agent and the Paying Agent at the relevant time by facsimile of each T-Bill Rate and Periodic Distribution Amount for each Return Accumulation Period and the related Periodic Distribution Date as soon as practicable after the determination thereof but in no event later than the first day of each Return Accumulation Period, and the Paying Agent shall arrange for such T-Bill Rate and Periodic Distribution Amount to be notified in accordance with Condition 14 as soon as practicable after their determination but in no event later than the fourth Business Day thereafter. The Periodic Distribution Amount and Periodic Distribution Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Return Accumulation Period. In the event of any such amendment, the Agent shall, as soon as practicable thereafter, notify the Paying Agent by facsimile of the amended Periodic Distribution Amount and Periodic Distribution Date and the Paying Agent shall arrange for such amended Periodic Distribution Amount and Periodic Distribution Date to be notified in accordance with Condition 14 as soon as practicable after determination of such amendment but in no event later than the fourth (4<sup>th</sup>) Business Day thereafter.
- 7.3 If the Reference Agent cannot for any reason determine T-Bill Rate, the Periodic Distribution Amount and/or the Periodic Distribution Date in respect of any Return Accumulation Period as provided in this Clause 7, it shall forthwith notify the Agent and the Paying Agent of such fact.

## **8. NOTICE OF WITHHOLDING OR DEDUCTION**

If the Agent is, in respect of any payment in respect of the Certificates, compelled to withhold or deduct any amount for or on account of any Taxes as contemplated by Condition 9 or any undertaking in addition to or in substitution for Condition 9, the Agent shall give notice to the Paying Agent as soon as it becomes aware of the requirement to make the withholding or deduction and shall give to the Paying Agent such information as it shall require to enable it to comply with the requirement.

## **9. DUTIES OF THE REGISTRAR**

- 9.1. The Registrar shall for so long as any Certificate is outstanding:
- (a) maintain the Register which shall show:

- (i) the outstanding amounts and serial numbers of all Certificates in book entry form;
  - (ii) the dates of issue of all Certificates;
  - (iii) all subsequent transfers and changes of ownership of the Certificates;
  - (iv) the names, addresses and account details of the Certificate holders;
  - (v) all payments of Periodic Distribution Amounts and Dissolution Distribution Amounts made in respect of the Certificates;
  - (vi) all cancellations of Certificates;
- (b) receive any document in relation to or affecting the title to any of the Certificates including all forms of transfer, forms of exchange, probates, letters of administration and powers of attorney;
  - (c) maintain proper records of the details of all documents and certifications received by itself;
  - (d) prepare all such lists of Certificate holders as may be required by the Agent, the Paying Agent or any person authorised by any of them;
  - (e) subject to applicable laws and regulations at all reasonable times during office hours make the Register available to the Agent, the Paying Agent or any person authorised by any of them for inspection;
  - (f) notify the Paying Agent upon its request made not less than seven Business Days before each Distribution Date of the names and addresses of all Certificate holders at the close of business on the relevant record date (as defined in Condition 7.1) and the amounts of their holdings in order to enable the Paying Agent to make or arrange for due payment to the holders of the Periodic Distribution Amount and/or Dissolution Distribution Amount; and
  - (g) comply with the proper and reasonable requests of the Agent with respect to the maintenance of the Register and give to the Paying Agent and the other Agents such information as may be reasonably required by them for the proper performance of their respective duties.

## **10. NOTICES IN CONNECTION WITH EARLY PAYMENT**

In the event that the Certificates are to be redeemed prior to the Scheduled Dissolution Date, the Agent shall notify the Agents and the Certificate holders (in accordance with Condition 14) of such early redemption.

## **11. PUBLICATION OF NOTICES**

11.1 On behalf of and at the written request and expense of the Islamic Republic of Pakistan pursuant to clause 14.1, the Paying Agent shall cause to be dispatched or published all notices required to be given by the Issuer, Agent or the Trustee under the Conditions. The Paying Agent shall provide approved copies of such notices to the Registrar at least seven days prior to the date of publication.

11.2 Each Agent, on receipt of a notice or other communication addressed to the Issuer, shall promptly forward a copy to the Agent.

11.3 The Paying Agent shall promptly send to the Trustee one copy of the form of every notice given to the Certificate holders in accordance with the Conditions and this Agreement.

## **12. CANCELLATION OF CERTIFICATES**

12.1 All Certificates which are redeemed shall be cancelled. The Paying Agent shall give to the Registrar details of all payments made by it.

12.2 The Registrar or its authorised agent shall, at the request of the Agent or the Paying Agent, furnish the Agent and the Paying Agent with a certificate of cancellation containing written particulars of the serial numbers of such cancelled Certificates.

## **13 RECORDS AND CERTIFICATES**

13.1 The Registrar shall keep a full and complete record of all Certificates and of their redemption, cancellation or payment (as the case may be) and shall at all reasonable times make the records available to the Agent and the Paying Agent.

13.2 The Registrar shall, at the request of the Agent or the Paying Agent, give to the Agent and the Paying Agent, as soon as possible and in any event within three months after the date of redemption, cancellation, purchase or payment a certificate stating:

(a) the aggregate amount of the Certificates which have been redeemed;

(b) the aggregate of Periodic Distribution Amounts paid and the Periodic Distribution Dates;

## **14. REMUNERATION AND INDEMNIFICATION OF THE AGENTS**

14.1 The Agent shall procure that the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan pays to the Agents such fees and expenses in respect of their services under this Agreement on such terms as shall be undertaken separately by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan in the Costs Undertaking.

14.2 If any Agent finds it expedient or necessary to undertake duties which the Agent determines to be outside the ordinary course of the performance by such Agent of its obligations hereunder, such Agent shall be entitled to receive additional remuneration in respect of such duties at its standard rates for the time being in force and to be reimbursed all costs, charges, expenses and liabilities incurred in connection therewith in accordance with the Costs Undertaking. If such amounts are insufficient for such reimbursement, such Agent shall not be obliged to undertake such duties unless indemnified to its satisfaction.

14.3 The obligations of the Agents under this Agreement are conditional upon the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan executing the Costs Undertaking. By executing the Costs Undertaking, the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan agrees to indemnify each Agent and their respective directors, officers, employees, agents, delegates and controlling persons against all losses, liabilities, costs, claims, actions, damages, expenses or demands (including, but not limited to, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) which any of them may incur or which may be made against any of them as a result of or in connection with the appointment of or the exercise of the powers and duties by such Agent under this Agreement except as may result from its wilful default, negligence or

bad faith or that of its directors, officers, employees, agents, delegates or controlling persons or any of them, or breach by it of the terms of this Agreement.

## **15. REPAYMENT BY PAYING AGENT**

Subject to Condition 10, sums paid by or by arrangement with the Agent to the Paying Agent pursuant to the terms of this Agreement shall not be required to be repaid to the Agent.

## **16. CONDITIONS OF APPOINTMENT**

- 16.1 Save as provided in Clause 16.3 the Paying Agent shall be entitled to deal with money paid to it by the Agent for the purposes of this Agreement in the same manner as other money paid to a banker by its customers and shall not be liable to account to the Agent for any interest or other amounts in respect of such money. No money held by the Paying Agent needs be segregated except as required by law.
- 16.2 In acting under this Agreement and in connection with the Certificates, the Agents shall act solely as agents of the Agent and will not assume any obligations towards or relationship of agency or trust for or with any of the Certificate holders.
- 16.3 The Paying Agent shall not exercise any right of set-off or lien against the Agent or any Certificate holders in respect of any moneys payable to or by it under the terms of this Agreement.
- 16.4 Except as ordered by a court of competent jurisdiction or required by law or otherwise instructed by the Agent, each of the Agents shall be entitled to treat the registered holder of any Certificate as the absolute owner for all purposes (whether or not the Certificate shall be overdue and notwithstanding any notice of ownership or other writing on the Certificate or any notice of previous loss or theft of the Certificate).
- 16.5 Each of the Agents shall be obliged to perform such duties and only such duties as are set out in this Agreement and the Certificates and no implied duties or obligations shall be read into this Agreement or the Certificates against the Agents.
- 16.6 Each of the Agents may consult with legal and other professional advisers and the opinion of the advisers shall be full and complete protection in respect of action taken, omitted or suffered under this Agreement in good faith and in accordance with the opinion of the advisers.
- 16.7 Each of the Agents shall be protected and shall incur no liability for or in respect of action taken, omitted or suffered in reliance upon any instruction, request or order from the Agent or any other Agent, or any notice, resolution, direction, consent, certificate, affidavit, statement, facsimile, telex or other paper or document which it reasonably believes to be genuine and to have been delivered, signed or sent by the proper party or parties or upon written instructions from the Agent.
- 16.8 Any of the Agents, their officers, directors, employees, agents, delegates or controlling persons may become the owner of, or acquire any interest in, Certificates with the same rights that it or he would have if the Agent concerned were not appointed under this Agreement, and may engage or be interested in any financial or other transaction with the Agent, and may act on, or as depositary, trustee or agent for, any committee or body of Certificate holders or other obligations of the Agent, as freely as if the Agent were not appointed under this Agreement.

- 16.9 None of the Agents shall be under any obligation to take any action under this Agreement which it expects will result in any expense or liability accruing to it, the payment of which, within a reasonable time is not, in its reasonable opinion, assured to it.
- 16.10 None of the Agents shall have any liability for any stamp duty, tax or other governmental charge that may be imposed in relation to the execution and delivery of this Agreement.
- 16.11 None of the Agents shall be liable for consequential loss (being loss of business, goodwill, opportunity or profit) of any kind whatsoever.

## **17. COMMUNICATION WITH AGENTS**

A copy of all communications relating to the subject matter of this Agreement between the Issuer or the Trustee and any of the Agents other than the Paying Agent shall be sent to the Paying Agent and Agent.

## **18. TERMINATION OF APPOINTMENT**

- 18.1 The Agent may terminate the appointment of any Agent at any time and/or, in the case of any Agent, appoint additional or other Agents by giving to the relevant Agent whose appointment is concerned and, where appropriate, the Paying Agent, at least 90 days' prior written notice to that effect, provided that, so long as any of the Certificates is outstanding:
- (a) in the case of a Paying Agent, the notice shall not expire less than 45 days before any Periodic Distribution Date; and
  - (b) notice shall be given to Certificate holders under Condition 14 at least 30 days before the removal or appointment of an Agent (other than the Reference Agent).
- 18.2 Notwithstanding the provisions of Clause 18.1, if at any time:
- (a) an Agent becomes incapable of acting, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or if an administrator, liquidator or administrative or other receiver of it or of all or a substantial part of its property is appointed, or it admits in writing its inability to pay or meet its debts as they may mature or suspends payment of its debts, or if documents are filed with any court or an order of any court is entered approving any petition or documents filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a public officer takes charge or control of the Agent or of its property or affairs for the purpose of rehabilitation, administration or liquidation; or
  - (b) in the case of the Reference Agent, it fails to determine T-Bill Rate applicable to each Return Accumulation Period, the Periodic Distribution Amount payable in respect thereof and/or the relevant Periodic Distribution Date as provided in the Conditions and this Agreement,

the Agent may forthwith without notice terminate the appointment of the Agent, in which event (save with respect to the termination of the appointment of the Reference Agent) notice shall be given to the Certificate holders under Condition 14 as soon as is practicable.

- 18.3 The termination of the appointment of an Agent under this Agreement shall not entitle the relevant Agent to any amount by way of compensation but shall be without prejudice to any amount then accrued due.
- 18.4 All or any of the Agents may resign their respective appointments under this Agreement at any time by giving to the Agent and, where appropriate, the Paying Agent at least 90 days' prior written notice to that effect provided that, in the case of the Paying Agent, so long as any of the Certificates is outstanding, the notice shall not expire less than 45 days before any Distribution Date. Following receipt of a notice of resignation from an Agent (other than the Reference Agent), the Agent shall promptly, and in any event not less than 20 days before the resignation takes effect, give notice of such resignation to the Certificate holders under Condition 14.
- 18.5 Notwithstanding the provisions of Clauses 18.1, 18.2 and 18.4, so long as any of the Certificates is outstanding, the termination of the appointment of an Agent (whether by the Agent or by the resignation of the Agent) shall not be effective unless upon the expiry of the relevant notice there is:
- (a) a Paying Agent;
  - (b) a Registrar; and
  - (c) a Reference Agent.
- 18.6 Any successor Agent, shall execute and deliver to its predecessor, the Agent and, where appropriate, the Paying Agent an instrument accepting the appointment under this Agreement, and the successor Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of the predecessor with like effect as if originally named as an Agent, as the case may be.
- 18.7 If the appointment of an Agent (other than the Reference Agent) under this Agreement is terminated (whether by the Agent or by resignation), such Agent shall on the date on which the termination takes effect pay to its successor Agent (or, if none, to the Delegate) the amounts (if any) held by it in respect of Certificates which have become due and payable but which have not been presented for payment, but shall have no other duties or responsibilities under this Agreement.
- 18.8 If the Paying Agent shall change its specified office, it shall give to the Agent and the other Agents, not less than 25 days' prior written notice (in accordance with Clause 22) to that effect giving the address of the new specified office. As soon as practicable thereafter and in any event at least 20 days before the change, the Paying Agent shall give to the Certificate holders notice of the change and the address of the new specified office under Condition 14.
- 18.9 A corporation into which any Agent for the time being may be merged or converted or a corporation with which the relevant Agent may be consolidated or a corporation resulting from a merger, conversion or consolidation to which the relevant Agent shall be a party shall, to the extent permitted by applicable law and provided that the credit rating of the entity is satisfactory to the Agent, be the successor Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement. Notice of any merger, conversion or consolidation shall forthwith be given to the Agent and, where appropriate, the Paying Agent.
- 18.10 If any Agent gives notice of its resignation in accordance with this Clause 18 and by the tenth day before the expiry of such notice a successor has not been duly appointed, the relevant Agent may itself, following such consultation with the Agent as is practicable in



the circumstances appoint as its successor any reputable and experienced financial institution and give notice of such appointment to the Agent, the remaining Agents, and the Certificate holders, whereupon the Agent, the remaining Agents and such successor shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form mutatis mutandis of this Agreement.

## 19. NOTICES

Any notice required to be given under this Agreement to any of the parties shall be delivered in person, sent by pre-paid registered post (first class if inland, first class airmail if overseas) or by facsimile addressed to:

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

Paying Agent, Registrar  
and Reference Agent

with a copy to the Delegate  
SBP Banking Services Corporation  
Address: Islamabad  
Tel: 051-9201715  
Facsimile No: 051-9204991  
Attention:

or such other address of which notice in writing has been given to the other parties to this Agreement under the provisions of this Clause. Any such notice shall take effect, if delivered in person, at the time of delivery, if sent by post, five days after despatch, and, in the case of facsimile, when a transmission report showing the successful transmission of the facsimile is received by the sender.

## 20. AMENDMENTS

This Agreement may be amended by all the parties hereto, without the consent of any Certificate holder, either:

- (a) where the modification is of a formal, minor or technical nature or is made to correct a manifest error; or
- (b) in any manner which the parties may mutually deem necessary or desirable and which shall not be inconsistent with the Conditions and shall not, in the opinion of the Agent, be materially prejudicial to the interests of the Certificate holders.

Subject to the foregoing, no provision of this Agreement may be amended or waived without the consent of the Certificate holders in an Extraordinary Resolution.

**21. NO BANKRUPTCY PETITION**

Notwithstanding anything to the contrary contained herein or in any other Transaction Document, each party hereto hereby covenants and agrees that, prior to the date which is six months and one day after the date on which all amounts owing by the Agent under the Transaction Document to which it is a party have been paid in full, it will not institute against, or join with any other Person in instituting against the Agent any bankruptcy, reorganisation, arrangement, winding-up or liquidation proceedings or other proceedings under any bankruptcy or similar law. The provisions of this Clause shall survive the termination of this Agreement.

**22. LIMITED RECOURSE**

Notwithstanding anything to the contrary contained herein or in any other Transaction Document, each party hereto hereby covenants and agrees that no payment of any amount whatsoever shall be made by the Agent or any of the agents on their behalf except to the extent funds are available therefor and further agrees that no recourse shall be had for the payment of any amount owing hereunder or thereunder or any other obligation or claim arising out of or based upon this Agreement or any other Transaction Document, whether for the payment of any fee or other amount hereunder or any other obligation or claim arising out of or based upon this Agreement or any other Transaction Document, against the Issuer, Agent, to the extent the Trust Assets have been exhausted, following which all obligations of the Agent shall be extinguished. The provisions of this Clause shall survive the termination of this Agreement.

**23. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

23.1 This Agreement is governed by, and shall be construed in accordance with, the laws of Pakistan.

23.2 The Agent hereby agrees for the exclusive benefit the Agents that the courts at Islamabad are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any Proceedings arising out of or in connection with this Agreement may be brought in such courts and, for such purposes, irrevocably submits to the jurisdiction of such courts.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agency Agreement to be executed by their respective representatives hereunto duly authorised, as of the date first above written.

**Signatories**

**(Agency Agreement)**

**THE AGENT**

**For and on behalf of**

Pakistan Domestic Sukuk Company Limited

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

Name:

Title:

Witness:

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

Name:

Address:

NIC No.:

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

Name:

Address:

NIC No.

**THE PAYING AGENT, THE REGISTRAR AND REFERENCE AGENT**

**For and on behalf of SBP Banking Services Corporation**

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

Name:

Title:

Witness:

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

Name:

Address:

NIC No.:

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

Name:

Address:

NIC No.

## **IJARA AGREEMENT**

**Pakistan Domestic Sukuk Company Limited**  
**(as Agent on behalf of the Certificate holders)**

**as Lessor**

**and**

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

**as Lessee**

**THIS IJARA AGREEMENT** is dated \_\_\_\_\_ and made between:

- (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 **“Agent”** (acting for and on behalf of the Certificate holders) and **“Lessor”**); and
- (2) **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 (in such capacity, the **Lessee**).

**WHEREAS:**

- (A) Pursuant to the Declaration of Trust, the Trustee is holding the legal registered title to the Airport Land, on behalf of the Certificate holders.
- (B) The PDSCL, as an agent of the Certificate holders, wishes to lease the Airport Land for the use of the Lessee.
- (C) The Agent and Lessee wish to enter into this Agreement for the lease of the Airport Land by the Agent to the Lessee.

**NOW IT IS HEREBY AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

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

**Airport** means Jinnah International Airport, Karachi, a licensed aerodrome under the Aviation Ordinance and rules made thereunder;

**Airport Land** means the asset as specifically described in Schedule 1 hereto;;

**Aviation Ordinance** means the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) as amended

**Awards** means the awards given by the relevant land acquisition collectors pursuant to the Land Acquisition Act, 1894 (Act No. I of 1894) in respect of the Airport Land;

**Business Day** means a day on which the State Bank of Pakistan and commercial banks in Pakistan are open for full scale banking business;

**CAA** means the Civil Aviation Authority established pursuant to Section 3 of the Aviation Ordinance;

**Certificates** mean Rs. \_\_\_\_\_ Sukuk Certificates due 201\_\_ to be issued by the Pakistan Domestic Sukuk Company Limited on the Closing Date;

**Closing Date** means \_\_\_\_\_;

**Compensated Persons** has the meaning given to it in Clause 10.1;

**Declaration of Trust** means the declaration of trust dated on or about the date hereof executed by CAA (as Trustee), PDSCL (as Issuer and First Delegate) and the SBP Banking Services Corporation (as Second Delegate);

**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;

**Guarantee** means any obligation of a Person to pay the Indebtedness of another Person including without limitation:

- (a) an obligation to pay or purchase such Indebtedness;
- (b) an obligation to lend money or to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) an indemnity against the consequences of default in the payment of such Indebtedness; or
- (d) any other agreement to be responsible for such Indebtedness;

**Indebtedness** means any obligation for the payment or repayment of money which has been borrowed or raised (including money raised by acceptances and leasing);

**Issuer** means Pakistan Domestic Sukuk Company Limited;

**Land Taxes** means all taxes in relation to the Airport Land customarily borne by a registered proprietor in Pakistan (but excluding all taxes that are customarily borne by a lessee or a tenant in Pakistan in respect of land similar to the Airport Land);

**“Lessor”** means the Agent, in its capacity as lessor under this Agreement;

**Lease Commencement Date** means the date on which the lease hereunder shall commence, being the date on which the Agent (or its agent) and the Lessee execute the first Lease Rental Notification;

**Lease Event of Default** means any of the events specified in Clause 8.1 and any other event or events that with the giving of notice or the lapse of time or a determination being made under the relevant paragraph would constitute an event of default thereunder;

**Lease Term** means the period of three (3) years starting from the Lease Commencement Date, unless extended with mutual consent of the Lessor (through its agent) and the Lessee;

**Major Maintenance** means all repairs, replacements, acts and maintenance required in respect of the Airport Land other than Ordinary Maintenance and shall include repairs of Partial Loss where such Partial Loss is not caused by or attributable to acts, omission or negligence of the Lessee;

**Ordinary Maintenance** means all repairs, replacements, acts and maintenance and upkeep works required for the general usage and operation of the Airport Land and to keep, repair, maintain and preserve the Airport Land in good order and condition, and in compliance with such maintenance, repair and upkeep standards and procedures generally expected in the ordinary course of the business as carried on in relation to the Airport Land;

**Pakistan** means the Islamic Republic of Pakistan;

**Pakistan Rupee** means the lawful currency of Pakistan;

**Partial Loss** means any loss or damage to the Airport Land which does not result in a Total Loss;

**PDSCL** means Pakistan Domestic Sukuk Company Limited, a public limited liability company incorporated in the Islamic Republic of Pakistan (**Pakistan**) under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984) and wholly-owned by the Government;

**Periodic Distribution Amounts** has the meaning given to it in the Conditions of the Certificates;

**Person** means an individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, having a legal personality;

**Proceedings** mean any suit, action or proceedings arising out of or in connection with this Agreement;

**Purchase Agreement** means the agreement to purchase dated on or about the date hereof executed by Agent and the Government;

**Related Documents** mean the Transaction Documents or any other documents required by the Lessor to be executed or provided by the Lessee under this Agreement on, prior to or subsequent to the date hereof but excludes the Purchase Undertaking (as defined in the Declaration of Trust);

**Relevant Authority** means Pakistan or any political subdivision or any authority thereof or therein having power to tax;

**Rental** means for each of the Rental Periods, an amount equal to the product of:

- (i) the Rental Rate (as decided in the auction of sukuk and applicable for the entire Lease Term) for such Rental Period;
- (ii) Rs. \_\_\_\_\_; and
- (iii) the number of days in such Rental Period divided by 365;

**Rental Calculation Date** means the \_\_\_\_\_ of each \_\_\_\_\_ and \_\_\_\_\_, commencing on \_\_\_\_\_ and to and including \_\_\_\_\_ or any earlier date on which this Agreement is terminated in accordance with its terms, but not falling outside the Lease Term;

**Rental Period** means the period from and including a Rental Calculation Date (or with respect to the first Rental Period, from and including the Lease Commencement Date) to but excluding the immediately following Rental Calculation Date;

**Rental Rate** means the cut-off rate / yield decided in the auction of the sukuk to be issued under the Transaction Documents, for the entire Lease Term and notified in accordance with Clause 3.8;

**Security** means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance or preferential arrangement which has the practical effect of constituting a security interest whether in effect on the date of this Agreement or thereafter, provided that, for the avoidance of doubt, any transaction which involves the disposal of any asset or assets together with any direct or indirect right of reacquisition of the same at some later date, shall not be deemed to amount to the creation of a security interest to the extent that the principal purpose in

structuring the transaction so as to include such disposal and right of reacquisition is to make it compliant with Shariah principles;

**Service Agency Agreement** means the service agency agreement dated on or about the date hereof entered into by the Parties hereto, which agreement is referred to in Clause 2.3 hereof;

**Service Agent** means the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan;

**"Total Loss"** means either:

- (a) the loss of, or the loss of use of, the Airport Land due to destruction, damage beyond repair or the rendering of the Airport Land permanently unfit for normal use for any reason whatsoever; or
- (b) any occurrence with respect to the Airport Land which results in an insurance settlement being made on the basis of a total loss or constructive or compromised total loss of the Airport Land; or
- (c) any requisition for title, compulsory acquisition, expropriation, confiscation, seizure, capture or other act which results in the Trustee being divested of its title to the Airport Land otherwise than by reason of its own voluntary act; or
- (d) any damage to the Airport Land which, in the opinion of the insurers with whom the Airport Land is insured and/or in the opinion of the Service Agent, renders repair impractical or uneconomic,

and, if an event occurs which constitutes a Total Loss as specified in more than one of the above paragraphs, it shall be deemed to fall within whichever of such paragraphs results in the earliest occurrence of a Total Loss as provided in Clause 7.4.

