

## Term Sheet

### 3/5-year Listed Variable Rate of Return (VRR) GOP Ijarah Sukuk

<b>Issue / Security</b>	3/5-year listed VRR GOP Ijarah Sukuk.
<b>Issuer</b>	Pakistan Domestic Sukuk Company Limited (PDSCL) - a wholly owned subsidiary of Ministry of Finance, Government of Pakistan.
<b>Target Size</b>	PKR 10 billion for each 3-year and 5-year instrument.
<b>Issue Date</b>	June 28 <sup>th</sup> , 2024
<b>Maturity Date</b>	June 28 <sup>th</sup> , 2027 for 3-year Sukuk June 28 <sup>th</sup> , 2029 for 5-year Sukuk  In case the Maturity Date falls on a public holiday then the maturity of the Sukuk would be on the next working day.
<b>Sukuk</b>	A Shariah-compliant certificate/instrument that represents the undivided proportionate ownership of the Ijarah Asset.
<b>Face Value</b>	Face Value of each Sukuk would be PKR 5,000 which would represent the ownership share in the Ijarah Asset.  The undivided percentage share of ownership in the Ijarah Asset for each Sukuk will be calculated as follows:  $\text{Face Value per Sukuk} / \text{Total Market Value of the Asset.}$
<b>Bid Amount</b>	A single bid can be placed for Face Value of PKR 5,000 or any multiple of PKR 5,000.

<p><b>Benchmark Rate</b></p>	<p>Weighted average yield of 6-month T-Bill as decided in last auction Or 6 month tenor rate as given on the Reuters PKRV page (121-180 days) in terms of SBP-FSCD Circular No. 13 dated September 6, 2008.</p> <p>The Applicable benchmark rate for Floating Rate instruments shall be 6 Month Weightage Average T-bill Rate of Auction to be held on 26<sup>th</sup> June 2024.</p> <p>For the Subsequent periods the applicable rate can be accessed at following link at the start of each period.</p> <p>For Weighted Average Rates  <a href="https://www.sbp.org.pk/DFMD/pma.asp">https://www.sbp.org.pk/DFMD/pma.asp</a></p> <p>For PKRV Rates  <a href="https://www.mufap.com.pk/industry.php">https://www.mufap.com.pk/industry.php</a></p>
<p><b>Bid Spread</b></p>	<p>Bid spread shall be margin upto 2 decimal spaces specified by the bidder over and above Benchmark Rate for determination of Ijarah Rental.</p>
<p><b>Cut-off Spread</b></p>	<p>Cut-off Spread shall be the Bid Spread accepted by the Ministry of Finance. In case, the Ministry of Finance does not accept any Bid Spread, the auction shall stand rejected.</p>
<p><b>Tenor</b></p>	<p>3 years and 5 Years</p>
<p><b>Joint Financial Advisors &amp; Shariah Advisor to the Issue</b></p>	<p>Meezan Bank Limited, Dubai Islamic Bank (Pakistan) Limited, Bank Islami Pakistan Limited, Bank Alfalah Limited.</p>
<p><b>Issuance Methodology</b></p>	<p>The Sukuk shall be issued at Face Value.</p> <p>An investor may submit any number of bids to purchase the Sukuk in the manner prescribed by Pakistan Stock Exchange (PSX).</p> <p>Each bid must specify the Bid Amount and the Bid Spread.</p> <p>The auction shall follow a single price methodology. All bids whose Bid Spread are equal to or lesser than the Cut-off Spread shall be treated as successful bids. All the successful bidders shall be allocated the cut-off Price.</p>
<p><b>Ijarah Rental (Profit)</b></p>	<p>Ijarah Rental for each Sukuk for each six month period shall be calculated as follows:</p> <p><i>Face Value x (Benchmark Rate at the start of the Period + Cut-off spread) x Number of days in a period divided by 365</i></p>

<b>Tradability</b>	Tradable on Pakistan Stock Exchange (PSX).
<b>Rental Payment and revision Frequency</b>	Semi Annual
<b>Rental Payment Obligation &amp; Asset Purchase Undertaking</b>	Government of Pakistan.
<b>Ijarah Asset Details &amp; Valuation</b>	Ijarah Asset means the asset share to be purchased by the Sukuk holders as defined in the Transaction Structure
<b>Transaction Structure, Shariah Approval &amp; Ijarah Asset Details</b>	Transaction structure is based on Ijarah (sale & lease back of underlying assets). A detailed transaction structure (including Shariah Advisor's approval, asset details, transaction flow, related transaction risks & reward) as approved by the Shariah Advisor to the Issue is attached as Annex-A.
<b>Eligible Investors</b>	All eligible investors as defined in the Government of Pakistan Sukuk Rules 2008 (as amended in 2023) and as notified by SRO 1585(I)2023 issued by Ministry of Finance dated 17 <sup>th</sup> November 2023 including the following: <ul style="list-style-type: none"> <li>• Individuals, Institutions, Trusts, funds of all types, bodies corporate including banks, non-banking finance companies, insurance and Takaful companies irrespective of their residential status.</li> <li>• RDA Customers.</li> <li>• Non-resident Pakistani.</li> <li>• Foreign Investors &amp; International Islamic Banks &amp; FIs.</li> </ul>
<b>Eligible Participants</b>	All Clearing Members of NCCPL shall be allowed to submit bids as Auction Participants in the auction process.