**Transaction Account** means the account (maintained in the name of the Lessor or its Delegates or nominee and notified to the Lessee in writing at least seven days in advance of the first payment thereto) and into which, among other things, all payments under this Agreement will be deposited;

**Transaction Documents** has the meaning ascribed to that term in the Declaration of Trust but shall exclude the Purchase Undertaking (as defined in the Declaration of Trust).

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

- (a) references to "**this Agreement**" 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) references to any action being taken by the Trustee and/or the Agent include references to action being taken on its behalf by any Person authorised by it to do so;
- (g) any Schedule annexed to this Agreement forms a part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement;
- (h) headings are for ease of reference only;
- (i) save where the context otherwise requires, words importing the singular number include the plural and vice versa;
- (j) save where the context otherwise requires, references in this Agreement to any Party to this Agreement shall include references to its successors and permitted transferees and assigns;
- (k) references to a **Schedule, Clause, sub-clause, paragraph** or **sub-paragraph** shall, unless, otherwise specified, be construed as a reference to a Schedule, Clause, sub-clause, paragraph or sub-paragraph, as the case may be, of or to this Agreement;
- (l) 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;
- (m) references to any action, remedy or method of judicial proceeding for the enforcement of the rights of lessors available or appropriate in such jurisdiction as shall most nearly approximate to any action, remedy or method of judicial proceeding;
- (n) references to certificates, reports, notices and other documents and communications to be given or delivered pursuant to this Agreement 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
- (o) references to a date on or about the date hereof means and include any day falling on or within two weeks prior to or after the date of this Agreement.

## **2. LEASE AND MAINTENANCE**

### **Lease**

- 2.1 The Agent hereby leases to the Lessee, and the Lessee hereby takes on lease from the Agent, the Airport Land for the Lease Term at the related Rental for each Rental Period, upon the terms and subject to the conditions herein contained and otherwise in accordance with all applicable provisions of Pakistani law. The provisions of this Agreement shall not be affected or prejudiced by reason of any prior use of the Airport Land by the Lessee. The Lessee shall have the right to sub-lease the Airport Land and collect rentals, fees, charges or any amounts as consideration for using the Airport Land.
- 2.2 The Lessee agrees to use the Airport Land at its own risk. The Lessee shall from the date hereof bear the risk of loss or damage to the Airport Land or any part thereof, arising from the usage or operation thereof by the Lessee in an inappropriate manner.

- 2.3 The Lessor (through its agent) and the Lessee may with mutual consent extend the term of Lease beyond three (3) years.

## **Maintenance**

- 2.4 The Lessee shall be allowed to nominate any of its affiliates, e.g. CAA to use, operate and maintain the Airport Land and shall, at its own cost and expense, be responsible for the performance of all Ordinary Maintenance required for the Airport Land.
- 2.5 (a) In performing the Ordinary Maintenance and related repair of the Airport Land, the Lessee shall at all times:
- (i) conduct regular and proper inspections of the Airport Land;
  - (ii) keep the Airport Land in good and serviceable repair and condition and, pay all repair and operation expenses, including, where applicable, the cost of replacement of any part of the Airport Land or otherwise, provided however that the Lessee shall not have or be deemed to have any authority to pledge the Lessor's/Trustee's rights and interest in the Airport Land or create any encumbrance upon the Airport Land;
  - (iii) ensure that the Airport Land is maintained by persons who are competent to maintain the same and that no person, who is prohibited by law from so doing, shall carry out work involving the management or operation of, or attendance in proximity to, the Airport Land; and
  - (iv) ensure that accurate, complete and current records are kept of all maintenance activities on the Airport Land, and shall provide copies of those records to the Lessor upon reasonable request.
- (b) If a Lease Event of Default has occurred and is continuing and the Lessee fails to effect the repairs or replacement of any part of the Airport Land it is required to carry out under paragraph (a) above, the Lessor shall be entitled, but shall not be bound upon reasonable notice to the Lessee to take possession of the Airport Land for the purpose of having those repairs or replacement of any part of the Airport Land effected and the Lessee shall reimburse to the Trustee the full cost of the repairs and replacement of any part of the Airport Land;
- (c) The Lessee acknowledges that the Lessor will be subcontracting its obligations in respect of the operations, maintenance (Major Maintenance) and repair of the Airport Land;
- (d) The Lessor acknowledges that the Lessee may subcontract its obligations in respect of the operations and Ordinary Maintenance of the Airport Land;
- (e) The Lessee shall notify the Lessor and the Service Agent promptly of the need to carry out any Major Maintenance and related repair to the Airport Land. Subject to the Lessor and the Service Agent receiving notice from the Lessee, the Lessor shall be responsible for all Major Maintenance and related repair of the Airport Land.
- (f) In case of any Major Maintenance, the **Service Agent** would be required to obtain prior permission for incurring expenses from the Lessor for conducting such major maintenance and subsequently submit bill of expenses incurred, which shall be reimbursed by the Lessor to the Service Agent.

### **3. RENTALS AND PAYMENTS**

- 3.1 The Lessee shall pay the Rental on the last Business Day of each Rental Period.
- 3.2 Each Rental shall be paid without any prior notice or demand, and together with all other payments (if any) due under the terms hereof to the Agent, by transfer of such amounts in same day, freely transferable, cleared funds to the Transaction Account not later than 10.00 a.m. PST on the last Business Day of each Rental Period. The Lessee shall, before 5.00 p.m. PST on the second last Business Day of each Rental Period, procure that the bank effecting payment for it confirms by tested telex or authenticated SWIFT message to the Agent or its duly appointed agent or representative the payment instructions relating to such payment.
- 3.3 All Rentals and other payments by the Lessee to the Agent under this Agreement shall be paid in full without any deduction or withholding (whether in respect of set-off, counterclaim, duties, taxes, charges or otherwise) unless the deduction or withholding is imposed or levied by or on behalf of any Relevant Authority, in which event the Lessee shall:
- (a) ensure that the deduction or withholding is not less than the minimum amount legally required;
  - (b) forthwith pay to the Agent such additional amount so that the net amount received by the Agent will equal the full amount of the Rental payable had no such deduction or withholding been made; and
  - (c) pay to the Relevant Authority within the period for payment permitted by applicable law the full amount of the deduction or withholding (including the full amount of any deduction or withholding from any additional amount paid pursuant to this Clause).
- 3.4 Subject to the terms of this Agreement, the Lessee's obligations to pay the Rentals and all other amounts hereunder shall not be affected by any circumstances, including, without limitation:
- (a) any set-off, counterclaim, recoupment, defense or other right which the Lessee may have against the Trustee or any other Person for any reason;
  - (b) any breach by the Lessee of any warranty, representation, covenant or undertaking whenever made and wherever contained;
  - (c) any condition (including loss, damage or environmental conditions) affecting the Airport Land other than a Total Loss;
  - (d) any interruption or cessation by the Lessee in the use or possession of the Airport Land for any reason unless the same is caused by the Trustee;
  - (e) any seizure, forfeiture, compulsory acquisition or requisition for use of the Airport Land by any entity wholly or partially owned or controlled by the Lessee (unless such occurrence results in an early termination of this Agreement).
- 3.5 The Lessee agrees that it will not claim to be entitled to pay a lesser amount of the Rentals than provided in this Agreement by virtue of any circumstance, occurrence or event (other than those caused by the willful default of the Agent), whether or not similar to the matters set out in Clause 3.4 and including any defect in this Agreement or in its execution by any Party hereto. Without prejudice to the foregoing, if the Issuer is or would be prevented from making Periodic Distribution Amounts to the holders of the Certificates or does not or would not have sufficient funds to pay the same in full as a result of actions taken by the Government (including, but not limited to the dissolution of the Issuer), the Lessee will account to the Agent on demand for such amounts as are necessary to enable the Periodic Distribution Amounts to be paid in full.

- 3.6 Where payment of a Rental is not made to the Lessor in full on its due date for payment hereunder, the Lessee irrevocably undertakes (in addition to making the relevant payment) to donate directly, in accordance with Shariah principles, to a charity of the choice of the holders of at least 51 per cent. in face amount of the Certificates then outstanding, a late payment amount calculated in the manner specified in Schedule 3 hereto, in respect of the period from and including the due date for payment to but excluding the date of full payment, equaling, for the number of days during such period, the Rental applicable to the Rental Period in respect of which the payment delay occurred, divided by the number of actual days in such Rental Period.
- 3.7 All payments due under this Agreement shall accrue from day to day and be calculated on the basis of actual days elapsed in a 365-day year.
- 3.8 The Rental Rate for Lease Term shall be notified by the Lessor to the Lessee on the Lease Commencement Date by a notice in the form set out in Schedule 2;

#### **4. REPRESENTATIONS AND WARRANTIES OF THE LESSOR**

- 4.1 The Lessor hereby represents, warrants and covenants that, so long as no Lease Event of Default shall have occurred and be continuing:
- (a) the Lessee shall not during the Lease Term be disturbed or interfered with in its quiet and peaceful use and enjoyment of the Airport Land due to any act or failure to act on the part of the Lessor and not due to the fault or negligence of the Lessee; and
  - (b) the Lessor shall not create or permit to subsist or suffer to exist any encumbrance over the Airport Land other than in a manner expressly made known to, and expressly consented to by, the Lessee.
- 4.2 Notwithstanding the foregoing, the Lessor shall not be liable to the Lessee or to any other Person for any interruption or disturbance to the Lessee's or such Person's quiet possession or continued enjoyment of the Airport Land or any part thereof as a result of the creation of any encumbrance over the Airport Land (other than any encumbrances created by the Lessor) or the enforcement of any rights in relation to such encumbrances.

#### **5. REPRESENTATIONS AND WARRANTIES OF THE LESSEE**

- 5.1 The Lessee represents and warrants to and for the benefit of the Lessor as of the date of this Agreement and the first day of each Rental Period (other than the representations and warranties contained in (c), (d) and (f) below which are deemed to be made only on the date of this Agreement and the first day of the first Rental Period) that:
- (a) the making and the performance of this Agreement and the Related Documents (i) are within the powers of the Lessee and have been duly authorised by all necessary actions, (ii) do not contravene (1) any applicable law, regulation, decree, order, permit, judgment, decree or other restriction binding upon the Lessee or any of the properties and assets of the Lessee or (2) any agreement, mortgage, bond, contract or other undertaking or instrument to which the Lessee is a party or which is binding upon the Lessee or any of the properties and assets of the Lessee in a manner which affects the ability of the Lessee to meet its obligations under this Agreement and the Related Documents and (iii) will not result in the creation or imposition of, or any obligation to create or impose, any mortgage, lien, pledge or charge on any of the properties and assets of the Lessee

pursuant to any such agreement, mortgage, bond, contract or other undertaking or instrument;

- (b) all necessary statutory, governmental or other authorities' licences, approvals, authorisations and consents have been obtained for the due execution, delivery and performance of this Agreement and the Related Documents;
- (c) there is no litigation, arbitration or administrative proceedings of or before any court, arbiter, governmental authority or agency pending or to the knowledge of the Lessee threatened against the Lessee or the properties and assets of the Lessee which, if adversely determined, would, in either case, have a material adverse effect on the assets and properties or condition of the Lessee or which would enjoin or restrain the execution or performance of this Agreement and the Related Documents;
- (d) as of the date of this Agreement, there have been no material alterations or changes in the condition, whether political, financial, social or environmental, or other affairs of the Lessee which could or might adversely affect the ability of the Lessee to perform its obligations under this Agreement and the Related Documents;
- (e) this Agreement and the Related Documents are the legal, valid and binding obligations of the Lessee, enforceable in accordance with its and their respective terms;
- (f) the Lessee is not in default in the payment or performance of any of its obligations in respect of monies lent by any third party and no Lease Event of Default has occurred or is continuing;
- (g) the Lessee has inspected the Airport Land and is fully satisfied without reservation that the Airport Land is and will be fit for its intended use and does and will comply with all laws and regulations applicable for the purpose the Airport Land is being used or intended to be used;
- (h) the Lessee has not defaulted in payment of any Taxes or other dues owed to the government or any local authority;
- (i) the obligations expressed to be assumed by the Lessee in this Agreement and any Transaction Document to which the Lessee is a party (subject to any general principles of law as at the date of this Agreement or such Transaction Document, limiting its obligations) and referred to in any legal opinion required as a condition precedent to the entry of this Agreement or such Transaction Document are true, legal, valid, binding and enforceable obligations of the Lessee;
- (j) the entry into and performance by the Lessee of, and the transactions contemplated by, this Agreement and the Transaction Documents to which the Lessee is a party, do not and will not conflict with:
  - (i) the laws of Pakistan;
  - (ii) (as applicable) the constitutive documents and statute of the Lessee; and
  - (iii) any agreement or instrument binding upon the Lessee or any of its assets;
- (k) all acts, conditions and things required to be done, fulfilled and performed by the Lessee under these Transaction Documents:
- (l) no Lease Event of Default or potential Lease Event of Default is continuing or might reasonably be expected to result from the entering into of this Agreement;

- (m) the Lessee is subject to civil and commercial law with respect to its obligations under this Agreement and the Related Documents, the transactions contemplated hereby and thereby constitute private and commercial acts done for private and commercial purposes and neither the Airport Land, nor is the Lessee entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which may include, without limitation, suits, attachment prior to judgment, execution or other enforcement in Pakistan); and
- (n) the Lessee's payment obligations under this Agreement and the Transaction Documents to which it is a Party, rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors.

5.2 The truth and correctness of the representations and warranties in Clause 5.1 above form the basis of the Lessor's commitment to enter into this Agreement. If any of such representations and or warranties shall at any time hereafter be found to have been incorrect in any material respect when made, then notwithstanding anything to the contrary herein the Lessor shall, in addition to any remedies available by law, have the right at the absolute discretion of the Lessor to terminate this Agreement.

## **6. COVENANTS OF THE LESSEE**

6.1 The Lessee hereby covenants and undertakes with the Lessor that from the date hereof until the satisfaction in full of all its obligations under this Agreement and the Related Documents to which it is a Party, the Lessee shall:

- (a) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents required in or by the laws of Pakistan to enable it lawfully to enter into and perform its obligations under this Agreement and the Related Documents to which it is a party and to ensure the legality, validity, enforceability and admissibility in evidence of this Agreement and the Related Documents;
- (b) promptly inform the Lessor of the occurrence of any Lease Event of Default and, within five Business Days of receipt of a written request to that effect from the Lessor, confirm to the Lessor that, save as previously notified to the Lessor or as notified in such confirmation, no Lease Event of Default has occurred or is continuing;
- (c) ensure that all claims of the Lessor (or any other party entitled to claim) under this Agreement and the Related Documents rank at least pari passu with the claims of all the Lessee's other unsecured and unsubordinated creditors;
- (d) ensure that all payments by the Lessee to the Lessor hereunder or under any of the Related Documents to which it is a party are exempt from any taxes, duties and levies of whatever nature imposed or to be imposed by a competent authority;
- (e) deliver to the Lessor, all such documents, reports or information regarding the Lessee as the Lessor may from time to time reasonably request within 30 days of the Lessor's request;
- (f) permit the Lessor and any Person authorised by the Lessor at all reasonable times, subject to the Lessor having given five Business Days' notice in writing, to enter upon the Airport Land for the purpose of inspecting and examining the condition of the Airport Land; and

- (g) keep and maintain the Airport Land in good condition, ensure that the Airport Land is fit for the purpose it is employed or intended to be employed and comply with all laws and regulations applicable for the purpose the Airport Land is being used or intended to be used.

6.2 The Lessee hereby covenants and undertakes with the Lessor that from the date hereof until the satisfaction in full of all its obligations under this Agreement and the Related Documents, the Lessee shall not sell, assign, pledge, mortgage, charge, encumber, dispose of the Airport Land or any part thereof or any interest therein. Provided however that the Lessee shall be entitled and authorized to nominate any of its affiliates or associated departments, authorities or corporations (for example, Civil Aviation Authority), to use, operate and maintain the Airport Land as its nominee. In the event of any breach of this provision, the Lessor may (but shall not be bound), without prejudice to any other right or remedy it has under this Agreement or by law, pay to any third party such sum as is necessary to procure the release of, or reacquire from a third party, the Airport Land from or under any purported sale, assignment, pledge, mortgage, charge, encumbrance or disposition and the Lessor shall be entitled to recover such sum from the Lessee forthwith.

## **7. PARTIAL LOSS AND TOTAL LOSS**

7.1 If the Airport Land or any part thereof is damaged or destroyed, the Lessee shall promptly (and in any event within fifteen (15) days) give notice to the Lessor and Service Agent of such damage and specifying whether it is a Partial Loss or a Total Loss.

7.2 If the Partial Loss is caused by or is attributable to acts, omission or negligence of the Lessee, the Lessee shall repair the damage to the Airport Land at its own cost and continue to pay the Rentals in accordance with this Agreement. If the Partial Loss is not caused by or attributable to acts, omission or negligence of the Lessee, then the Lessor shall be responsible for the repair of the Airport Land. Subject to notice as per Clause 7.1 above.

7.3 Throughout the Lease Term the Lessor shall bear the risk of any loss, destruction, theft, condemnation, confiscation, seizure or requisition of or damage to the Airport Land and of any other occurrence of whatever kind which deprives the Lessee of the use, possession or enjoyment thereof unless such occurrence results from the negligence or willful default of the Lessee or from a Lease Event of Default (excluding the event mentioned under clause 8.1 (d)), in which case the Lessee shall bear the full risk thereof. The Lessor may, in its discretion, obtain or procure comprehensive insurance cover for the Airport Land for all or any part of the Lease Term at its own cost and expense. The Lessee shall give the Lessor prompt written notice of the occurrence of a Total Loss or of any accident or other occurrence in respect of the Airport Land in accordance with Clause 7.1 above.

7.4 If at any time during the Lease Term there shall occur a Total Loss the Lessee shall pay to the Lessor the Rentals and any other monies payable, accruing or becoming due hereunder prior to or upon such occurrence of Total Loss (which shall include, in case of Total Loss occurring on a date that is not a date for payment of the Rental for that Rental Period, the amount of Rental for that Rental Period calculated in the manner stated in this Agreement with the exception that the number of days prescribed for that Rental Period shall be calculated as if the date of Total Loss were the date on which such Rental Period ends). PROVIDED THAT if the Lessee discharges its aforesaid obligations under this Clause which result from a Total Loss (but without prejudice to any claims against the Lessee which the Lessor may then have under any of the Transaction Documents):

- (i) the obligation of the Lessee to pay Rentals accruing after that date (except as aforesaid) shall cease;
- (ii) the lease of the Airport Land hereunder shall terminate; and

(iii) this Agreement shall terminate.

7.5 Notwithstanding anything to the contrary contained herein, in case the Total Loss was caused by the misuse or negligence of the Lessee, the Lessee shall indemnify and hold harmless the Lessor in respect of any loss or liability suffered by the Lessor and not compensated for by any applicable insurance proceeds or any indemnity available to the Lessor under the Service Agency Agreement.

## 8. LEASE EVENTS OF DEFAULT

8.1 If:

- (a) the Lessee in its capacity as Lessee shall default for a period of fifteen (15) days or more in the payment of any sum payable under this Agreement or any of the Related Documents; or
- (b) the Lessee in its capacity as such shall default in the performance or observance of or compliance with any of its other obligations, covenants or undertakings under this Agreement or any of the Related Documents and either such default is not capable of remedy or such default (if capable of remedy) is not remedied within 30 days after written notice of such default shall have been given to the Lessee by the Lessor; or
- (c) any representation or warranty made or given by the Lessee under this Agreement or any of the Related Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of this Agreement or any of the Related Documents proves to have been incorrect in any material respect on or as of the date made; or
- (d) any seizure, forfeiture or requisition for use of the Airport Land which results in the loss of possession of the Airport Land by the Lessee for more than 30 consecutive days;
- (e)
  - (i) the acceleration of the maturity (other than by optional or mandatory prepayment or redemption) of any Indebtedness of the Lessee occurs;
  - (ii) any default in the payment of principal of, or premium or prepayment charge (if any) or mark-up on, any Indebtedness of the Lessee occurs as and when the same shall become due and payable if such default continues for more than the period of grace, if any, applicable thereto; or
  - (iii) any default occurs in the payment when due and called upon (after the expiry of any applicable grace period) of any Guarantee of the Lessee in respect of any third party Indebtedness,

provided that the aggregate amount of the relevant Indebtedness in respect of which one or more of the events mentioned in this paragraph (e) have occurred equals or exceeds Rs. \_\_\_\_\_; or

- (f) a moratorium on the payment of principal of, or premium or prepayment charge (if any) or mark-up on, the Indebtedness of the Government is declared by the Government; or
- (g) the validity of this Agreement is contested by the Lessee or the Lessee shall deny any of the Lessee's obligations under this Agreement or any of the Related Documents (whether by a general suspension of payments or a moratorium on repayment of debt or otherwise); or



- (h) as a result of any change in, or amendment to, the laws or regulations in Pakistan or any ruling of any court in Pakistan whose decision is final and un appealable, which change or amendment takes place, or the date of the ruling is, after the date of this Agreement, (i) it becomes unlawful for the Lessee to perform or comply with any of its obligations under or in respect of this Agreement or any of the Related Documents or (ii) any of such obligations becomes unenforceable or invalid; or
- (i) any regulation, decree, consent, approval, licence or other authority necessary to enable the Lessee to make or perform its obligations under this Agreement or any Related Document or for the validity or enforceability thereof, expires, is withheld, revoked/terminated or otherwise ceases to remain in full force and effect, or is modified in a manner which adversely affects any rights or claims of the Issuer or the Trustee; or
- (j) there is, or there will be, a compulsory acquisition, confiscation or expropriation of all or any of the Airport Land by a governmental authority;
- (k) the Lessee notifies in writing to the Lessor that it disagrees with the calculation of the relevant Rental Rate and Rental, as referred to in Clause 3.9 above; or
- (l) the Issuer or the Trustee ceases to be wholly owned by the Government,

then, in any such event, the Lessor may, without prejudice to any other right or remedy the Lessor may have under this Agreement, the Related Documents or by law, by written notice immediately terminate this Agreement and the lease hereunder.

8.2 Notwithstanding the early termination of this Agreement, the Lessee's liability to the Lessor for the payment of the Rentals and for any other monies payable, accruing or becoming due hereunder prior to or upon such termination shall not be affected, which amounts shall include, in case of termination occurring on a date that is not a date for payment of the Rental for that Rental Period, the amount of Rental for that Rental Period calculated in the manner stated in this Agreement with the exception that the number of days prescribed for that Rental Period shall be calculated as if the date of termination were the date on which such Rental Period ends. If the Lessee fails to make any payment hereunder, the Lessor shall be entitled to enforce this Agreement for the purpose of settling all arrears and other monies payable, accruing or becoming due hereunder prior to or upon termination of this Agreement.

## **9. TAXES AND EXPENSES**

9.1 The Lessee shall pay any applicable taxes in respect of the execution, delivery, performance, release, discharge, amendment, enforcement, attempted enforcement or otherwise of (a) this Agreement and the Related Documents, (b) any agreement or document entered into or signed pursuant to any of the Related Documents and (c) any transaction contemplated by any of the foregoing, and shall also pay all applicable fines, penalties and other costs in respect of a failure to pay any such taxes.

9.2 The Lessee shall make all payments to be made by it hereunder without any deduction or withholding for or on account of any tax, levy, impost, duty or other charge or withholding of a similar nature, unless required by law. If any such deduction or withholding is required by law to be made by the Lessee, the amount of the payment due from the Lessee will be increased to an amount which (after making such deduction or withholding) leaves an amount equal to the payment which would have been due if no such deduction or withholding had been required.

9.3 The Lessee shall, save as expressly agreed by the Lessor otherwise, pay:

- (a) **enforcement expenses:** within seven Business Days of a demand for the same, all costs and expenses (including taxes thereon and including legal and other professional fees and disbursements) properly incurred by the Lessor in protecting or enforcing any rights against the Lessee as a result of the Lessee's breach of any obligation under this Agreement or any Related Documents or any amendment, supplement or waiver relating to this Agreement or any Related Document; and
- (b) **stamp duty:** promptly, and in any event before any charges or penalties become payable, if applicable, any stamp, documentary, registration or similar tax payable in Pakistan or elsewhere in connection with the entry into, registration, performance, enforcement or admissibility in evidence of this Agreement or any Related Documents or any amendment, supplement or waiver thereof.

## 10. REIMBURSEMENT, COMPENSATION AND EXCLUSIONS

- 10.1 The Lessee shall fully reimburse and compensate and save harmless the Lessor, the other parties to the Related Documents, and their directors, officers and duly appointed representatives (the “**Compensated Persons**”) for any and all obligations, liabilities, losses, costs, expenses, fees (including legal fees and expenses properly incurred in connection with any enforcement of this Agreement or the Related Documents), damages, penalties, demands, actions and judgments of every kind and nature imposed on, incurred by, or asserted against any of the Compensated Persons arising out of (in each case without duplication):
- (a) any material breach by the Lessee of any representation, warranty or covenant herein;
  - (b) any failure on the part of the Lessee to perform or comply with any other term of this Agreement, the Related Documents or any other document or agreement entered into in relation hereto or otherwise in relation to the Airport Land;
  - (c) the lease, usage or operation of the Airport Land;
  - (d) any claims, encumbrances, security interests, liens or legal processes arising out of any act or omission of the Lessee and relating to the Lessor or Trustee's title to or ownership of the Airport Land;
  - (e) any amount payable by the Lessee under Clause 9; or
  - (f) any general public liability or environmental liability (in contract, quasi-delict or otherwise) for loss, damage, injury or death occurring on, or caused directly or indirectly by or due to the usage of any of the Airport Land.
- 10.2 To the full extent permitted by law, the Lessee releases from liability, and agrees that no liability shall attach to, any Compensated Person as against the Lessee or any third party, in contract or in quasi-delict or otherwise, for any loss (including loss of life), injury, damage, cost, expense, claim or demand occurring on, or caused directly or indirectly by or due to the usage of any of the Airport Land, and the Lessor shall not be liable to reimburse or compensate the Lessee in respect of any claim made against the Lessee for any such loss, injury, damage, cost, expense, claim or demand.
- 10.3 Any liability of the Lessor and any right or immunity of the Lessee in respect of any warranty or representation relating to any condition of the Airport Land or its suitability or fitness for a particular purpose or any purpose for which they are or may be required, whether express or implied and whether arising hereunder or otherwise, are hereby excluded.
- 10.4 The Lessee shall give each Compensated Person prompt notice of any occurrence or condition actually known to it as a consequence of which any Compensated Person is entitled to

reimbursement or compensation under Clause 10.1. The reimbursement and compensation provided in this Clause 10 shall specifically apply to and include claims or actions brought by or on behalf of employees of the Compensated Persons. The provisions of this Clause 10 are expressly made for the benefit of, and are enforceable by, each Compensated Person and shall survive the termination of this Agreement. Subject to Clause 13.3, the Lessee hereby expressly waives, as against any Compensated Person, any immunity to which it may otherwise be entitled under any applicable laws.

- 10.5 The Lessee shall promptly upon request by any Compensated Person (but in any event within 30 days of such request) reimburse such Compensated Person for all amounts reimbursable to it hereunder or pay the relevant amount directly to such person as such Compensated Person may direct.

## 11. NOTICES

Any notice required to be given under this Agreement to any of the Parties shall be delivered in person, sent by pre-paid registered post or by facsimile addressed to:

Lessor:

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

Lessee:

Finance Division  
Ministry of Finance  
Block Q  
Pakistan Secretariat  
Islamabad, Pakistan

Telephone No: 051-9202584  
Facsimile No: 051-9058329  
Attention:

or such other address of which notice in writing has been given to the other Party to this Agreement in accordance with this Clause. Any such notice shall take effect, if delivered in person, at the time of delivery, if sent by registered post, five Business Days after dispatch, and, in the case of facsimile, when a transmission report showing the successful transmission of the facsimile is received by the sender.

## 12. MISCELLANEOUS

- 12.1 No relaxation, forbearance, indulgence, failure or delay on the part of the Lessor in exercising, nor any omission to exercise, any right, power, privilege or remedy accruing to the Lessor under this Agreement or the Related Documents or otherwise upon any default on the part of the Lessee shall impair any such right, power, privilege or remedy or be construed as a waiver thereof, unless expressly agreed by the Parties hereto, or an acquiescence in any default or affect or impair any right, power, privilege or remedy of the Lessor in respect of any other or subsequent default nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and

remedies herein provided are cumulative and not exclusive of any other rights or remedies provided by law.

- 12.2 No amendment, modification or termination of any provision of this Agreement shall be effective unless the same shall be with the prior written approval of the holders of at least 51 per cent. in face amount of the Certificates then outstanding, and in writing and signed or executed by the Lessor and the Lessee. No waiver of, or consent to any departure by the Lessee from, any provisions of this Agreement shall be effective unless the same shall be in writing and signed or executed by the Lessor with the prior written approval of the holders of at least 51 per cent. in face amount of the Certificates then outstanding and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Lessee in any case shall entitle the Lessee to any other or further notice or demand in similar or other circumstances unless otherwise required herein.
- 12.3 This Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be an original but all such counterparts shall together constitute one and the same instrument.
- 12.4 This Agreement shall be valid and binding upon and esnure to the benefit of the Lessee, the Lessor and their respective successors in title and permitted assigns.
- 12.5 Unless otherwise provided herein, the Lessee may not assign or transfer its rights or obligations hereunder or any interest herein.
- 12.6 Any provision of this Agreement which is invalid, unenforceable or prohibited shall not affect the validity or enforceability of the other provisions of this Agreement.
- 12.7 Save as expressly agreed by the Lessor otherwise, the Lessee shall bear all applicable taxes, stamp duties, fees, costs and expenses reasonably and properly incurred in connection with or incidental to the execution, delivery, performance, release, discharge, amendment, enforcement, attempted enforcement or otherwise of this Agreement and the other documents required by the Lessor to be executed on the date hereof. In the event of any action of law in relation to this Agreement and the other documents required by the Lessor to be executed on the date hereof, the Lessee, in addition to all sums which the Lessee may be called upon to pay to the Lessor, will pay the properly incurred legal fees, costs and expenses of the Lessor of such demand, action or suit.
- 12.8 It is hereby declared and acknowledged by the Parties hereto that the transaction herein is effected for the purpose of complying with the requirements of the Shariah principle of ijara.

### **13. GOVERNING LAW AND JURISDICTION**

- 13.1 This Agreement is governed by, and shall be construed in accordance with, the laws of Pakistan.
- 13.2 Each Party hereto hereby agrees for the exclusive benefit of the other Party that the courts at Islamabad shall have the jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any Proceedings arising out of or in connection with this Agreement may be brought in such courts and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- 13.3 Notwithstanding anything to the contrary contained herein, the Lessor and the Lessee agree and acknowledge that the Ijara Agreement forms part of a Shariah compliant structure and they undertake that they shall not call into question the structure of the transaction comprised in the Ijara Agreement before any forum or court of law and they agree that this Agreement shall be interpreted in accordance with the principles of Sharia. Any dispute pertaining to interpretation of this Agreement in compliance with the foregoing provisions of this Clause 13.3 shall be referred to the Sharia Board of the State Bank of Pakistan, whose decision on the matter shall be

final.

#### **14. WAIVER**

- 14.1 The Lessee hereby irrevocably and unconditionally agrees that to the extent that it or any of its revenues, assets or properties are entitled, in any jurisdiction in which any Proceedings may at any time be brought against it or any of its revenues, assets or properties, to any immunity from suit, from the jurisdiction of any such court, from set-off, from attachment prior to judgment, from attachment in aid of execution of a judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in any such jurisdiction there shall be attributed such an immunity, it will not claim and hereby waives such immunity to the fullest extent permitted by the laws of such jurisdiction. The waiver of immunities referred to in this clause constitutes only a limited and specific waiver for the purposes of this Agreement and under no circumstances shall it be interpreted as a general waiver by the Lessee or a waiver with respect to proceedings unrelated to this Agreement. The Lessee has not waived such immunity in respect of property which is (i) used by a diplomatic or consular mission of the Lessee (except as may be necessary to effect service of process), (ii) property of a military character and under the control of a military authority or defence agency

**IN WITNESS WHEREOF**, each of the Parties hereto have caused this Ijara Agreement to be signed by their respective duly authorised representatives as of the day and year first above written.

# SCHEDULE 1

## AIRPORT LAND

           % UNDIVIDED SHARE IN TOTAL LAND MEASURING 1510 ACRES COMPRISED IN, JINNAH INTERNATIONAL AIRPORT, KARACHI TOGETHER WITH ALL CONSTRUCTION, SUPERSTRUCTURE, BUILDINGS, FLYOVERS, RUNWAYS AND INTERCHANGES MADE THEREON AS AT THE DATE HEREOF AS DESCRIBED BELOW:

### Land 1

Land measuring **109Acres 11Ghuntas** comprised in land measuring **79 Acres** bearing Survey Nos. 425min(1Acre-30Ghuntas), 426min(19Acres-11Ghuntas), 433min(5Acres-19Ghuntas), 440min(52Acres-20Ghuntas) and land measuring **30 Acres 11 Ghuntas** bearing Survey Nos. 282(5Acres-23Ghuntas), 54(2Acres-20Ghuntas), 286(7Acres-12Ghuntas), 285(4Acres-23Ghuntas), 288(4Acres-34Ghuntas) and 287(5Acres-19Ghuntas) situated at Deh Mehran, Taluka Maleer, District Karachi vide Form VII bearing Jarian No. 1826 and 1827 respectively dated 04-04-1995.

### Land 2

Land measuring **1400 Acres 29 Ghuntas** comprised in Survey Nos. 99(8Acres-30Ghuntas), 87(8Acre-6Ghuntas), 95(13Acres-32Ghuntas), 97(6Acres-21Ghuntas), 22(25Acres-2Ghuntas), 23(12Acres-13Ghuntas), 24(22Acres-18Ghuntas), 25(22Acres-38Ghuntas), 26(22Acres-25Ghuntas), 27(24Acres-26Ghuntas), 28(21Acres-23Ghuntas), 29(19Acres-10Ghuntas), 30(22Acre-4Ghuntas), 31(10Acre-10Ghuntas), 32(13Acres-36Ghuntas), 33(14Acres-6Ghuntas), 35(23Acres-26Ghuntas), 36(18Acres-20Ghuntas), 37(19Acres-3Ghuntas), 38(23Acres-26Ghuntas), 40(24Acres-8Ghuntas), 41(23Acres-5Ghuntas), 44(19Acres-27Ghuntas), 45(16Acre-15Ghuntas), 46(19Acre-12Ghuntas), 47(23Acres-29Ghuntas), 48(24Acres-36Ghuntas), 49(22Acres-6Ghuntas), 50(14Acres-7Ghuntas), 51(14Acres-1Ghunta), 52(16Acres-33Ghuntas), 53(25Acres-0Ghuntas), 54(16Acres-25Ghuntas), 55(13Acres-31Ghuntas), 56(22Acres-37Ghuntas), 57(11Acre-13Ghuntas), 58(22Acres-33Ghuntas), 60(18Acres-2Ghuntas), 61(24Acres-11Ghuntas), 62(0Acres-29Ghunta), 65(12Acres-35Ghuntas), 83(10Acres-4Ghuntas), 84(17Acres-16Ghuntas), 85(14Acres-8Ghuntas), 86(24Acres-6Ghuntas), 82(1Acre-10Ghuntas), 89(17Acres-12Ghuntas), 91(11Acres-2Ghuntas), 92(24Acres-13Ghuntas), 94(21Acres-35Ghuntas), 96(15Acres-13Ghuntas), 90(24Acres-30Ghuntas), 100(9Acres-39Ghuntas), 101(20Acres-36Ghuntas), 102(9Acres-7Ghuntas), 104(23Acres-39Ghuntas), 106(10Acres-0Ghuntas), 111(0Acre-23Ghuntas), 112(16Acres-0Ghuntas), 113(7Acres-2Ghuntas), 114(16Acres-37Ghuntas), 116(24Acres-21Ghuntas), 105(12Acres-11Ghuntas), 117(24Acres-31Ghuntas), 118(10Acres-22Ghuntas), 122(5Acres-37Ghuntas), 123(3Acres-0Ghuntas), 121(6Acres-38Ghuntas), 129(24Acres-33Ghuntas), 131(8Acres-36Ghuntas), 132(6Acres-30Ghuntas), 133(5Acres-21Ghuntas), 134(13Acres-34Ghuntas), 135(3Acres-26Ghuntas), 138(24Acres-7Ghuntas), 141(13Acres-8Ghuntas), 142(2Acres-29Ghuntas), 143(17Acres-35Ghuntas), 137(21Acres-23Ghuntas), 144(14Acres-27Ghuntas), 145(17Acres-38Ghuntas), 146(17Acres-19Ghuntas), 147(4Acres-4Ghuntas), 148(19Acres-28Ghuntas), 149(24Acres-26Ghuntas), 151(7Acres-10Ghuntas), 165(22Acres-5Ghuntas), and 103(5Acres-8Ghuntas) situated at Deh Safooran, Taluka Malir, District Karachi vide Form VII bearing Jarian No. 189 dated 08-08-2007

**SUMMARY OF BUILDING**

| <b>S.No.</b> | <b>Description</b>  | <b>Covered Area</b> | <b>Covered Area</b> |
|--------------|---|---------------------|---------------------|
| <b>A</b>     | <b>Jinnah Terminals</b>   | <b>In Sq. Mtr</b>   | <b>In Sq Ft</b>     |
| 1            | Level 0   | 37,524.35           | 403,908.73          |
| 2            | Level 1   | 36,781.84           | 395,916.42          |
| 3            | Level 2   | 11,761.36           | 126,598.26          |
| 4            | Level 3   | 11,761.36           | 126,598.26          |
| 5            | Level 4   | 9,069.23            | 97,620.41           |
| 6            | Level 5   | 6,065.25            | 65,285.79           |
| 7            | Level 6   | 1,315.30            | 14,157.81           |
| 8            | Level 7   | 415.81              | 4,475.70            |
| 9            | Level 8   | 305.49              | 3,288.27            |
| <b>B</b>     | Runway 1  | 3,200m x 46 m       |                     |
|              | Runway 2  | 3,400m x 46 m       |                     |
| <b>C</b>     | Firefighting Shed, Old Terminals, CAA Head Office, Cargo Buildings  | Lump Sum            |                     |
| <b>D</b>     | CAA Flats, CAA Houses, Civil Aviation Club, CAA Medical Center, CAA General Engineering Depot, Township Medical Center, CAA Model Schools, Commercial Center CAA, CAA Office Buildings, Metrological Office, Karachi Airport. | Lump Sum            |                     |

**SCHEDULE 2**

**LEASE RENTAL NOTIFICATION**

From: SBP BSC on behalf of Pakistan Domestic Sukuk Company Limited

To: The President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan

Facsimile No:

Attention:

Date: [●]

Dear Sirs:

**Re: Ijara Agreement dated \_\_\_\_\_ between yourselves as Lessee and ourselves as Lessor (the Agreement).**

This notice is given pursuant to Clause 3.8 of the Agreement.

We hereby notify you that the Rental Rate for the Lease Term running from [*specify date*] to [*specify date*] has been announced pursuant to Clause 3.8 of the Agreement to be [*specify*]% per annum.

Based on the above Rental Rate, the Rental payable for Rental Period will be [*specify*].

.....

This Rental amount of PKR[ ]/- is payable on last Business Day of the Rental Period.

Authorised Signatory (For an on behalf of Lessor)

Accepted

Authorised Signatory (For an on behalf of Lessee)



**SCHEDULE3**  
**CALCULATION OF LATE PAYMENT AMOUNT**

The Lessee irrevocably undertakes to pay, in respect of the period from and including, the due date for payment to, but excluding, the date of full payment, as charity an amount calculated on a daily basis and a year of 365 days, as the product of (a) Rental Rate per annum and (b) the late payment due.