<p><b>Non-Competitive Bid (NCB)</b></p>	<p>The investors may place NCBs on the auction date in the manner prescribed by PSX.</p> <p>NCB shall only specify the Bid Amount Face Value.</p> <p>A single investor shall not bid for an aggregate face value exceeding 0.25% of the Auction Target or PKR 500 million, whichever is lower.</p> <p>In case the aggregate Face Value of all NCBs is greater than the available cushion in the Ijarah Asset, the securities shall be issued on prorata basis to the relevant investors.</p> <p>All NCBs shall be treated as successful provided that the Ministry of Finance announces a cut-off price. No NCBs shall be treated as successful in case the auction is rejected.</p> <p>The calculation methodology of Investment Value and Ijarah Rental for NCBs shall be the same as of the competitive bids.</p>
<p><b>Margin Requirement</b></p>	<p>Margins requirements shall be as per the applicable policies of PSX &amp; NCCPL and shall be refundable in case of unsuccessful bids.</p>
<p><b>Sukuk Redemption</b></p>	<p>The Sukuk shall be redeemed on Maturity Date by paying the applicable Face Value.</p>
<p><b>Investment Agent</b></p>	<p>Pakistan Domestic Sukuk Company Limited.</p> <p>(By entering into the auction process, all investors to the issue shall agree to authorize Investment Agent to perform all actions required on their behalf as per the Transaction Structure &amp; related documentation)</p>
<p><b>Legal Advisor</b></p>	<p>Ahmed &amp; Qazi Advocates &amp; Legal Consultants</p>
<p><b>Paying Agent</b></p>	<p>National Clearing Company of Pakistan Limited (NCCPL).</p>
<p><b>Registrar</b></p>	<p>Central Depository Company (CDC) Share Registrar Services Limited (wholly owned subsidiary of CDC).</p>
<p><b>Custodian &amp; Transfer Agent</b></p>	<p>The Sukuk shall be inducted in Central Depository System (CDS) of CDC in book entry form and units (in term of volume) and will be reflected in the CDS account of the sukuk holders.</p> <p>Transfer of Securities shall be made in accordance with the Central Depositories Act, 1997 and CDC Regulations made under the Act.</p>

<b>Listing</b>	Sukuk shall be listed on PSX.
<b>SLR Eligibility</b>	The Sukuk shall be an 100% SLR eligible instrument for all eligible investors, on the basis of Government of Pakistan Sukuk Rules 2008 (as amended in 2023), published in Government of Pakistan S.R.O 1585(I)2023 dated 17 <sup>th</sup> November 2023, issued by Ministry of Finance.
<b>Other Terms &amp; Conditions</b>	<ul style="list-style-type: none"> <li>● No bid shall be considered if received after the deadline for bid submission.</li> <li>● PSX shall notify the successful bidder</li> <li>● Shariah structure and legal documentation shall be approved by Shariah Advisor of the Issue.</li> <li>● Ministry of Finance, Government of Pakistan reserves the right to reject the bids without assigning any reason.</li> </ul>
<b>Reopening of Sukuk</b>	The Sukuk can be reopened in the future subject to the terms and conditions of the approved Transaction Structure.
<b>Disclaimer &amp; Investor Advice</b>	<ul style="list-style-type: none"> <li>● Investors are advised to read the Term Sheet, Transaction Structure and related documentation to understand the risk and reward of the transaction and should not construe this Term Sheet, Transaction Structure and related documentation as financial, legal or tax advice and should conduct their own investigation and analysis of the transaction described herein before deciding to invest in the Sukuk.</li> <li>● Investment in Listed Sukuk is subject to market risk, liquidity risk, asset risk, foreign exchange risk and prevailing market conditions.</li> <li>● The transaction is governed by the Transaction Structure and related legal documents, approved by the Shariah Advisor.</li> </ul>
<b>Governing Rules</b>	Government of Pakistan Sukuk Rules, 2008 (as amended in 2023) and as notified by SRO 1585(I)2023 issued by Ministry of Finance dated 17 <sup>th</sup> November 2023.
<b>Governing Law</b>	The Sukuk shall be subject to the laws of Islamic Republic of Pakistan.

<p><b>Shariah Compliance</b></p>	<p>The overall issue has been structured and shall be executed in accordance to the guidelines provided by the Shariah Advisor of Joint Financial Advisors and all parties involved in the transaction shall commit to ensure compliance with these guidelines at all times.</p>
<p><b>Indemnification</b></p>	<p>The Issuer hereby indemnifies and agrees to hold harmless the Joint Financial Advisors and Shariah Advisor and each of their affiliates and each of its respective officers, directors, employees, agents, advisors and representatives (each an “Indemnified Party”) from and against any and all claims, damages, losses, liabilities, costs and expenses (hereinafter collectively referred as “Claim”), joint or several, that may be incurred by or awarded against any Indemnified Party, in each case arising out of or in connection with or relating to the Issue except to the extent such Claim has resulted from such Indemnified Party’s gross negligence or willful misconduct.</p>
<p><b>Arbitration</b></p>	<p>Any conflict shall be resolved with the mutual consent of respective parties involved. In absence of mutual consent, the matter shall be resolved through Pakistani courts.</p>