**SIGNATORIES  
(Ijara Agreement)**

**THE LESSOR**

**For and on behalf of** Pakistan Domestic Sukuk Company Limited **as Agent.**

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

Name:

Title:

**Witnesses:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**THE LESSEE**

**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 (“as Lessee”)**

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

Name:

Title:

**Witness:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**SERVICE AGENCY AGREEMENT**

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

**Pakistan Domestic Sukuk Company Limited**

**as the “Agent” of the Certificate holders**

**and**

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

**as Service Agent**

**THIS SERVICE AGENCY AGREEMENT** is dated \_\_\_\_\_.

**BETWEEN:**

- (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 (in its capacity as agent for the holder of the Certificates (as defined below), the “**Agent**”); and
- (2) **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 (in such capacity, the “**Service Agent**”).

**WHEREAS:**

Pursuant to an ijara agreement (the “**Ijara Agreement**”) dated on or about the date hereof between the Agent and the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan (in such capacity, the “**Lessee**”), the Agent has leased the Airport Land to the Lessee upon the terms and subject to the conditions set out in the Ijara Agreement.

**NOW IT IS HEREBY AGREED** as follows:

**1. INTERPRETATION**

- 1.1 Except where the context requires otherwise, the following expressions used in this Service Agency Agreement have the meanings set out below:

**Closing Date** means \_\_\_\_\_;

**Compensated Persons** has the meaning given to it in Clause 6.1;

**Expenses** means the expenses incurred by the Service Agent in the course of providing the Services, which expenses shall be dealt with as provided under Clause 5 hereof;

**Government** means the government 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;

**Ordinary Maintenance** means all repairs, replacements, acts and maintenance and upkeep works required for the general usage and operation of the Airport Land and to keep, repair, maintain and preserve the Airport Land in good order and condition, and in compliance with such maintenance, repair and upkeep standards and procedures generally expected in the ordinary course of the business as carried on in relation to the Airport Land;

**Major Maintenance** means all repairs, replacements, acts and maintenance of the Airport Land other than Ordinary Maintenance and shall include repairs of Partial Loss where such Partial Loss is not caused by or attributable to acts, omission or negligence of the Lessee;

**Services** means the services with respect to maintenance, repair and insurance of the Airport Land as provided in Clause 3 of this Service Agency Agreement and the insurance and indemnity obligations as provided in Clause 4 of this Service Agency Agreement;

1.2 In this Service Agency Agreement, words and expressions defined and rules of construction and interpretation set out in the Ijara Agreement (as such definitions and rules are amended in relation to this Service Agency Agreement) shall, unless the context otherwise requires, have the same meanings herein.

## **2. APPOINTMENT**

2.1 The Agent hereby appoints the Service Agent as its agent and the Service Agent hereby agrees to act as agent for the Agent, to carry out the Services during the Lease Term.

2.2 In consideration of the Service Agent acting as agent of the Agent, the Service Agent shall receive from the Agent a fee in the amount of Rs. \_\_\_\_\_/- payable upon the signing of the Service Agency Agreement (the receipt and adequacy of which the Service Agent hereby acknowledges).

## **3. MAINTENANCE**

### **3.1 Maintenance obligations**

(a) The Service Agent undertakes to the Agent that, from the date of this Agreement and throughout the Lease Term and/or until all amounts payable to the Agent in respect of the Airport Land have been paid in full, it shall carry out, or shall procure the carrying out, of all Major Maintenance on behalf of the Agent.

(b) In complying with its obligations under sub-clause (a) above, the Service Agent shall:

(i) maintain the Airport Land in accordance with the general standards expected from a prudent company carrying on a similar business;

(ii) ensure that the Airport Land is maintained by persons who are competent to maintain it and that no person who is prohibited by law from so doing shall carry out work involving Maintenance of, or attendance in proximity to, the Airport Land; and

(iii) ensure that accurate, complete and current records are kept of all Maintenance activities on the Airport Land, and shall provide copies of such to the Agent upon reasonable written request.

### **3.2 Agent's Compensation:**

The Service Agent shall compensate the Agent for any loss or liability the Agent incurs as a result of the negligence or wilful misconduct of the Service Agent in failing to effect repairs or replacements to a part of the Airport Land in accordance with Clause 3.1 (Maintenance Obligations).

### **3.3 Takaful Insurance and Taxes**

3.3.1 The Service Agent irrevocably undertakes to the Agent that, during the Lease Term and so long as any monies are or may become payable by the Lessee, it shall maintain takaful insurance for the Airport Land.

3.3.2 The Service Agent is responsible for arranging insurance in respect of the Airport Land. Notwithstanding the compliance by the Service Agent with its obligations under sub-clause 3.3.1 above, if the proceeds of insurance are insufficient to indemnify the Agent to the fullest extent permitted by law, in respect of any and all claims, demands, losses, penalties, actions, suits, damages and liabilities of whatsoever nature (any of the foregoing being referred to as a “**Claim**”) to have been caused by the wilful misconduct or gross negligence of the Service Agent:

- (i) relating to or arising out of the Airport Land, including any Claim in respect of the acceptance, non-acceptance, rejection, lease, sublease, financing, possession, use, presence, manufacture, design, control, construction, installation, operation, transportation, accident, insurance, condition, storage maintenance, servicing, improvement, modification, alteration or disposition of the Airport Land or any part thereof; or
- (ii) in respect of any Tax (other than Taxes imposed due to the wilful misconduct of the Trustee), however imposed, upon or with respect to:
  - (a) the Airport Land or any part of the Airport Land;
  - (b) this Agreement;
  - (c) the acceptance, non-acceptance, rejection, lease, financing, possession, use, presence, manufacture, design, control, construction, installation, operation, transportation, accident, insurance, condition, storage maintenance, servicing improvement, modification, alteration, disposition of, to or in respect of the Airport Land or any part of the Airport Land; or
  - (d) the payment of any sum under this Agreement, other than any Taxes imposed on, or calculated by reference to, the net income paid to Agent or its overall net income; or
- (iii) in respect of any claims or actions in connection with the protection and defence of Agent's title and interest in and to the Airport Land,

then the Service Agent will indemnify the Agent and hold it harmless in respect of any such insufficiency, except to the extent that the Claim is due to the wilful misconduct or gross negligence of Agent or the Service Agent is able to prove beyond doubt that the Claim was not caused by its wilful misconduct or negligence.

#### **4. INSURANCE AND INDEMNITY**

4.1 The Service Agent shall, in accordance with Clause 3.3 above, on behalf of the Agent procure insurance coverage from reputable companies offering protection under the Islamic concept of *takaful* against all insurable risks to the Airport Land and shall inform the Agent regarding the steps taken to procure *takaful* and submit the *takaful* policies. If the Service Agent fails to procure such insurance coverage, the Service Agent shall indemnify and hold harmless the Agent against any loss of or damage to the Airport Land including Total Loss which occurs during the currency of this Agreement. The Service Agent unconditionally undertakes to pay full compensation for any loss of Airport Land including Total Loss arising due to the abovementioned reason and such compensation shall be paid on first demand being made by the Agent. The compensation payable by the Service Agent as aforesaid shall, on any date, be equal to (i) actual loss suffered by the

Agent plus (ii) where payment thereof cannot be made without withholding or deduction for or on account of any taxes required by law, such additional amounts so that, upon payment by the Agent to the holders of the Certificates (after any deduction or withholding by the Agent on account of taxes, if applicable, other than any taxes imposed on or measured by the net income of the holders of the Certificates), the net amount received by such holders will be the full amount due to such holders under the conditions as if no such deduction or withholding had been made. The amount of compensation specified in such demand shall be conclusive and binding on the Service Agent without the need for any proof.

## **5. EXPENSES**

- 5.1 From the date of this Agreement and throughout the Lease Term the Service Agent agrees to provide the Services to the Agent. In case of any Major Maintenance, the Service Agent would be required to obtain prior written permission for incurring expenses from the Agent for conducting such major maintenance and subsequently submit bill of expenses incurred, which shall be reimbursed by the Agent to the Service Agent.
- 5.2 The Agent hereby undertakes and agrees to pay the Service Agent the Expenses (other than the expenses incurred for Major Maintenance for which a prior permission of the Agent will be required under clause 5.1 above) on demand during the Rental Period in which the Expenses have been incurred, the Expenses which shall be calculated based on the actual expenses incurred by the Service Agent, as approved by the Agent in writing, during the Rental Period.
- 5.3 The Service Agent shall evidence its entitlement to receive the Expenses referred to in clause 5.2 above by providing the Agent with copies of commercial invoices, and other evidence of payments and expenses, for the expenditures incurred by the Service Agent in performing its obligations under this Service Agency Agreement during the Rental Period. Expenses related to a Rental Period cannot be claimed by the Service Agent after the expiry of such Rental Period.
- 5.4 All claims of Expenses during a Rental Period by the Service Agent as per clauses 5.2 and 5.3 shall be paid by the Agent or his appointed agent by using the amount of Rental. In case the Expenses exceed the Rental in their respective Rental Periods, the Service Agent shall have the right to claim the unpaid Expenses immediately from the Agent. In case the Agent advises its inability to make such payment immediately, the Service Agent (also being Lessee) shall have the right to adjust the unpaid Expenses amount from the Rental that the Agent will receive on the rental payment date of the immediately following Rental Period. Similarly, if actual Expenses incurred in any Rental Period are less than the Rental, the amount equivalent to the Rental less the Expenses shall be paid by the Service Agent (also being Lessee) to the Agent.
- 5.5 The obligations of the Service Agent to provide the Services shall terminate on the expiry of the Lease Term. Provided, however, that notwithstanding the foregoing the indemnity obligations of the Service Agent under Clause 4 shall continue till after the expiry of the Lease Term.

## **6. REIMBURSEMENT, COMPENSATION AND EXCLUSIONS**

- 6.1 The Service Agent shall fully reimburse and compensate and save harmless the Agent and its directors, officers and duly appointed representatives (the “**Compensated Persons**”) for any and all obligations, liabilities, losses, costs, expenses, fees (including expenses incurred in connection with any enforcement of this Service Agency

Agreement), damages, penalties, demands, actions and judgments of every kind and nature imposed on, incurred by, or asserted against any of the Compensated Persons arising out of (in each case without duplication) any failure on the part of the Service Agent to perform or comply with any other term of this Service Agency Agreement or any other document or agreement entered into by it in relation hereto or otherwise in relation to the Airport Land.

- 6.2 The Service Agent shall give each Compensated Person prompt notice of any occurrence or condition actually known to it as a consequence of which any Compensated Person is entitled to reimbursement or compensation under Clause 6.1 above. The reimbursement and compensation provided in this Clause 6 shall specifically apply to and include claims or actions brought by or on behalf of employees of the Compensated Persons. The provisions of this Clause 6 are expressly made for the benefit of, and are enforceable by, each Compensated Person and shall survive the termination of this Service Agency Agreement, the Service Agent hereby expressly waives, as against any Compensated Person, any immunity to which it may otherwise be entitled under any applicable laws.
- 6.3 The Service Agent shall promptly upon request by any Compensated Person (but in any event within 30 days of such request) reimburse such Compensated Person for all amounts reimbursable to it under Clause 6.1 or pay the relevant amount directly to such person as such Compensated Person may direct.

## 7. NOTICES

Any notice required to be given under this Service Agency Agreement to any of the Parties shall be delivered in person, sent by pre-paid registered post or by facsimile addressed to:

Agent:

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

Service Agent:

Finance Division  
Ministry of Finance  
Block Q  
Pakistan Secretariat  
Islamabad  
Tel: 051-9058329  
Facsimile No: 051-9210835  
Attention:

or such other address of which notice in writing has been given to the other Party to this Service Agency Agreement in accordance with this Clause. Any such notice shall take effect, if delivered in person, at the time of delivery, if sent by registered post, five Business Days after dispatch, and, in the case of facsimile, when a transmission report showing the successful transmission of the facsimile is received by the sender.



## **8. MISCELLANEOUS**

- 8.1 No relaxation, forbearance, indulgence, failure or delay on the part of the Agent in exercising, nor any omission to exercise, any right, power, privilege or remedy accruing to the Agent under this Service Agency Agreement or otherwise upon any default on the part of the Service Agent shall impair any such right, power, privilege or remedy or be construed as a waiver thereof, unless expressly agreed by the Parties hereto, or an acquiescence in any default or affect or impair any right, power, privilege or remedy of the Agent in respect of any other or subsequent default nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any other rights or remedies provided by law.
- 8.2 No amendment, modification or termination of any provision of this Service Agency Agreement shall be effective unless the same shall be in writing and signed or executed by the Agent and the Service Agent and, to the extent that it increases the amount of Expenses payable, by SBP Banking Services Corporation in its capacity as the delegate of the Agent. No waiver of, or consent to any departure by the Service Agent from, any provisions of this Service Agency Agreement shall be effective unless the same shall be in writing and signed or executed by the Agent and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on the Service Agent in any case shall entitle the Service Agent to any other or further notice or demand in similar or other circumstances unless otherwise required herein.
- 8.3 This Service Agency Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be an original but all such counterparts shall together constitute one and the same instrument.
- 8.4 This Service Agency Agreement shall be valid and binding upon and enure to the benefit of the Service Agent, the Agent and their respective successors in title and permitted assigns.
- 8.5 Unless otherwise provided herein, the Service Agent may not assign or transfer its rights or obligations hereunder or any interest herein. Provided however that the Service Agent shall be entitled and authorized to nominate any of its affiliates or associated departments, authorities or corporations (for example, Civil Aviation Authority), to carry out its obligations hereunder as its nominee.
- 8.6 Any provision of this Service Agency Agreement which is invalid, unenforceable or prohibited shall not affect the validity or enforceability of the other provisions of this Service Agency Agreement.

## **9. GOVERNING LAW, JURISDICTION**

- 9.1 This Service Agency Agreement is governed by, and shall be construed in accordance with, the laws of Pakistan.
- 9.2 Each Party hereby agrees for the exclusive benefit of the other Party that the courts at Islamabad are to have jurisdiction to settle any disputes which may arise out of or in connection with this Service Agency Agreement and that accordingly any Proceedings arising out of or in connection with this Service Agency Agreement may be brought in such courts and, for such purposes, irrevocably submits to the jurisdiction of such courts.

**10. WAIVER**

- 10.1 The Service Agent hereby irrevocably and unconditionally agrees that to the extent that it or any of its revenues, assets or properties are entitled, in any jurisdiction in which any Proceedings may at any time be brought against it or any of its revenues, assets or properties, to any immunity from suit, from the jurisdiction of any such court, from set-off, from attachment prior to judgment, from attachment in aid of execution of a judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in any such jurisdiction there shall be attributed such an immunity, it will not claim and hereby waives such immunity to the fullest extent permitted by the laws of such jurisdiction. The waiver of immunities referred to in this Clause constitutes only a limited and specific waiver for the purposes of this Service Agency Agreement and under no circumstances shall it be interpreted as a general waiver by the Service Agent or a waiver with respect to proceedings unrelated to this Service Agency Agreement. The Service Agent has not waived such immunity in respect of property which is (i) used by a diplomatic or consular mission of the Service Agent (except as may be necessary to effect service of process), (ii) property of a military character and under the control of a military authority or defence agency

**IN WITNESS WHEREOF**, each of the Parties hereto have executed this Service Agency Agreement to be signed by their respective duly authorised representatives as of the day and year first above written.

**SIGNATORIES**

**(Service Agency Agreement)**

**THE AGENT, Pakistan Domestic Sukuk Company Limited**

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

Name:

Title:

**Witnesses:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**THE SERVICE AGENT**

**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.:

**PURCHASE UNDERTAKING**

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

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

**THIS PURCHASE UNDERTAKING** is made on \_\_\_\_\_ by **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 (in this capacity, the “**Undertaking Entity**”)

**In favour of**

**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 “**Agent**” acting for and on behalf of the Financial Institutions / Certificate Holders)

**WHEREAS:**

- (A) The Agent is the agent of the Financial Institutions/Certificate holders and the owner of the Airport Land, subject to the provisions of the Purchase Agreement dated on or about the date hereof and has leased the Airport Land to the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan;
- (B) Pakistan Domestic Sukuk Company Limited, a public limited liability company incorporated in Pakistan under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984) and wholly-owned by the Government of the Islamic Republic of Pakistan, (in its capacity as issuer of the Certificates (as defined below, the “**Issuer**”) shall issue Sukuk Certificates for an aggregate face value of Rs. \_\_\_\_\_ due 201\_\_ (the “**Certificates**”) pursuant to the declaration of trust dated on or about the date hereof (the “**Declaration of Trust**”) executed by the Issuer and Civil Aviation Authority, a statutory corporation established under the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) (in its capacity as trustee for and on behalf of the holders of the Certificates, the “**Trustee**”). In connection therewith the Trustee is, inter alia, holding legal title to the Airport Land (as defined below) on trust for the holders of the Certificates;
- (C) The Undertaking Entity wishes to give for the benefit of the Certificate holders an irrevocable Purchase Undertaking in respect of the Airport Land on the terms and subject to the conditions of this Undertaking;
- (D) The Undertaking Entity is executing this Undertaking as part of a transaction which is in compliance with Shariah principles.

**NOW THE UNDERTAKING ENTITY UNDERTAKES** as follows:

**1. INTERPRETATION**

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

**Airport** means Jinnah International Airport, Karachi, a licensed aerodrome under the Aviation Ordinance and rules made thereunder;

**Airport Land** means the asset as specifically described in Schedule 1 hereto;

**Aviation Ordinance** means the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) as amended;

**Awards** mean the awards given by the relevant land acquisition collectors pursuant to the Land Acquisition Act, 1894 (Act No. I of 1894) in respect of the Airport Land;

**Business Day** means a day on which the State Bank of Pakistan and commercial banks in Pakistan are open for full scale banking business;

**CAA** means Civil Aviation Authority established pursuant to Section 3 of the Aviation Ordinance;

**Completion Date** means the date on which the Agent receives the Exercise Price and all outstanding Rental payments due under the Ijara Agreement and all amounts due under Clause 4 of the Service Agency Agreement;

**Conditions** means the terms and conditions of the Certificates and references to a particular Condition shall be construed accordingly;

**Closing Date** means \_\_\_\_\_;

**Dissolution Distribution Amount** has the meaning as given to it in Condition 8;

**Dissolution Event** has the meaning as given to it in Condition 11;

**Exercise Notice** means a notice substantially in the form of Schedule 2;

**Exercise Price** means, on any date, an amount equal to (i) Rs. \_\_\_\_\_/- plus (ii) the any amount due and payable by the Undertaking Entity as lessee (excluding accrued and unpaid rental on such date, if any )plus (iii) where payment thereof cannot be made without withholding or deduction for or on account of any Taxes required by the laws of Pakistan, such additional amounts so that, upon payment by the Agent to the holders of the Certificates (after any deduction or withholding by the Agent on account of Taxes, if applicable, other than any taxes imposed on or measured by the net income of the holders of the Certificates), the net amount received by such holders will be the full amount due to such holders under the Conditions as if no such deduction or withholding had been made plus;

**Expenses** means all expenses incurred by the Service Agent in the course of providing the Services under the Service Agency Agreement, which expenses are dealt with as provided in clause 5 of the Service Agency Agreement;

**Ijara Agreement** means the ijara agreement dated the date hereof between, inter alia, the Agent, as lessor, and the Undertaking Entity, as lessee;

**Issuer** means PDSCL, as issuer of the Certificates;

**PDSCL** means Pakistan Domestic Sukuk Company Limited, a public limited liability company incorporated in the Islamic Republic of Pakistan (**Pakistan**) under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984) and wholly-owned by the Government;

**Taxes** means any taxes, levies, duties, fees, assessments or other charges of whatever nature, imposed by Pakistan or any political subdivision or authority thereof or therein having the power to tax and all interest, penalties or similar liabilities with respect thereto;

**Transaction Documents** has the same meaning as ascribed to it in the Ijara Agreement;

**Trustee** means CAA, as trustee of the Financial Institutions/ Certificate holders.

- 1.2 In this Undertaking, words and expressions defined, and rules of construction and interpretation set out, in the Ijara Agreement (as such definitions and rules are amended in relation to this Undertaking) shall, unless the context otherwise requires, have the same meanings herein.
- 1.3 Except where otherwise specified, references in this Undertaking to actions being taken by the Agent shall be construed as including any action taken by the Agents under the Agency Agreement and, in such circumstances, any rights given to the Agent shall be construed as rights of the Agents

## **2. UNDERTAKING**

2.1 The Undertaking Entity hereby irrevocably undertakes to the Agent (on behalf of and for the benefit of the Certificate holders) that on the earlier of:

- (a) the Agent exercising, at any time between the date hereof and the Scheduled Dissolution Date (as defined in Condition 8), its option (in accordance with Clause 3.1 below); or
- (b) if the option in (a) above is not exercised, the Scheduled Dissolution Date,

the Undertaking Entity, directly or through a nominee, will purchase the Airport Land from the Certificate holders through their Agent, in its then current condition on an "as is" basis, at the Exercise Price, and further undertakes to make payment of the Exercise Price as per Clause 3.4 below.

2.2 The Undertaking Entity agrees that it will not be entitled to pay a lesser amount of the Exercise Price than provided in this Undertaking by virtue of any circumstance, occurrence or event (other than those caused by the wilful default of the Lessor) including any defect in this Undertaking or in its execution. The Undertaking Entity further irrevocably undertakes to the Agent that, if the Agent is or would be prevented from paying the Dissolution Distribution Amount to the holders of the Certificates or does not or would not have sufficient funds to pay the same in full as a result of actions taken by the Government (including, but not limited to, the imposition of any Tax or the dissolution of the Issuer), the Undertaking Entity will account to the Agent on demand for such amounts as are necessary to enable the Dissolution Distribution Amount to be paid in full.

2.3 The Undertaking Entity further irrevocably undertakes to the Agent (on behalf of and for the benefit of the Certificate holders) that this Undertaking is a specifically enforceable undertaking and waives all rights and objections it may have to such specific enforcement.

## **3. EXERCISE**

3.1 The Agent or any person authorised by the Agent may exercise the option under Clause 2.1 (a) only by serving an Exercise Notice on the Undertaking Entity after the occurrence of a Dissolution Event (other than a Dissolution Event resulting from a Total Loss of the Airport Land which has resulted in complete physical annihilation and/or obliteration of the entire Airport Land), when it is entitled or directed to do so pursuant to the Declaration of Trust or the Conditions.

3.2 Following the delivery of an Exercise Notice hereunder by the Agent, the Undertaking Entity shall be obliged to purchase, or shall procure the purchase through a nominee, the Airport Land, in its then current condition on an "as is" basis, at the Exercise Price.

3.3 The Undertaking Entity hereby acknowledges, bearing in mind its obligations under the Ijara Agreement, that the Exercise Price represents a fair price for the Airport Land.

- 3.4 Following the first to occur of (i) the delivery of an Exercise Notice by the Agent under Clause 2.1(a) above, on the date specified by the Agent to holders of the Certificates in accordance with Condition 11 following a Dissolution Event; and (ii) the Scheduled Dissolution Date:
- (a) the Undertaking Entity shall pay, as soon as practicable and in any event not later than the Business Day following receipt of the Exercise Notice or on the Scheduled Dissolution Date, as the case maybe, into the Transaction Account, and in same day, freely transferable, cleared funds, the Exercise Price in accordance with the terms of the Exercise Notice;
  - (b) the Undertaking Entity shall enter, or shall procure that its nominee shall enter, into a sale and purchase agreement with the Agent(attached herewith as Schedule 3 along with its schedules or in such other form as may be acceptable to the Agent) to evidence the transfer of ownership in the Airport Land, on an as is basis, to the Undertaking Entity or its nominee. The ownership of the Airport Land shall be transferred from the Certificate Holders to the Undertaking Entity while the legal title and possession will be retained by the Trustee (for and on behalf of the Undertaking Entity); and
  - (c) on the Completion Date, each of the Service Agency Agreement and the Ijara Agreement (if still in force) shall be terminated and no further amounts shall be payable thereunder.
- 3.5 Payment of the Exercise Price in accordance with Clause 3.4(a) above shall constitute full discharge of the obligations of the Undertaking Entity to pay the Exercise Price to the Agent.
- 3.6 Where payment of the Exercise Price is not made in full on its due date for payment hereunder, the Undertaking Entity irrevocably undertakes that, on each day from and including the due date for payment to but excluding the date of full payment, an amount equal to the Periodic Distribution Amount applicable to the Return Accumulation Period (as defined in the Conditions) in respect of which the payment delay occurred divided by the number of actual days in such Return Accumulation Period shall accrue and be owing by the Undertaking Entity and (in addition to making payment of the Exercise Price) an additional amount equal to such accrued amount, as agreed between the Agent and the Undertaking Entity, shall, in accordance with Shariah principles, be directly donated by the Undertaking Entity to a charity of the choice of holders of at least 51 per cent in face amount of the Certificates then outstanding.
- 3.7 Following the first to occur of (i) the delivery of an Exercise Notice by the Agent under Clause 2.1(a) above, on the date specified by the Agent to holders of the Certificates in accordance with Condition 11 following a Dissolution Event; and (ii) the Scheduled Dissolution Date, the Undertaking Entity shall be solely liable for payment of any registration fees, stamp duties or other transfer taxes, capital value tax and any penalties in connection therewith in respect of any transfer of the Airport Land.

#### **4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

The Undertaking Entity represents, warrants and undertakes to the Agent that:

- (a) the Undertaking Entity has the requisite power and authority to enter into and perform this Undertaking;
- (b) the payment obligations of the Undertaking Entity hereunder are and will be direct, unconditional, unsubordinated, unsecured and general obligations of the Undertaking Entity, and, under the laws of Pakistan, are subject to civil and commercial substantive



and procedural law, and will be backed by the full faith and credit of the Undertaking Entity;

- (d) this Undertaking has been duly authorised and executed by, and constitutes a valid, binding and enforceable obligation on, the Undertaking Entity;
- (e) compliance with the terms of this Undertaking does not and will not conflict with or constitute a default under any provision of:
  - (i) any agreement or instrument to which the Undertaking Entity is a party;
  - (ii) the constitution or laws of Pakistan; or
  - (iii) any lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which the Undertaking Entity is bound; and
- (f) no consent, approval or authorisation of any governmental agency or other person is required by the Undertaking Entity for the entry into and the performance of its obligations under this Undertaking.

## 5. NOTICES

Any notice required to be given under this Undertaking shall be delivered in person, sent by pre-paid registered post or by facsimile addressed to:

The Undertaking Entity:

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

The Agent:

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

or such other address of which notice in writing has been given by either of the Undertaking Entity or the Agent under the provisions of this Clause. Any such notice shall take effect, if delivered in person, at the time of delivery, if sent by registered post, five Business Days after despatch, and, in the case of facsimile, when a transmission report showing the successful transmission of the facsimile is received by the sender.

## **6. GENERAL**

- 6.1 Each obligation, representation and warranty hereunder (except any obligation fully performed) shall continue in force after the Completion Date.
- 6.2 None of the rights or obligations of the Undertaking Entity under this Undertaking shall be assigned or transferred.
- 6.3 The Undertaking Entity shall make all payments to be made by it hereunder without any deduction or withholding for or on account of any tax, levy, impost, duty or other charge or withholding of a similar nature, unless required by law. If any such deduction or withholding is required by law to be made by the Undertaking Entity, the amount of the payment due from the Undertaking Entity will be increased to an amount which (after making such deduction or withholding) leaves an amount equal to the payment which would have been due if no such deduction or withholding had been required.

## **7. GOVERNING LAW AND JURISDICTION**

- 7.1 This Undertaking is governed by, and shall be construed in accordance with, the laws of Pakistan.
- 7.2 The Undertaking Entity hereby agrees for the exclusive benefit of the Agent that the courts at Islamabad are to have jurisdiction to settle any disputes which may arise out of or in connection with this Undertaking and that accordingly any Proceedings arising out of or in connection with this Undertaking may be brought in such courts and, for such purposes, irrevocably submits to the jurisdiction of such courts.

## **8. WAIVER**

- 8.1 The Undertaking Entity hereby irrevocably and unconditionally agrees that to the extent that it or any of its revenues, assets or properties are entitled, in any jurisdiction in which any Proceedings may at any time be brought against it or any of its revenues, assets or properties, to any immunity from suit, from the jurisdiction of any such court, from set-off, from attachment prior to judgment, from attachment in aid of execution of a judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in any such jurisdiction there shall be attributed such an immunity, it will not claim and hereby waives such immunity to the fullest extent permitted by the laws of such jurisdiction. The waiver of immunities referred to in this Clause constitutes only a limited and specific waiver for the purposes of this Undertaking and under no circumstances shall it be interpreted as a general waiver by the Undertaking Entity or a waiver with respect to proceedings unrelated to this Undertaking. The Undertaking Entity has not waived such immunity in respect of property which is (i) used by a diplomatic or consular mission of the Undertaking Entity (except as may be necessary to effect service of process), (ii) property of a military character and under the control of a military authority or defense agency

**IN WITNESS WHEREOF**, the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan has caused this Undertaking to be signed by its duly authorised representative on the day and year first above written.

**SCHEDULE 1  
AIRPORT LAND**

**\_\_\_\_\_ % UNDIVIDED SHARE IN TOTAL LAND MEASURING 1510 ACRES COMPRISED IN, JINNAH INTERNATIONAL AIRPORT, KARACHI TOGETHER WITH ALL CONSTRUCTION, SUPERSTRUCTURE, BUILDINGS, FLYOVERS, RUNWAYS AND INTERCHANGES MADE THEREON AS AT THE DATE HEREOF AS DESCRIBED BELOW:**

**Land 1**

Land measuring **109Acres 11Ghuntas** comprised in land measuring **79 Acres** bearing Survey Nos. 425min(1Acre-30Ghuntas), 426min(19Acres-11Ghuntas), 433min(5Acres-19Ghuntas), 440min(52Acres-20Ghuntas) and land measuring **30 Acres 11 Ghuntas** bearing Survey Nos. 282(5Acres-23Ghuntas), 54(2Acres-20Ghuntas), 286(7Acres-12Ghuntas), 285(4Acres-23Ghuntas), 288(4Acres-34Ghuntas) and 287(5Acres-19Ghuntas) situated at Deh Mehran, Taluka Maleer, District Karachi vide Form VII bearing Jarian No. 1826 and 1827 respectively dated 04-04-1995.

**Land 2**

Land measuring **1400 Acres 29 Ghuntas** comprised in Survey Nos. 99(8Acres-30Ghuntas), 87(8Acre-6Ghuntas), 95(13Acres-32Ghuntas), 97(6Acres-21Ghuntas), 22(25Acres-2Ghuntas), 23(12Acres-13Ghuntas), 24(22Acres-18Ghuntas), 25(22Acres-38Ghuntas), 26(22Acres-25Ghuntas), 27(24Acres-26Ghuntas), 28(21Acres-23Ghuntas), 29(19Acres-10Ghuntas), 30(22Acre-4Ghuntas), 31(10Acre-10Ghuntas), 32(13Acres-36Ghuntas), 33(14Acres-6Ghuntas), 35(23Acres-26Ghuntas), 36(18Acres-20Ghuntas), 37(19Acres-3Ghuntas), 38(23Acres-26Ghuntas), 40(24Acres-8Ghuntas), 41(23Acres-5Ghuntas), 44(19Acres-27Ghuntas), 45(16Acre-15Ghuntas), 46(19Acre-12Ghuntas), 47(23Acres-29Ghuntas), 48(24Acres-36Ghuntas), 49(22Acres-6Ghuntas), 50(14Acres-7Ghuntas), 51(14Acres-1Ghunta), 52(16Acres-33Ghuntas), 53(25Acres-0Ghuntas), 54(16Acres-25Ghuntas), 55(13Acres-31Ghuntas), 56(22Acres-37Ghuntas), 57(11Acre-13Ghuntas), 58(22Acres-33Ghuntas), 60(18Acres-2Ghuntas), 61(24Acres-11Ghuntas), 62(0Acres-29Ghunta), 65(12Acres-35Ghuntas), 83(10Acres-4Ghuntas), 84(17Acres-16Ghuntas), 85(14Acres-8Ghuntas), 86(24Acres-6Ghuntas), 82(1Acre-10Ghuntas), 89(17Acres-12Ghuntas), 91(11Acres-2Ghuntas), 92(24Acres-13Ghuntas), 94(21Acres-35Ghuntas), 96(15Acres-13Ghuntas), 90(24Acres-30Ghuntas), 100(9Acres-39Ghuntas), 101(20Acres-36Ghuntas), 102(9Acres-7Ghuntas), 104(23Acres-39Ghuntas), 106(10Acres-0Ghuntas), 111(0Acre-23Ghuntas), 112(16Acres-0Ghuntas), 113(7Acres-2Ghuntas), 114(16Acres-37Ghuntas), 116(24Acres-21Ghuntas), 105(12Acres-11Ghuntas), 117(24Acres-31Ghuntas), 118(10Acres-22Ghuntas), 122(5Acres-37Ghuntas), 123(3Acres-0Ghuntas), 121(6Acres-38Ghuntas), 129(24Acres-33Ghuntas), 131(8Acres-36Ghuntas), 132(6Acres-30Ghuntas), 133(5Acres-21Ghuntas), 134(13Acres-34Ghuntas), 135(3Acres-26Ghuntas), 138(24Acres-7Ghuntas), 141(13Acres-8Ghuntas), 142(2Acres-29Ghuntas), 143(17Acres-35Ghuntas), 137(21Acres-23Ghuntas), 144(14Acres-27Ghuntas), 145(17Acres-38Ghuntas), 146(17Acres-19Ghuntas), 147(4Acres-4Ghuntas), 148(19Acres-28Ghuntas), 149(24Acres-26Ghuntas), 151(7Acres-10Ghuntas), 165(22Acres-5Ghuntas), and 103(5Acres-8Ghuntas) situated at Deh Safooran, Taluka Malir, District Karachi vide Form VII bearing Jarian No. 189 dated 08-08-2007

**SUMMARY OF BUILDING**

| <b>S.No.</b> | <b>Description</b>  | <b>Covered Area</b> | <b>Covered Area</b> |
|--------------|---|---------------------|---------------------|
| <b>A</b>     | <b>Jinnah Terminals</b>   | <b>In Sq. Mtr</b>   | <b>In Sq Ft</b>     |
| 1            | Level 0   | 37,524.35           | 403,908.73          |
| 2            | Level 1   | 36,781.84           | 395,916.42          |
| 3            | Level 2   | 11,761.36           | 126,598.26          |
| 4            | Level 3   | 11,761.36           | 126,598.26          |
| 5            | Level 4   | 9,069.23            | 97,620.41           |
| 6            | Level 5   | 6,065.25            | 65,285.79           |
| 7            | Level 6   | 1,315.30            | 14,157.81           |
| 8            | Level 7   | 415.81              | 4,475.70            |
| 9            | Level 8   | 305.49              | 3,288.27            |
| <b>B</b>     | Runway 1  | 3,200m x 46 m       |                     |
|              | Runway 2  | 3,400m x 46 m       |                     |
| <b>C</b>     | Firefighting Shed, Old Terminals, CAA Head Office, Cargo Buildings  | Lump Sum            |                     |
| <b>D</b>     | CAA Flats, CAA Houses, Civil Aviation Club, CAA Medical Center, CAA General Engineering Depot, Township Medical Center, CAA Model Schools, Commercial Center CAA, CAA Office Buildings, Metrological Office, Karachi Airport. | Lump Sum            |                     |

**SCHEDULE 2**  
**FORM OF EXERCISE NOTICE**

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

\_\_\_\_\_

Attention:

The undersigned, Pakistan Domestic Sukuk Company Limited(Agent), hereby notifies the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan (the “**Undertaking Entity**”) with reference to the Purchase Undertaking dated \_\_\_\_\_ (the “**Purchase Undertaking**”) made by the Undertaking Entity, that:

- (i) The undersigned is duly authorised to execute and deliver this Exercise Notice for the benefit of the Certificate holders;
- (ii) The undersigned is hereby exercising the Option whereby the Undertaking Entity is obligated to purchase the Airport Land from the Agent for the Exercise Price, in accordance with the Purchase Undertaking;
- (iii) The aggregate amount payable hereunder is Rs.[●], which is the amount of the Exercise Price;
- (iv) Payment of the Exercise Price to the Agent should be made in accordance with the Purchase Undertaking, on which payment the Agent shall duly issue a receipt in form and substance satisfactory to the Undertaking Entity;
- (v) On receipt of the payment of the Exercise Price, the Agent shall execute the sale and purchase agreement / conveyance deed (as the case may be) in favour of the Undertaking Entity or its nominee.

Unless the context otherwise requires, capitalised terms used in this Exercise Notice and not defined herein shall have the meanings provided (whether as set out therein or by reference to another document) in the Purchase Undertaking.

Clause 7 of the Purchase Undertaking shall apply to this Exercise Notice as if expressly incorporated herein.

**IN WITNESS WHEREOF**, the Agent or its duly authorised representative has executed and delivered this Exercise Notice as of the [●] day of [●], [●].

.....  
For and on behalf of  
[Pakistan Domestic Sukuk Company Limited

Witnesses:

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

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

**SCHEDULE 3  
SALE AGREEMENT**

**SALE AGREEMENT**

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

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

**and**

**Pakistan Domestic Sukuk Company Limited(as an Agent of the Financial  
Institutions/Certificate holders)  
as Seller**

**THIS SALE AGREEMENT** is dated \_\_\_\_\_ and made between:

- (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 agent of the Financial Institutions / Certificate holders (each as defined below), as purchaser of the Airport Land (as defined below) (in such capacity, the “**Seller**”, which expression shall mean and include its successors-in-interest, administrators and permitted assigns); and
- (2) **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 (in such capacity, the “**Purchaser**”)

**WHEREAS:**

- (A) The Seller, as an agent of the Financial Institutions/Certificate holders, wishes to sell the Airport Land to the Purchaser, in accordance with and subject to the provisions of this Agreement.
- (B) The Purchaser and the Seller wish to enter into this Agreement for the purchase of the Airport Land by the Purchaser from the Seller.
- (C) The Purchaser and the Seller are entering into this Agreement as part of a transaction which is in compliance with Shariah principles.

**NOW IT IS HEREBY AGREED** as follows:

**1. INTERPRETATION**

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

**Airport** means Jinnah International Airport, Karachi, a licensed aerodrome under the Aviation Ordinance and rules made thereunder;

**Airport Land** means the assets as described in Schedule 1 hereto;

**Aviation Ordinance** means the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) as amended;

**Awards** means the awards given by the relevant land acquisition collectors pursuant to the Land Acquisition Act, 1894 (Act No. I of 1894) in respect of the Airport Land;

**Business Day** means a day on which the State Bank of Pakistan and commercial banks in Pakistan are open for full scale banking business;

**CAA** means the Civil Aviation Authority established pursuant to Section 3 of the Aviation Ordinance;

**Compensated Persons** has the meaning given to it in Clause 4.1;

**Financial Institutions / Certificate holders** means the financial institutions who have executed a certificate subscription undertaking dated \_\_\_\_\_ and appointed the Seller as their agent;

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

**Pakistan** means the Islamic Republic of Pakistan;

**Person** means an individual, company, firm, partnership, joint venture association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

**Proceedings** means any suit, action or proceedings arising out of or in connection with this Agreement;

**Purchase Price Payment Date** means \_\_\_\_\_;

**Purchase Price** means Rs. \_\_\_\_\_/-;

**Purchaser** means 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;

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

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

- (a) references to "**this Agreement**" 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 Agreement forms a part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement;
- (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 Agreement to any party to this Agreement 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 Agreement;
- (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 Agreement 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. OFFER AND SALE OF THE AIRPORT LAND**

- 2.1 The Seller (as agent of the Financial Institutions/ Certificate holders) has irrevocably and unconditionally offered to sell to the Purchaser and the Purchaser has irrevocably and unconditionally accepted, the offer of the Seller to sell, subject to the terms of this Agreement, all right, title and interest in, to and under the Airport Land at the Purchase Price free from all claims, liens and encumbrances and with all attached or accrued rights as at the date of this Agreement and otherwise in accordance with all applicable provisions of law.
- 2.2 CAA will retain the legal title to the Airport Land as the title agent of the Purchaser for the Airport Land, so long as required by the Purchaser or to transfer the same to the Purchaser or its nominee as and when required by it through a sale deed. It is hereby agreed that subsequent to sale of the Airport Land, CAA shall be deemed to be the title agent for and on behalf of the Purchaser in respect of the Airport Land, in the absence of any express request in writing for transfer of title by the Purchaser to itself or its nominee through a sale deed.
- 2.3 Each party hereto shall do all acts and things, and use all reasonable endeavours to procure that third parties shall execute documents and do all acts and things, as the other party hereto shall reasonably request in order to carry out the intended purpose of this Agreement.
- 2.3 Subject to fulfilment of the conditions precedent specified in Clause 3 below, the Purchase Price shall be paid by the Purchaser on the Closing Date by credit to the Account no [■]with [■].

### 3. CONDITIONS PRECEDENT

Notwithstanding any other provision herein contained, the Purchaser shall release the Purchase Price as per Clause 2.3 on the Purchase Price Payment Date only upon the fulfilment to the satisfaction of the Purchaser, at its sole and absolute discretion, of the conditions set out below:

- (a) there shall not have occurred any default in the performance by the Purchaser of any covenant or agreement contained in this Agreement; and
- (b) the Seller shall have received all the consents, approvals, exemptions and notifications referred to in Schedule 2 hereto;

provided, however, the Purchaser may waive any one or more of the aforesaid conditions.

### 4. REIMBURSEMENT AND COMPENSATION

4.1 The Purchaser shall fully reimburse and compensate and save harmless the Seller and its directors, officers and duly appointed representatives (the “**Compensated Persons**”) for any and all obligations, liabilities, losses, costs, expenses, fees (including legal fees and expenses properly incurred in connection with any enforcement of this Agreement and the other documents required by the Purchaser to be executed on the date hereof), damages, penalties, demands, actions and judgments of every kind and nature imposed on, incurred by, or asserted against any of the Compensated Persons arising out of (in each case, without duplication):

- (a) any failure on the part of the Purchaser to perform or comply with any term of this Agreement or any other document, agreement or contract entered into in relation hereto or otherwise in relation to the Airport Land; or
- (b) any material breach by Purchaser of any provision or covenant herein made; or

4.2 The Purchaser shall give each Compensated Person prompt notice of any occurrence or condition actually known to it as a consequence of which any Compensated Person is entitled to reimbursement or compensation under Clause 4.1. The reimbursement and compensation provided in this Clause 4 shall specifically apply to and include claims or actions brought by or on behalf of employees of the Compensated Persons. The provisions of this Clause 4 are expressly made for the benefit of, and are enforceable by, each Compensated Person and shall survive the termination of this Agreement. The Purchaser hereby expressly waives, as against any Compensated Person, any immunity to which it may otherwise be entitled under any applicable laws.

4.3 The Purchaser shall promptly upon request by any Compensated Person (but in any event within 30 days of such request) reimburse such Compensated Person for all amounts reimbursable to it under Clause 4.1 or pay the relevant amount directly to such person as such Compensated Person may direct. Without prejudice to the generality of the foregoing, in case this Agreement or the transactions contemplated herein become unenforceable, void or invalid, the Seller shall reimburse to the Purchaser the Dissolution Distribution Amount as of the date this Agreement or the transactions contemplated herein become unenforceable, void or invalid

### 5. NOTICES

Any notice required to be given under this Agreement to any of the parties hereto shall be delivered in person, sent by pre-paid registered post or by facsimile addressed to:

Purchaser: Finance Division  
Ministry of Finance  
Block Q  
Pakistan Secretariat  
Islamabad, Pakistan

Telephone No: 051-9202584  
Facsimile No: 051-9058329  
Attention:

Seller:

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

or such other address of which notice in writing has been given to the other party to this Agreement under the provisions of this Clause. Any such notice shall take effect, if delivered in person, at the time of delivery, if sent by registered post, five Business Days after despatch, and, in the case of facsimile, when a transmission report showing the successful transmission of the facsimile is received by the sender.

## **6. MISCELLANEOUS**

- 6.1 No relaxation, forbearance, indulgence, failure or delay on the part of the Purchaser, or as the case may be, the Seller in exercising nor any omission to exercise any right, power, privilege or remedy accruing to the Purchaser, or as the case may be, the Seller under this Agreement shall impair any such right, power, privilege or remedy or, unless expressly agreed by the parties hereto, be construed as a waiver thereof or an acquiescence in any default affect or impair any right, power, privilege or remedy of the Purchaser, or as the case may be, the Seller in respect of any other or subsequent default nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any other rights or remedies provided by law.
- 6.2 No amendment, modification or termination of any provision of this Agreement shall be effective unless the same shall be in writing and signed or executed by the Purchaser and the Seller and shall not adversely affect the interests of the Certificate holders. No waiver of, or consent to any departure by the Seller from, any provisions of this Agreement shall be effective unless the same shall be in writing and signed or executed by the Purchaser and shall not adversely affect the interests of the Certificate holders and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No

notice to or demand on the Seller in any case shall entitle the Seller to any other or further notice or demand in similar or other circumstances unless otherwise required herein.

- 6.3 This Agreement may be executed in any number of counterparts each of which when so executed and delivered shall be an original but all such counterparts shall together constitute but one and the same instrument.
- 6.4 This Agreement shall be valid and binding upon and enure to the benefit of the Seller, the Purchaser and their respective successors in title and permitted assigns.
- 6.5 The Seller may at any time without the consent or concurrence of the Purchaser be at liberty to assign or to transfer its rights and/or obligations hereunder, provided written notice of such assignment or transfer is provided to the Purchaser.
- 6.6 The Purchaser shall not assign or transfer its rights and/or obligations hereunder or any interest herein.
- 6.7 The Purchaser shall bear all applicable taxes, stamp duties, fees, costs and expenses reasonably and properly incurred in connection with or incidental to the execution, delivery, performance, release, discharge, amendment, enforcement, attempted enforcement or otherwise of this Agreement and any other documents required by the Seller to be executed in connection herewith. In the event of any action of law in relation to this Agreement and the other documents required by the Seller to be executed on the date hereof, the Purchaser, in addition to all sums which it may be called upon to pay to the Seller, will pay all properly incurred legal fees, costs and expenses of the Seller of such demand, action or suit.
- 6.8 Any provision of this Agreement which is invalid, unenforceable or prohibited shall not affect the validity or enforceability of the other provisions of this Agreement.
- 6.9 In addition, and without prejudice to the express terms of this Agreement, all terms and conditions implied in the contracts of sale of immovable properties as set out in the Transfer of Property Act, 1882 (Act No. IV of 1882) (as modified from time to time) shall also govern the relationship of the parties to this Agreement.

## **7. GOVERNING LAW AND JURISDICTION**

- 7.1 This Agreement is governed by, and shall be construed in accordance with, the laws of Pakistan.
- 7.2 Each party hereto hereby agrees for the exclusive benefit of the other party that the courts at Islamabad are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any Proceedings arising out of or in connection with this Agreement may be brought in such courts and, for such purposes, irrevocably submits to the jurisdiction of such courts.

**IN WITNESS WHEREOF**, each of the parties hereto have caused this Sale and Purchase Agreement to be signed by their respective duly authorised representatives as of the day and year first above written.

## SCHEDULE 1

### AIRPORT LAND

\_\_\_\_\_ % UNDIVIDED SHARE IN TOTAL LAND MEASURING 1510 ACRES COMPRISED IN, JINNAH INTERNATIONAL AIRPORT, KARACHI TOGETHER WITH ALL CONSTRUCTION, SUPERSTRUCTURE, BUILDINGS, FLYOVERS, RUNWAYS AND INTERCHANGES MADE THEREON AS AT THE DATE HEREOF AS DESCRIBED BELOW:

#### Land 1

Land measuring **109Acres 11Ghuntas** comprised in land measuring **79 Acres** bearing Survey Nos. 425min(1Acre-30Ghuntas), 426min(19Acres-11Ghuntas), 433min(5Acres-19Ghuntas), 440min(52Acres-20Ghuntas) and land measuring **30 Acres 11 Ghuntas** bearing Survey Nos. 282(5Acres-23Ghuntas), 54(2Acres-20Ghuntas), 286(7Acres-12Ghuntas), 285(4Acres-23Ghuntas), 288(4Acres-34Ghuntas) and 287(5Acres-19Ghuntas) situated at Deh Mehran, Taluka Maleer, District Karachi vide Form VII bearing Jarian No. 1826 and 1827 respectively dated 04-04-1995.

#### Land 2

Land measuring **1400 Acres 29 Ghuntas** comprised in Survey Nos. 99(8Acres-30Ghuntas), 87(8Acre-6Ghuntas), 95(13Acres-32Ghuntas), 97(6Acres-21Ghuntas), 22(25Acres-2Ghuntas), 23(12Acres-13Ghuntas), 24(22Acres-18Ghuntas), 25(22Acres-38Ghuntas), 26(22Acres-25Ghuntas), 27(24Acres-26Ghuntas), 28(21Acres-23Ghuntas), 29(19Acres-10Ghuntas), 30(22Acre-4Ghuntas), 31(10Acre-10Ghuntas), 32(13Acres-36Ghuntas), 33(14Acres-6Ghuntas), 35(23Acres-26Ghuntas), 36(18Acres-20Ghuntas), 37(19Acres-3Ghuntas), 38(23Acres-26Ghuntas), 40(24Acres-8Ghuntas), 41(23Acres-5Ghuntas), 44(19Acres-27Ghuntas), 45(16Acre-15Ghuntas), 46(19Acre-12Ghuntas), 47(23Acres-29Ghuntas), 48(24Acres-36Ghuntas), 49(22Acres-6Ghuntas), 50(14Acres-7Ghuntas), 51(14Acres-1Ghunta), 52(16Acres-33Ghuntas), 53(25Acres-0Ghuntas), 54(16Acres-25Ghuntas), 55(13Acres-31Ghuntas), 56(22Acres-37Ghuntas), 57(11Acre-13Ghuntas), 58(22Acres-33Ghuntas), 60(18Acres-2Ghuntas), 61(24Acres-11Ghuntas), 62(0Acre-29Ghunta), 65(12Acres-35Ghuntas), 83(10Acres-4Ghuntas), 84(17Acres-16Ghuntas), 85(14Acres-8Ghuntas), 86(24Acres-6Ghuntas), 82(1Acre-10Ghuntas), 89(17Acres-12Ghuntas), 91(11Acres-2Ghuntas), 92(24Acres-13Ghuntas), 94(21Acres-35Ghuntas), 96(15Acres-13Ghuntas), 90(24Acres-30Ghuntas), 100(9Acres-39Ghuntas), 101(20Acres-36Ghuntas), 102(9Acres-7Ghuntas), 104(23Acres-39Ghuntas), 106(10Acres-0Ghuntas), 111(0Acre-23Ghuntas), 112(16Acres-0Ghuntas), 113(7Acres-2Ghuntas), 114(16Acres-37Ghuntas), 116(24Acres-21Ghuntas), 105(12Acres-11Ghuntas), 117(24Acres-31Ghuntas), 118(10Acres-22Ghuntas), 122(5Acres-37Ghuntas), 123(3Acres-0Ghuntas), 121(6Acres-38Ghuntas), 129(24Acres-33Ghuntas), 131(8Acres-36Ghuntas), 132(6Acres-30Ghuntas), 133(5Acres-21Ghuntas), 134(13Acres-34Ghuntas), 135(3Acres-26Ghuntas), 138(24Acres-7Ghuntas), 141(13Acres-8Ghuntas), 142(2Acres-29Ghuntas), 143(17Acres-35Ghuntas), 137(21Acres-23Ghuntas), 144(14Acres-27Ghuntas), 145(17Acres-38Ghuntas), 146(17Acres-19Ghuntas), 147(4Acres-4Ghuntas), 148(19Acres-28Ghuntas), 149(24Acres-26Ghuntas), 151(7Acres-10Ghuntas), 165(22Acres-5Ghuntas), and 103(5Acres-8Ghuntas) situated at Deh Safooran, Taluka Malir, District Karachi vide Form VII bearing Jarian No. 189 dated 08-08-2007

**SUMMARY OF BUILDING**

| <b>S.No.</b> | <b>Description</b>  | <b>Covered Area</b> | <b>Covered Area</b> |
|--------------|---|---------------------|---------------------|
| <b>A</b>     | <b>Jinnah Terminals</b>   | <b>In Sq. Mtr</b>   | <b>In Sq Ft</b>     |
| 1            | Level 0   | 37,524.35           | 403,908.73          |
| 2            | Level 1   | 36,781.84           | 395,916.42          |
| 3            | Level 2   | 11,761.36           | 126,598.26          |
| 4            | Level 3   | 11,761.36           | 126,598.26          |
| 5            | Level 4   | 9,069.23            | 97,620.41           |
| 6            | Level 5   | 6,065.25            | 65,285.79           |
| 7            | Level 6   | 1,315.30            | 14,157.81           |
| 8            | Level 7   | 415.81              | 4,475.70            |
| 9            | Level 8   | 305.49              | 3,288.27            |
| <b>B</b>     | Runway 1  | 3,200m x 46 m       |                     |
|              | Runway 2  | 3,400m x 46 m       |                     |
| <b>C</b>     | Firefighting Shed, Old Terminals, CAA Head Office, Cargo Buildings  | Lump Sum            |                     |
| <b>D</b>     | CAA Flats, CAA Houses, Civil Aviation Club, CAA Medical Center, CAA General Engineering Depot, Township Medical Center, CAA Model Schools, Commercial Center CAA, CAA Office Buildings, Metrological Office, Karachi Airport. | Lump Sum            |                     |

**SCHEDULE 2**  
**LIST OF CONSENTS**

- 1) Evidence of approval of the Federal Government for undertaking the transactions envisaged by the Declaration of Trust (and the Transaction Documents stated therein).
- 2) CAA's Board's Resolution of equivalent document for selling the Airport Land to the Purchaser in terms of this Agreement.
- 3) Exemption for the Purchaser from payment of minimum income tax under Section 113 of the Income Tax Ordinance
- 4) Exemption from the obligation to deduct income tax under the Income Tax Ordinance 2001 from the payments to be made by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan to the Purchaser under the relevant Transaction Document(s).
- 5) Appropriate notifications from relevant Government officials confirming that there will be no stamp duty payable in relation to the issuance or transfer of the Certificates.
- 6) Notification by the Federal Government of rules relating to Certificates and declaration of the Certificates as government securities under the Public Debt Act, 1944.
- 7) Notification by the Federal Government declaring the Certificates as approved securities for the purpose of Section 13 and Section 29 of the Banking Companies Ordinance 1962.
- 8) Notification by the Federal Government exempting the Certificates from compulsory deduction of Zakat under the Zakat and Ushr Ordinance, 1980.

**SCHEDULE 3**  
**Part 1**

**Possession Handing over**

In pursuance of the Sale Agreement dated on or about the date hereof , **Pakistan Domestic Sukuk Company Limited**, as agent of the Financial Institutions / Certificate holders, as seller of the Airport Land on this \_\_\_\_\_pursuant to the Sale and Purchase Agreement dated \_\_\_\_\_ (the “**Sale and Purchase Agreement**”), does hereby confirm that it has handed over the vacant and physical peaceful possession of the Airport Land to **THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN, FOR AND ON BEHALF OF THE ISLAMIC REPUBLIC OF PAKISTAN**, as purchaser of the Airport Land on this \_\_\_\_\_pursuant to the Sale and Purchase Agreement. Terms defined in the Sale and Purchase Agreement shall have the same meaning when used herein.

(Signature of representative of **Pakistan Domestic Sukuk Company Limited**)

---

**Part 2**

**Possession Taking Over**

In pursuance of the Sale Agreement dated on or about the date hereof I, **THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN, FOR AND ON BEHALF OF THE ISLAMIC REPUBLIC OF PAKISTAN**, as purchaser of the Airport Land do hereby confirm that we have taken over the vacant and physical peaceful joint possession of **the Airport Land** from Agent, as agent of the Financial Institutions / Certificate holders on this \_\_\_\_\_pursuant to the Sale and Purchase Agreement dated \_\_\_\_\_ (the “**Sale and Purchase Agreement**”). Terms defined in the Sale and Purchase Agreement shall have the same meaning when used herein.

(Signature of Purchaser)



**SIGNATORIES**  
**(Sale and Purchase Agreement)**

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

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

Name:

Title:

**Witnesses:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**For and on behalf of 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**

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

Name:

Title:

**Witness:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**Duly Acknowledged by:**

**For and on behalf of Civil Aviation Authority**

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

Name:

Title:

**Witnesses:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

Signature Page

**(Purchase Undertaking)**

**UNDERTAKING ENTITY**

**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**

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

Name:

Title:

**Witness:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

# **COSTS UNDERTAKING**

**in respect of**

**Rs \_\_\_\_\_ Sukuk Certificates due 20 \_\_\_\_\_**

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

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

**THIS COSTS UNDERTAKING** is made on \_\_\_\_\_ by **THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN FOR AND ON BEHALF OF THE ISLAMIC REPUBLIC OF PAKISTAN**, through the Deputy Secretary (EF-C), Finance Division, Ministry of Finance, Islamabad (in this capacity, the “**Undertaking Entity**”).

**WHEREAS:**

- (A) 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, and wholly-owned by the Government, (in its capacity as issuer of the Certificates (as defined below) the “**Issuer**”) shall issue its Rs. \_\_\_\_\_ Sukuk Certificates due \_\_\_\_\_ (the “**Certificates**”) pursuant to the Declaration of Trust (as defined below) and in connection therewith, Civil Aviation Authority, a body corporate established under the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) and having an office at Headquarters, Terminal-1, Jinnah International Airport, Karachi (in its capacity as trustee for the holders of the Certificates (the “**Trustee**”) has, inter alia, agreed to hold legal registered title to the Airport Land on trust for the holders of the Certificates and has leased the Airport Land to The President of the Islamic Republic for and on behalf of the Islamic Republic of Pakistan.
- (B) Each Certificate shall represent an undivided ownership in the Trust Assets, which include the Airport Land.
- (C) The Issuer and Trustee have appointed certain institutions as agents in respect of the Certificates pursuant to the terms of the Agency Agreement. The Undertaking Entity wishes to pay the fees and expenses of, inter alia, such agents and indemnify them in respect of, inter alia, any loss incurred by them in the performance of their obligations in respect of the Certificates.
- (D) The Undertaking Entity is executing this Undertaking as part of a transaction which is in compliance with Shariah principles.

**NOW THIS UNDERTAKING WITNESSES** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this Undertaking:

**Declaration of Trust** means the declaration of trust dated on or about the date hereof made/to be made by the Issuer, the Trustee and the Delegates;

**Delegates** means Pakistan Domestic Sukuk Company Limited and SBP Banking Services Corporation, in their capacity as delegates of the Trustee pursuant to the Declaration of Trust;

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having a separate legal personality; and

**Service Provider** means each Person whom the Undertaking Entity has agreed to indemnify, or whose fees and expenses the Undertaking Entity has agreed to pay, pursuant to this Undertaking.

## 1.2 Interpretation

In this Undertaking words and expressions defined and rules of construction and interpretation set out in the Declaration of Trust and, if not defined therein, the terms and conditions (the “**Conditions**”) of the Certificates (as such definitions and rules are amended in relation to this Undertaking) shall, unless the context otherwise requires, have the same meanings herein.

## 2. UNDERTAKING

The Undertaking Entity hereby irrevocably undertakes to and for the benefit of:

- (a) each Agent that it will:
  - (i) pay, as and when they fall due, all outstanding fees and expenses due to such Agent pursuant to the Agency Agreement; and
  - (ii) indemnify such Agent and its directors, officers, employees, agents, delegates and controlling persons against all losses, liabilities, costs, claims, actions, damages, expenses or demands (including, but not limited to, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) incurred by, or made against, any of them on the terms set out in the Agency Agreement except as may result from its wilful default, negligence or bad faith or that of its directors, officers, employees, agents, delegates or controlling persons or any of them or breach by it of the terms of the Agency Agreement;
  
- (b) the Trustee that it will:
  - (i) indemnify the Trustee and its directors, officers, employees, agents, delegates and controlling persons against all losses, liabilities, costs, claims, actions, damages, expenses or demands (including, but not limited to, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) incurred by, or made against, any of them on the terms set out in of the Declaration of Trust except as may result from its wilful default, negligence or bad faith or that of its directors, officers, employees, agents, delegates or controlling persons or any of them or breach by it of the terms of the Declaration of Trust;
  - (ii) promptly, and in any event before any charges or penalties become payable, if applicable, pay any stamp, documentary, registration or similar tax payable in Pakistan or elsewhere in connection with the entry into, registration, performance, enforcement or admissibility in evidence of the Declaration of Trust or any amendment, supplement or waiver thereof; and
  - (iii) solely in its capacity as shareholder of the Issuer, pay, as and when they fall due, all fees, charges and expenses payable for the Issuer's incorporation, administration, management and dissolution; and

- (c) each Delegate that it will:
- (i) indemnify such Delegate and its directors, officers, employees, agents, delegates and controlling persons against all losses, liabilities, costs, claims, actions, damages, expenses or demands (including, but not limited to, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) incurred by, or made against, any of them on the terms set out in the Declaration of Trust including, but not limited to, legal and travelling expenses and any stamp, documentary or other taxes or duties paid by such Delegate in connection with any legal proceedings reasonably brought or contemplated by such Delegate against the Issuer to enforce any provision of the Declaration of Trust or the Certificates or against the Undertaking Entity to enforce any provision of the Purchase Undertaking except as may result from its wilful default, negligence or bad faith or that of its directors, officers, employees, agents, delegates or controlling persons or any of them or breach by it of the terms of the Declaration of Trust;
  - (ii) promptly, and in any event before any charges or penalties become payable, if applicable, pay any stamp, documentary, registration or similar tax payable in Pakistan or elsewhere in connection with the entry into, registration, performance, enforcement or admissibility in evidence of the Declaration of Trust or any amendment, supplement or waiver thereof; and
  - (iii) solely in its capacity as shareholder of the Issuer, pay, as and when they fall due, all fees, charges and expenses payable for the Issuer's incorporation, administration, management and dissolution.

### **3. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

The Undertaking Entity represents, warrants and undertakes to the Issuer and each Service Provider that:

- (a) the Undertaking Entity has the requisite power and authority to enter into and perform this Undertaking;
- (b) the payment obligations of the Undertaking Entity hereunder are and will be direct, unconditional, unsubordinated, unsecured and general obligations of the Undertaking Entity, and will be backed by the full faith and credit of the Undertaking Entity;
- (c) this Undertaking has been duly authorised and executed by, and constitutes a binding obligation on, the Undertaking Entity;
- (d) compliance with the terms of this Undertaking does not and will not conflict with or constitute a default under any provision of:
  - (i) any agreement or instrument to which the Undertaking Entity is a party;
  - (ii) laws of Pakistan; or

- (iii) any lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which the Undertaking Entity is bound; and
- (e) no consent, approval or authorisation of any governmental agency or other person is required by it for the entry into and the performance of its obligations under this Undertaking.

#### **4. NOTICES**

Any notice required to be given under this Undertaking shall be delivered in person, sent by pre-paid registered post or by facsimile addressed to:

The Undertaking Entity: Finance Division  
Ministry of Finance  
Block Q  
Pakistan Secretariat  
Islamabad  
Tel: 051-9202584  
Facsimile No: 051-9058329  
Attention: \_\_\_\_\_

Issuer: Finance Division  
Ministry of Finance  
Block Q  
Pakistan Secretariat  
Islamabad  
Pakistan  
Tel: 051-9202584  
Facsimile No: 051-9210835  
Attention: \_\_\_\_\_

and to each Service Provider at its address specified for notices in the Transaction Document to which it is a party or, in any case, to such other address of which notice in writing has been given by the parties above under the provisions of this Clause. Any such notice shall take effect, if delivered in person, at the time of delivery, if sent by post, five Business Days after despatch, and, in the case of facsimile, when a transmission report showing the successful transmission of the facsimile is received by the sender.

#### **5. SURVIVAL**

The indemnities contained in Clauses 2 and 3 of this Undertaking shall survive the termination or expiry of this Undertaking or any other Transaction Document.

#### **6. GOVERNING LAW AND JURISDICTION**

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



6.2 The Undertaking Entity hereby agrees for the exclusive benefit of the Issuer and each Service Provider that the courts at Islamabad are to have jurisdiction to settle any disputes which may arise out of or in connection with this Undertaking and that accordingly any Proceedings arising out of or in connection with this Undertaking may be brought in such courts and, for such purposes, irrevocably submits to the jurisdiction of such courts.

## **7. WAIVER**

7.1 The Undertaking Entity hereby irrevocably and unconditionally agrees that to the extent that it or any of its revenues, assets or properties are entitled, in any jurisdiction in which any Proceedings may at any time be brought against it or any of its revenues, assets or properties, to any immunity from suit, from the jurisdiction of any such court, from set-off, from attachment prior to judgment, from attachment in aid of execution of a judgment, from execution of a judgment or from any other legal or judicial process or remedy, and to the extent that in any such jurisdiction there shall be attributed such an immunity, it will not claim and hereby waives such immunity to the fullest extent permitted by the laws of such jurisdiction. The waiver of immunities referred to in this Clause constitutes only a limited and specific waiver for the purposes of this Undertaking and under no circumstances shall it be interpreted as a general waiver by the Undertaking Entity or a waiver with respect to proceedings unrelated to this Undertaking. The Undertaking Entity has not waived such immunity in respect of property which is (i) used by a diplomatic or consular mission of the Undertaking Entity (except as may be necessary to effect service of process) and (ii) property of a military character and under the control of a military authority or defence agency or (iii) located in Pakistan and dedicated to a public or governmental use (as distinct from patrimonial property or property dedicated to a commercial use)..

**IN WITNESS WHEREOF**, this Undertaking has been executed as a deed for and on behalf of the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan, on the day and year first above written.

**SIGNATURE PAGE**  
**(Costs Undertaking)**

**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**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Witness:**

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

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

Name:

Name:

Address:

Address:

NIC No.:

NIC No.:

**RULES**

in respect of Rs\_\_\_\_\_ Sukuk Certificates due 201\_\_

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

**Civil Aviation Authority** as Trustee

**And**

**Pakistan Domestic Sukuk Company Limited** as Issuer, First Delegate and Agent

**And**

**SBP Banking Services Corporation** as Second Delegate and Agents

**THESE RULES** are made on \_\_\_\_\_ by **CIVIL AVIATION AUTHORITY**, a body corporate established under the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) (the “**Aviation Ordinance**”) and having its headquarters at Terminal 1, Jinnah International Airport (JIAP), Karachi (as “**Trustee**”) and **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, and which is wholly-owned by the Government (as defined below) (as “**Issuer**”, “**First Delegate**” and “**Agent**”) and **SBP Banking Services Corporation**, a subsidiary of the State Bank of Pakistan established pursuant to the SBP Banking Services Corporation Ordinance, 2001, as amended, and having an office at Islamabad (as “**Second Delegate**” and “**Agents**”).

WHEREAS:

- A. The Airport is a licensed aerodrome under the Aviation Ordinance and rules made thereunder.
- B. Pursuant to the Purchase Agreement, Islamic Republic (acting on the instructions of and for the benefit of the Government) has sold the Airport Land to the Agent (as agent for the Financial Institutions), where after the Trustee is retaining legal title to the Airport Land as trustee for the benefit of the Certificate holders (being the Financial Institutions initially and any subsequent Certificate holders) pursuant to the Declaration of Trust.
- C. The CAA has executed the Declaration of Trust, whereby as the Trustee it has agreed to hold the Trust Assets upon trust absolutely for and on behalf of the Certificate holders in accordance with the provisions of these presents.
- D. The Agent (as agent of the Financial Institutions/Certificate holders) proposes to apply the sums paid to it by the Certificate holders towards the acquisition of the Airport Land as authorised and directed by the Certificate holders in the Conditions and to issue Certificates to Certificate holders representing their ownership in the Trust Assets (as agreed to and accepted by the Trustee).
- E. The Certificates will be in registered form.
- F. The Trustee has delegated certain powers to the Delegates in accordance with the provisions of the Declaration of Trust.
- G. The Agent has delegated certain powers to the Agents in accordance with the provisions of the Agency Agreement.
- H. The Conditions pertaining to the Certificates constituted by the Declaration of Trust, and the provisions for meeting of Certificate holders, are to be incorporated in these Rules.

- I. The Issuer, the Trustee, the Agent, the Agents and the Delegates are executing these Rules as part of a transaction which is in compliance with Shariah principles.

**NOW THEREFORE, IT IS HEREBY DECLARED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 Except where the context requires otherwise, the defined terms used in the Declaration of Trust shall have the same meaning herein.
- 1.2 Except where the context requires otherwise, the principles of interpretation specified in Clause 1.2 of the Declaration of Trust shall mutates mutandes apply herein.

**2. RULES**

- 2.1 These Rules have been made pursuant to Clause 7.3 of the Declaration of Trust and are applicable to, and shall govern, the Trust and the Certificates to be constituted pursuant to the Declaration of Trust.

**3. CONDITIONS**

- 3.1 The Certificates shall be governed by the Conditions specified in Schedule 1 of these Rules.

**4. MEETINGS OF CERTIFICATEHOLDERS**

- 4.1 The provisions governing meetings of Certificate holders are as specified in Schedule 2 of these Rules.

**5. MISCELLANEOUS**

- 5.1 The provisions of the Declaration of Trust are an integral part hereof and shall be deemed to be repeated herein.
- 5.2 The provisions of Clauses 13, 14, 15 and 16 of the Declaration of Trust shall mutates mutandes apply to these Rules.

**IN WITNESS WHEREOF, these Rules have been executed as a deed by the Trustee, the Issuer, the Agent, the Agents and the Delegates on the day and year first above written.**

## SCHEDULE 1

### TERMS AND CONDITIONS OF THE CERTIFICATES

*The following is the text of the Terms and Conditions of the Certificates which (subject to modification) will be applicable to each Certificate in book entry form:*

Each of the Rs. \_\_\_\_\_ Sukuk Certificates due 201\_\_ (the "**Certificates**") represents an undivided ownership of the Trust Assets (as defined in Condition 4.1) held on trust (the "**Trust**") for the holders of such Certificates pursuant to a declaration of trust (the "**Declaration of Trust**") dated \_\_\_\_\_ made by the Issuer (as defined in Condition 4.1). The expression "**Trustee**", when used in these conditions, shall include its Delegates.

In these Conditions, references to "**Certificates**" shall be references to the Certificates as represented by book entry Certificates, as described in Condition 1.

Payments relating to the Certificates will be made pursuant to an Agency Agreement dated \_\_\_\_\_ (the "**Agency Agreement**") made among the Pakistan Domestic Sukuk Company Limited, as Agent, SBP-BSC, as paying agent (in such capacity, the "**Paying Agent**"), SBP-BSC as reference agent (in such capacity, the "**Reference Agent**"), SBP-BSC as registrar (in such capacity, the "**Registrar**") and SBP-BSC as operator of the SGLA.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Declaration of Trust, the Agency Agreement and the Purchase Undertaking (as defined in Condition 8.1). In these Conditions, words and expressions defined and rules of construction and interpretation set out in the Declaration of Trust shall, unless defined herein or the context otherwise requires, have the same meanings herein. Copies of the Transaction Documents are available for inspection during normal business hours at the specified offices of the Paying Agent. The Certificate holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Declaration of Trust and the Agency Agreement applicable to them.

Each initial Certificate holder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Agent to apply the sums paid by it in respect of its Certificates to purchase the Trust Assets, and to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Declaration of Trust, Certificate Subscription Undertaking and these Conditions.

#### **1. Form, Denomination and Title**

##### *1.1 Form and Denomination*

The Certificates are issued in registered form in face amounts of Rs. \_\_\_\_\_ each. Each Certificate will be numbered serially with an identifying number which will be recorded in the SGLA and in the register of Certificate holders which the Issuer will cause to be kept by the Registrar.

## *1.2 Title*

Title to the Certificates passes in respect of Certificates in book entry form only by transfer in the SGLA. The registered holder of any Certificate will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment thereon is overdue and regardless of any notice of ownership, trust or any interest) and no person will be liable for so treating the holder of any Certificate. The registered holder of a Certificate will be recognized by the Issuer as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate holder of such Certificate. In these Conditions, "**Certificate holder**" and (in relation to a Certificate) "**holder**" have the meanings given thereto in the Declaration of Trust.

## **2. Transfers of Certificates and Issue of Certificates**

### *2.1 Transfers*

Subject to Conditions 2.3, 2.4 and 2.5, a Certificate in book entry form may be issued and transferred in accordance with the rules and regulations of SBP-BSC in respect of the SGLA. The Issuer and Agent will at all times maintain a Registrar.

### *2.2 Formalities Free of Charge*

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

### *2.3 Closed Periods*

No Certificate holder may require the transfer of a Certificate to be registered during the period of three days ending on the due date for any payment of the Dissolution Distribution Amount (as defined in Condition 8.2) or any Periodic Distribution Amount (as defined in Condition 6.1) on that Certificate.

### *2.4 Agency Agreement*

All transfers of Certificates and entries on the register of Certificate holders will be made subject to the provisions of the Agency Agreement. A copy of the Agency Agreement will be mailed (free of charge) by the Registrar to any Certificate holder who requests one.

Among other things, the Agency Agreement requires that the Agent shall ensure that the Registrar maintains a register showing the amount of the Outstanding Certificates (with each Certificate bearing an identifying serial number), the issue dates and the names, addresses and account details of the holders of the Certificates. The Agent and the holders of Certificates may inspect the register.

## 2.5 *Restriction on Issuance and Transfer*

The Certificates shall not be issued to individuals (i.e. natural persons), unless such is expressly permitted by the Securities and Exchange Commission of Pakistan or “individuals” are notified by the Federal Government or Securities and Exchange Commission of Pakistan as “other persons” in respect of the Certificates pursuant to Section 120 of the Companies Ordinance, 1984, provided that the Certificates may be transferred in favour of individuals by the original or subsequent owners thereof.

## 3. **Status; Limited Recourse**

### 3.1 *Status*

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

### 3.2 *Limited Recourse*

Proceeds of the Trust Assets are the sole source of payments on the Certificates. The Certificates do not represent an interest in or obligation of any of the Issuer, the Trustee, the Government or any of their affiliates or any other person. Accordingly, Certificate holders will have no recourse to any assets of the Issuer (other than the Trust Assets to the extent that they are contractual rights), the Trustee (including, in particular other assets comprised in other trusts, if any), the Government or any of their affiliates or any other person in respect of any shortfall in the expected amounts from the Trust Assets. The Government is obliged to make the payments under the Transaction Documents to which they are a party directly to the Agent. The Trustee and Agent, for and on behalf of Certificate holders, will have direct recourse against the Government to recover payments due from the Government pursuant to such Transaction Documents.

If, following distribution of the proceeds of the Trust Assets, there remains a shortfall in payments due under the Certificates, subject to Condition 12, no Certificate holder will



have any claim against the Issuer, the Trustee, the Government (provided it fulfils all of its obligations under the relevant Transaction Documents) or any of their affiliates or any other person or other assets in respect of such shortfall and any unsatisfied claims of Certificate holders shall be extinguished. In particular, no Certificate holder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Issuer or the Trustee or any of their affiliates as a consequence of such shortfall or otherwise.

### 3.3 *Agreement*

By purchasing/subscribing to Certificates, each Certificate holder agrees that, notwithstanding anything to the contrary contained herein or in any other Transaction Document:

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

## 4. **Trust**

### 4.1 *Summary of the Trust*

**Pakistan Domestic Sukuk Company Limited**, a public limited liability company incorporated in Pakistan under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984), (the "**Agent**") has entered into a purchase agreement (the "**Purchase Agreement**") dated \_\_\_\_\_ with the Government (the "**Seller**"). Pursuant to the Purchase Agreement, Pakistan Domestic Sukuk Company Limited, a public limited liability company which is wholly owned by the Government and incorporated in Pakistan under the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984), (the "**Issuer**"), the Seller and Civil Aviation Authority, a body corporate established under

the Pakistan Civil Aviation Authority Ordinance, 1982 (Ordinance No. XXX of 1982) (the “**Aviation Ordinance**”) (the “**Trustee**”) has executed a Declaration of Trust pursuant to which the Civil Aviation Authority as Trustee has agreed to hold all of the rights, title and interest in, to and under the land specifically described in Schedule 1 of the Purchase Agreement, which presently comprises part of the Jinnah International Airport, Karachi, a licensed aerodrome under the Aviation Ordinance and rules made thereunder (the “**Airport**”), specified as such in Part 1 of the Schedule, together with all construction, superstructures, fixtures and non fixtures made thereon as of the date of the Purchase Agreement (together the “**Airport Land**”) on trust for the Certificate holders. The Agent has leased the Airport Land, with effect from the Lease Commencement Date (as defined in the Ijara Agreement), to the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan, (in such capacity, the “**Lessee**”) pursuant to an ijara agreement (the “**Ijara Agreement**”) dated \_\_\_\_\_ between the Agent and the Lessee. Pursuant to the Declaration of Trust, a trust over the title to the Airport Land has been declared, as stated above, along with all of the rights, title, interest and benefit including rental amounts, present and future, in, to and under the Transaction Documents, all monies standing to the credit of the Transaction Account (as defined below) and all proceeds of the foregoing (together, the “**Trust Assets**”) in favour of the Trustee, acting as trustee on behalf and for the benefit of the Certificate holders. All payments by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan under the Ijara Agreement and the Purchase Undertaking will be deposited into an account of the Agent or Trustee maintained for such purpose (the “**Transaction Account**”). These Rules have been executed by the Trustee, the Issuer and the Delegate pursuant to Clause 7.3 of the Declaration of Trust.

The Purchase Agreement, the Ijara Agreement, the Purchase Undertaking, the Declaration of Trust, the Agency Agreement, the Costs Undertaking, the Service Agency Agreement, the Certificate Issuance Undertaking, the Certificate Subscription Undertaking, the Certificates, the Rules, any supplements to them and any other agreements and documents delivered or executed in connection therewith are collectively referred to as the “**Transaction Documents**”.

#### 4.2 *Application of Proceeds from Trust Assets*

Pursuant to the Declaration of Trust, the Trustee holds the Trust Assets for and on behalf of the holders of the Certificates. On each Periodic Distribution Date (as defined in Condition 6.1 below), or on the date specified in accordance with these Conditions for redemption of the Certificates (the “**Redemption Date**”), the Paying Agent shall, notwithstanding any instructions received from the Trustee or Agent to the contrary, apply the monies standing to the credit of the Transaction Account in the following order of priority:

- (a) *first*, to the Trustee's Second Delegate in respect of all amounts owing to it under the Transaction Documents in its capacity as Second Delegate of the Trustee;

- (b) *second*, in or towards payment *pari passu* and ratably of all Periodic Distribution Amounts due and unpaid;
- (c) *third*, only if such payment is made on the Redemption Date, for application in or towards payment *pari passu* and ratably of the Dissolution Distribution Amount;
- (d) *fourth*, only if such payment is made on the Redemption Date, to the Service Agent in or towards payment of all outstanding Expenses (as defined in Condition 8.2 below); and
- (e) *fifth*, only if such payment is made on the Redemption Date, to the Agent.

The Paying Agent shall apply the monies so received towards the payments set forth above.

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

## **5. Covenants**

- (a) The Issuer has covenanted in the Declaration of Trust that, among other things, for so long as any Certificate is Outstanding, it shall not:
  - (a) incur any indebtedness whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) other than those in issue as at \_\_\_\_\_ (the "**Closing Date**") except, in all cases, as contemplated in the Transaction Documents;
  - (b) secure any of its present or future by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);

- (c) use the proceeds of the issue of the Certificates for any purpose other than as set out in the Declaration of Trust or these Conditions;
  - (d) (except as contemplated in the Transaction Documents) amend or agree to any amendment of any Transaction Document to which it is a party or its Memorandum and Articles of Association, or enter into any other agreement, letter or document, without the prior written consent of holders of at least 51 per cent. in face amount of the Certificates then Outstanding;
  - (e) (except as contemplated in the Transaction Documents or as otherwise permitted by the Government from time to time) act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificate holders;
  - (f) have any subsidiaries or employees;
  - (g) redeem any of its shares or pay any dividend or make any other distribution to its shareholders;
  - (h) put to its directors or shareholders any resolution for its winding up or for the commencement of any other bankruptcy or insolvency proceeding with respect to it or appoint any liquidator or other similar official in relation to itself; or
  - (i) enter into any contract, transaction, or make any amendment to any contract or transaction, or incur any obligation or liability other than the Transaction Documents to which it is a party or as expressly permitted or required thereunder or engage in any business or activity other than:
    - (i) as provided for or permitted in the Transaction Documents or as otherwise permitted by the Government from time to time);
    - (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
    - (iii) such other matters which are incidental thereto.
- (b) The Trustee has covenanted in the Declaration of Trust that, among other things, for so long as any Certificate is Outstanding, it shall not:
- (i) sell, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by security interest, lien (statutory or otherwise), preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), the whole or any part of (i) its title to the Airport Land or any interest therein except as otherwise contemplated in the Transaction

Documents or (ii) its interests in any of the other Trust Assets except pursuant to the Transaction Documents; and

- (ii) (except as contemplated in the Transaction Documents or as otherwise permitted by the Government from time to time) act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificate holders.

## 6. Periodic Distributions

### 6.1 Periodic Distribution Dates

Subject to Condition 4.2 and Condition 8, the Paying Agent shall distribute to holders of the Certificates *pro rata*, out of amounts transferred to the Transaction Account, a distribution in relation to the Certificates on each Periodic Distribution Date equal to the applicable Periodic Distribution Amount.

**"Rental Rate"** means the cut-off rate / yield decided in the auction of the sukuk to be issued under the Transaction Documents, for the entire Lease Term (as defined under the Ijarah Agreement); .

**"Periodic Distribution Amount"** means for each Periodic Distribution Date, an amount equal to the product of (i) Rental Rate (ii) Rs. \_\_\_\_\_ and (iii) the number of days in the Return Accumulation Period divided by 365.

**"Periodic Distribution Date"** means the \_\_\_\_\_ day of \_\_\_\_\_ and \_\_\_\_\_, commencing on \_\_\_\_\_ to and including\_\_\_\_\_.

The period from and including the Closing Date to but excluding the first Periodic Distribution Date and each successive period from and including a Periodic Distribution Date to but excluding the next succeeding Periodic Distribution Date is called a **"Return Accumulation Period"**.

In these Conditions, except where otherwise defined, **"Business Day"** means a day on which the State Bank of Pakistan and commercial banks in Pakistan are open for full scale banking business.

### 6.2 Notification of Rental Rate and Periodic Distribution Amount

Following announcement of the Rental Rate and the Periodic Distribution Amount for the Return Accumulation Period and the related Periodic Distribution Date by or on behalf of the Agent, the Paying Agent shall arrange the Rental Rate and Periodic Distribution Amount to be published in accordance with Condition 13 as soon as practicable after their announcement but in no event later than the fourth Business Day thereafter.

### 6.3 *Cessation of Accrual*

No further amounts will be payable on any Certificate from and including its due date for redemption unless, upon due presentation, payment in respect of the Certificate is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event such amounts payable on the Certificate shall continue to be due and payable.

## 7. **Payment**

### 7.1 *Payments in Respect of Certificates*

Payment of the Dissolution Distribution Amount and any Periodic Distribution Amount will be made by the Paying Agent by way of banker's drafts or manager's cheque drawn in favour of each Certificate holder or by credit to the Certificate holder's account maintained with the State Bank of Pakistan or the Delegate. The Dissolution Distribution Amount and each Periodic Distribution Amount will be paid to the holder shown on the register of Certificate holders at the close of business on the date (the "**record date**") being the third day before the date on which the Dissolution Distribution Amount is paid or the relevant Periodic Distribution Date, as the case may be.

### 7.2 *Payments Subject to Applicable Laws*

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

### 7.3 *Payment only on a Business Day*

As payment is to be made by issuance of banker's drafts or manager's cheques or by giving credit to the Certificate holder's account maintained with State Bank of Pakistan or the Delegate, if the due date is not a Business Day the payment shall be made on the first following day which is a Business Day.

### 7.4 *Agents*

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Agent reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that it will at all times maintain a Paying Agent, a Registrar and a Reference Agent. Notice of any termination or appointment and of any changes in specified offices will be given to Certificate holders promptly by the Agent in accordance with Condition 13.

## **8. Dissolution of Trust and Redemption of Certificates**

### *8.1 Scheduled Dissolution*

Unless the Certificates are previously redeemed (and the Trust is dissolved after such redemption) following the occurrence of a Dissolution Event (as defined in Condition 11), the Airport Land shall be purchased by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan in accordance with the Purchase Undertaking made by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan on \_\_\_\_\_ (the "**Purchase Undertaking**") and the Certificates will be redeemed in whole but not in part on the Scheduled Dissolution Date at the Dissolution Distribution Amount due on such date and the Trust will thereafter be dissolved.

The "**Scheduled Dissolution Date**" is the Periodic Distribution Date falling on \_\_\_\_\_.

### *8.2 Unscheduled Dissolution*

The Agent has the option under the Purchase Undertaking, for the benefit of the holders of the Certificates, to terminate the Ijara Agreement (if still in force) and by a written notice require the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan, to purchase the Airport Land at the Exercise Price on the date notified to Certificate holders by the Agent in accordance with Condition 11 for redemption of the Certificates following a Dissolution Event (other than a Dissolution Event resulting from a Total Loss (as defined in the Ijara Agreement) of the Airport Land, in which case the provisions of Clause 4 of the Service Agency Agreement (as defined below) shall apply).

Upon the occurrence of a Dissolution Event, the Trustee may, or if so requested in writing by the holders of at least 25 per cent. in aggregate face amount of the Certificates then Outstanding or if so directed by an Extraordinary Resolution of the holders of Certificates, the Trustee shall, exercise the Agent's rights under the Purchase Undertaking by giving notice thereunder to the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan.

**"Dissolution Distribution Amount"** means, as of any date, Rs. \_\_\_\_\_ plus accrued and unpaid Periodic Distribution Amounts as of such date plus "Y", Where "Y" is, (a) in respect of a date that is a Periodic Distribution Date, zero (0), and (b) in respect of a date that is not a Periodic Distribution Date, the product of (i) Rental Rate, (ii) Rs. \_\_\_\_\_ and (iii) the number of days from and including the immediately preceding Periodic Distribution Date to but excluding the said date divided by 365.

**"Exercise Price"** means, on any date, an amount equal to (i) Rs. \_\_\_\_\_ plus (ii) any amount due and payable by the Lessee (excluding accrued and unpaid rental on such date, if any) plus (iii) where payment thereof cannot be made without withholding or deduction for or on account of any Taxes required by the laws of Pakistan, such additional amounts so that, upon payment by the Agent to the holders of the Certificates (after any deduction or withholding by the Agent on account of Taxes, if applicable, other than any taxes imposed on or measured by the net income of the holders of the Certificates), the net amount received by such holders will be the full amount due to such holders under the Conditions as if no such deduction or withholding had been made plus;

**"Expenses"** means all unpaid and outstanding expenses incurred by the Service Agent under the Service Agency Agreement and required to be reimbursed by the Agent to the Service Agent under the Service Agency Agreement;

Upon receipt of the Exercise Price payable by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan, in accordance with the terms of the Purchase Undertaking, the Exercise Price, together with Rentals (as defined in the Ijara Agreement) payable under the Ijara Agreement up to and including the date of payment of the Dissolution Distribution Amount, will be applied to redeem the Certificates in accordance with Condition 4.2 at the Dissolution Distribution Amount. Provided, however, that in case of a Dissolution Event resulting from a Total Loss (as defined in the Ijara Agreement) of the Airport Land, for the words "Exercise Price" in the preceding sentence, the words "amounts payable under Clause 4 of the Service Agency Agreement" shall be deemed to be substituted.

### 8.3 *Dissolution Following a Dissolution Event*

Upon the occurrence of a Dissolution Event in accordance with Condition 11, the Certificates may be redeemed in whole, but not in part, at the Dissolution Distribution Amount and the Trust dissolved by the Trustee on the dates specified in Condition 11.

### 8.4 *Cancellations*

All Certificates which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or resold.



### 8.5 *Notice of Dissolution*

The Issuer and Trustee will give notice to the Certificate holders in accordance with Condition 13 of any dissolution of the Trust and associated redemption of Certificates pursuant to Condition 8.3.

## 9. **Taxation**

All payments in respect of the Ijara Agreement and the Purchase Undertaking and Clause 4 of the Service Agency Agreement shall be made without withholding or deduction for, or on account of, any present or future taxes, levies, duties, fees, assessments or other charges of whatever nature, imposed or levied by any authority thereof or therein having power to tax, and all interest, penalties or similar liabilities with respect thereto ("**Taxes**"), unless the withholding or deduction of the Taxes is required by law. In such event, the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan will be required, pursuant to the Ijara Agreement or the Purchase Undertaking or Clause 4 of the Service Agency Agreement, as the case may be, to pay to the Agent additional amounts (which amounts will be applied towards payments in respect of the Certificates) so that the full amount which otherwise would have been due and payable by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan is received by the Agent.

## 10. **Prescription**

The amounts represented by the banker's drafts or manager's cheque (if any) issued by the Paying Agent for redemption of the Certificates will be paid to the State Bank of Pakistan under Section 31 of the Banking Companies Ordinance, 1962 (as amended or re-enacted from time to time) unless such banker's drafts or manager's cheque is presented for payment within a period of ten years from the date of its issue.

## 11. **Dissolution Events**

Upon the occurrence and continuation of any of the following events ("**Dissolution Events**"):

- (a) default is made in the payment of the Dissolution Distribution Amount or any Periodic Distribution Amount, and, in the case of a Periodic Distribution Amount only, such default continues for a period of 10 days; or
- (b) the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan shall default in the performance or observance of or compliance with any of its other obligations or undertakings under the Transaction Documents to which it is a party and either such default is not

capable of remedy or such default (if capable of remedy) is not remedied within 30 days after written notice of such default shall have been given to the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan; or

- (c) a Lease Event of Default or Total Loss occurs under and as defined in the Ijara Agreement; or
- (d) the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan fails to pay the Exercise Price and complete its purchase, or the purchase by its nominee, of the Airport Land in accordance with the Purchase Undertaking; or
- (e) the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan repudiates any Transaction Document to which it is a party or does or causes to be done any act or thing evidencing an intention to repudiate any Transaction Document to which it is a party; or
- (f) at any time it is or will become unlawful for the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan to perform or comply with any or all of its obligations under the Transaction Documents or any of the obligations of the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or
- (g) at any time it is or will become unlawful for the Issuer to perform or comply with any of its obligations under the Transaction Documents or any of the obligations of the Issuer under the Transaction Documents are not or cease to be legal, valid, binding and enforceable; or
- (i) the validity or enforceability of any of the Transaction Documents is contested by the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan or the Government; or
- (j) any of the Transaction Documents or any of the transactions contemplated therein are or become unenforceable, void or invalid; or
- (k) the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan fails to comply with any of its obligations under Clauses 3 and/or 4 of the Service Agency Agreement;

the Agent shall give notice of the occurrence of such Dissolution Event to the Certificate holders in accordance with Condition 13 with a request to such holders to indicate if they

wish the Trust to be dissolved. If so requested in writing by the holders of at least 25 per cent. in aggregate face amount of such Certificates then Outstanding or if so directed by an Extraordinary Resolution of the Certificate holders, the Agent shall (subject in each case to being indemnified to its satisfaction), or if the Trustee so decides in its discretion the Trustee may, give notice to all the Certificate holders in accordance with Condition 13 that the Certificates are to be redeemed at the Dissolution Distribution Amount on the date specified in such notice and that the Trust is to be dissolved on the day after the last Outstanding Certificate has been redeemed, provided, however, that in the case of any of the events described in (b) or (c) above, such notice may only be given if the Trustee has certified in writing to the Agent that such event, in the opinion of the Trustee, is materially prejudicial to the interests of Certificate holders.

## **12. Enforcement and Exercise of Rights**

- (a) Following the distribution of the proceeds of the Trust Assets in respect of the Certificates to the Certificate holders in accordance with these Conditions and the Declaration of Trust, the Trustee shall not be liable for any further sums, and accordingly Certificate holders may not take any action against the Trustee or any other person to recover any such sum, in respect of the Certificates or Trust Assets, except as set-out below.
- (b) The Trustee shall not be bound in any circumstances to take any action to enforce or to realise the Trust Assets or take any action against the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan under any Transaction Document to which the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan is a party unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the holders of at least 25 per cent. in aggregate face amount of the Certificates then Outstanding and in either case then only if it shall be indemnified to its satisfaction against all liabilities to which it may thereby render itself liable or which it may incur by so doing.
- (c) No Certificate holder shall be entitled to proceed directly against the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan unless (i) the Trustee, having become bound so to proceed, fails to do so within sixty days of becoming so bound and such failure is continuing and (ii) the relevant Certificate holder (or such Certificate holder together with the other Certificate holders who propose to proceed directly against the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan) holds at least 25 per cent. of the aggregate face amount of the Certificates then Outstanding in which case the Trustee and/or Certificate holders may enforce the obligation of the President of the Islamic Republic of Pakistan for and on behalf of the Islamic Republic of Pakistan to pay the accrued Rentals

under the Ijara Agreement and/or to pay the Exercise Price under the Purchase Undertaking and/or to indemnify under the Service Agency Agreement.

- (d) The foregoing provisions of Condition 12 are subject to this Condition 12(d). After distributing the net proceeds of the Trust Assets in accordance with Condition 4.2, the obligations of the Trustee in respect of the Certificates shall be satisfied and no Certificate holder may take any further steps against the Trustee to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished. In particular, no Certificate holder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer or the Trustee nor shall any of them have any claim in respect of the trust assets of any other trust established by the Trustee.

### **13. Notices**

All notices to Certificate holders will be valid if mailed to them by first class pre-paid registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses in the register of Certificate holders maintained by the Registrar and published in at least one leading daily newspaper each in English and Urdu language having general circulation in the province where the registered office of the Issuer is located and in the province(s) where the SGLA is being operated or maintained. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of SBP-BSC. Any notice shall be deemed to have been given on the seventh day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

### **14. Meetings of Certificate holders, Modification, Waiver, Authorisation and Determination**

- (a) The Rules contains provisions for convening meetings of Certificate holders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of these Conditions or the provisions of the Declaration of Trust. The quorum at any meeting for passing an Extraordinary Resolution will be at least two persons present holding or representing more than two-thirds in aggregate face amount of the Certificates for the time being Outstanding, or at any adjourned such meeting at least two persons present whatever the face amount of the Certificates held or represented by them. An Extraordinary Resolution passed at any meeting of Certificate holders will be binding on all holders of the Certificates, whether or not they are present at the meeting.
- (b) The Trustee may agree, without the consent of Certificate holders, to any modification of any of these Conditions or any of the provisions of the

Declaration of Trust which, in its opinion, is of a formal, minor or technical nature or to correct a manifest or proven, to the satisfaction of the Trustee, error.

- (c) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of Certificate holders as a class but shall not have regard to any interests arising from circumstances particular to individual Certificate holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Certificate holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Certificate holder be entitled to claim, from the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificate holders.
- (d) Any modification, abrogation, waiver, authorisation or determination shall be binding on Certificate holders and any modification, abrogation, waiver, authorisation or determination shall be notified by the Trustee to the Certificate holders in accordance with Condition 13 as soon as practicable thereafter.

**"Potential Dissolution Event"** means an event which, with the giving of notice, lapse of time, determination of materiality or fulfillment of any other applicable condition (or any combination of the foregoing), would constitute a Dissolution Event.

## **15. Indemnification, Liability, Removal and Retirement of the Trustee**

- (a) The Declaration of Trust contains provisions for the indemnification of the Trustee in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified to its satisfaction. In particular, in connection with the exercise of any of its rights in respect of the Trust Assets, the Trustee shall in no circumstances take any action unless directed to do so in accordance with Condition 12(b), and then only if it shall have been indemnified to its satisfaction. Subject thereto, the Trustee waives any right to be indemnified by Certificate holders in circumstances where the Trust Assets are insufficient therefor.
- (b) The Trustee makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Lessee under the Ijara Agreement and shall not under any circumstances have any liability or be obliged to account to Certificate holders in respect of any Rentals which should have been paid by the Lessee, but are not so paid, and shall not in any

circumstances have any liability arising from the Trust Assets other than as expressly provided in these Conditions or in the Declaration of Trust.

- (c) The Trustee is excepted from any liability in respect of any loss or theft of the Trust Assets or any cash, from any obligation to insure the Trust Assets or any cash and from any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of default or misconduct of the Trustee.
- (d) The Certificate holders, through an Extraordinary Resolution, shall have the power to remove the Trustee under the Declaration of Trust and appoint a replacement trustee under the Declaration of Trust.
- (e) The Declaration of Trust provides that the Trustee may retire at any time upon giving not less than two months' notice in writing to the Certificate holders without assigning any reason and without being responsible for any costs occasioned by such retirement. The retirement of any sole trustee shall not become effective until a successor trustee is appointed. If a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, the Agent will use all reasonable endeavours to procure that another trust corporation be appointed as trustee as soon as practicable and if, after 30 days' of such notice having been given the Agent has failed to do so, the Trustee shall be entitled (at the expense of the Agent) but not obliged to appoint another trust corporation selected by the Trustee as its successor.

## **16. Applicable Notifications of Government**

- (a) The Certificates are being issued pursuant to, and subject to and with the benefit of the “Government of Pakistan Ijara Sukuk Rules, 2008” notified by the Government, which shall be deemed to be incorporated herein and shall form an integral part hereof.
- (b) The Government has notified the Certificates as “government securities” under the Public Debt Act, 1944.

## **17. Governing Law and Submission to Jurisdiction**

- (a) The Declaration of Trust the Agency Agreement and the Certificates are governed by, and will be construed in accordance with, the laws of Pakistan.
- (b) The Issuer has in the Declaration of Trust irrevocably and unconditionally agreed for the benefit of the Trustee and the Certificate holders that the courts at

Islamabad are to have jurisdiction to settle any disputes which may arise out of or in connection with the Declaration of Trust or the Certificates and that accordingly any suit, action or proceedings arising therefrom or in connection therewith as may be brought in such courts.

**PAYING AGENT, REFERENCE AGENT AND REGISTRAR**

SBP Banking Services Corporation  
Islamabad

and/or such other or further Paying Agent, Reference Agent, Registrar and/or specified offices as may from time to time be appointed by the Agent and notice of which has been given to Certificate holders.

## SCHEDULE 2

### PROVISIONS FOR MEETINGS OF CERTIFICATE HOLDERS

1. (1) As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
  - (a) **24 hours** shall mean a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in the place where the Paying Agent has its specified office (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid; and
  - (b) **48 hours** shall mean a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and in the place where the Paying Agent has its specified office (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.
- (2)
  - (a) A holder of Certificates may, by an instrument in writing in the English language (a **form of proxy**) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Agent or the Registrar not less than 48 hours before the time fixed for the relevant meeting, appoint any person (a **proxy**) to act on his or its behalf in connection with any meeting of Certificate holders and any adjourned such meeting,
  - (b) Any holder of Certificates which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a **representative**) in connection with any meeting of Certificate holders and any adjourned such meeting.
  - (c) Any proxy appointed pursuant to sub-paragraph (a) above or representative appointed pursuant to sub-paragraph (b) above shall so long as such appointment remains in force be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of Certificate holders, to be the holder of the Certificates to which such appointment relates and the holder of the Certificates shall be deemed for such purposes not to be the holder.



2. The Trustee may at any time and shall upon a requisition in writing signed by the holders of not less than one-tenth in face amount of the Certificates for the time being Outstanding convene a meeting of Certificate holders and if the Trustee makes default for a period of seven days in convening such a meeting the same may be convened by the requisitionists. Every such meeting shall be held at such time and place as the requisitionists may appoint or approve.
3. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the place, day and hour of meeting shall be given to Certificate holders prior to any meeting of such Certificate holder in the manner provided by Condition 13. Such notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall include statements to the effect that the holders of Certificates may appoint proxies by executing and delivering a form of proxy in the English language to the specified office of the Paying Agent not less than 48 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution of their directors or other governing body. A copy of the notice shall be sent by post to the Trustee (unless the meeting is convened by the Trustee).
4. A person (who may but need not be a Certificate holder) nominated in writing by the Trustee shall be entitled to take the chair at the relevant meeting or adjourned meeting but if no such nomination is made or if at any meeting or adjourned meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting or adjourned meeting Certificate holders present shall choose one of their number to be Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.
5. At any such meeting one or more Certificate holders, proxies or representatives holding or representing in the aggregate not less than one-twentieth of the face amount of the Certificates for the time being Outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more Certificate holders, proxies or representatives and holding or representing in the aggregate not less than two-thirds in face amount of the Certificates for the time being Outstanding.
6. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened upon the requisition of Certificate holders be dissolved, in any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding Business Day) at the same time and place (except in the case of a

meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 14 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Trustee). If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Trustee) dissolve such meeting or adjourn the same for such period, being not less than 14 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Trustee, and the provisions of this sentence shall apply to all further adjourned such meetings. At any adjourned meeting one or more Certificate holders, proxies or representatives (whatever the face amount of the Certificates so held or represented by them) shall form a quorum and shall have power to pass any Extraordinary or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present.

7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.
8. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Certificate holder or as a proxy or as a representative.
9. At any meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the Trustee or any Certificate holder present or a proxy or representative (whatever the face amount of the Certificates so held or represented by him) a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
10. Subject to paragraph 12 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
11. The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack

of required quorum) have been transacted at the meeting from which the adjournment took place.

- 12.** Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
- 13.** The Trustee and its lawyers and any director, officer or employee of a corporation being a trustee of these presents and agent in relation to the Certificates and any director or officer of the Trustee and its lawyers and any other person authorised in that behalf by the Trustee may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of Outstanding in Clause 1 of the Declaration of Trust, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of Certificate holders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on Certificate holders by Condition 12 unless he is a proxy or a representative or is the holder of a Certificate. No person shall be entitled to vote at any meeting in respect of Certificates held by, for the benefit of, or on behalf of, the Trustee. Nothing herein shall prevent any of the proxies named in any form of proxy or any representative from being a director, officer or representative of or otherwise connected with the Trustee.
- 14.** Subject as provided in paragraph 13 hereof at any meeting:
  - (a)** on a show of hands every person who is present in person who is a holder of Certificates or is a proxy or representative shall have one vote; and
  - (b)** on a poll every person who is so present shall have one vote in respect of each Rs. \_\_\_\_\_ or such other amount as the Trustee may in its absolute discretion stipulate as face amount of the Certificates or in respect of which he is a proxy or representative or in respect of which he is the holder.

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

- 15.** The proxies named in any form of proxy and representatives need not be Certificate holder.
- 16.** Each form of proxy shall be deposited by the relevant Paying Agent or (as the case may be) by the Registrar at such place as the Trustee shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the form of proxy propose to vote and in default the form of proxy shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business.
- 17.** Any vote given in accordance with the terms of a form of proxy shall be valid notwithstanding the previous revocation or amendment of the form of proxy or of any of

the Certificate holder' instructions pursuant to which it was executed provided that no intimation in writing of such revocation or amendment shall have been received from the relevant Paying Agent or in the case of a Certificate from the holder thereof by the Trustee at its registered office (or such other place as may have been required or approved by the Trustee for the purpose) by the time being 24 hours and 48 hours respectively before the time appointed for holding the meeting or adjourned meeting at which the form of proxy is to be used.

- 18.** A meeting of Certificate holders shall in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6 above), namely:
- (a) power to sanction any compromise or arrangement proposed to be made between, or any abrogation, modification, compromise or arrangement in respect of the rights of, the Trustee, any obligor in respect of the Trust Assets and Certificate holders or any of them;
  - (b) power to assent to any modification of the provisions of these presents which shall be proposed by the Trustee or any Certificate holder;
  - (c) power to give any authority or sanction which under the provisions of these presents is required to be given by Extraordinary Resolution;
  - (d) power to appoint any persons (whether Certificate holder or not) as a committee or committees to represent the interests of Certificate holders and to confer upon such committee or committees any powers or discretions which Certificate holders could themselves exercise by Extraordinary Resolution;
  - (e) power to discharge or exonerate the Trustee from all liability in respect of any act or omission for which the Trustee and may have become responsible under these presents in relation to the Certificates;
  - (f) power to authorise the Trustee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.
- 19.** Any resolution passed at a meeting of Certificate holders duly convened and held in accordance with these presents shall be binding upon all Certificate holders whether present or not present at such meeting and whether or not voting and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by Certificate holders shall be published in accordance with Condition 13 by the Trustee within 14 days of such result being known PROVIDED THAT the non-publication of such notice shall not invalidate such result.

20. The expression **Extraordinary Resolution** when used in these presents means (a) a resolution passed at a meeting of Certificate holders duly convened and held in accordance with these presents by a majority consisting of not less than two-thirds of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than two-thirds of the votes cast on such poll or (b) a resolution in writing signed by or on behalf of Certificate holders holding in the aggregate not less than 75 per cent. of the face amount of the Certificates or, as the case may be, the Certificates for the time being Outstanding, which resolution in writing may be contained in one document or several documents in like form each signed by or on behalf of one or more Certificate holders.
21. Minutes of all resolutions and proceedings at every meeting of Certificate holders shall be made and entered in books to be from time to time provided for that purpose by the Trustee and any such Minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which Minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.
22. Subject to all other provisions of these presents the Trustee may without the consent of Certificate holders prescribe such further regulations regarding the requisitioning and/or the holding of meetings of Certificate holders of and attendance and voting thereat as the Trustee may in its sole discretion think fit.

**SIGNATORIES  
(RULES)**

**TRUSTEE**

**For and on behalf of Civil Aviation Authority**

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

Name:

Title:

**Witnesses:**

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

Name:

Address:

NIC No.:

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

Name:

Address:

NIC No

**ISSUER**

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

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

Name:

Title:

**Witnesses:**

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

Name:

Address:

NIC No.:

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

Name:

Address:

NIC No.:

**DELEGATES**

**For and on behalf of SBP Banking Services Corporation**

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

Name:

Title:

**Witnesses:**

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

Name:

Address:

NIC No.:

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

Name:

Address:

NIC No.:

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

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

Name:

Title:

**Witnesses:**

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

Name:

Address:

NIC No.:

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

Name:

Address:

NIC No.:

**AGENT**

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

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

Name:

Title:

**Witnesses:**

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

Name:

Address:

NIC No.:

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

Name:

Address:

NIC No.: