

Indicative Term Sheet for Inaugural Issuance of Green Sukuk

3-year Listed VRR GOP Ijarah Green Sukuk issued under Sustainable Investment Framework

Issue / Security	3-year listed VRR GOP Ijarah Green Sukuk.
Purpose	To provide funding for development of either one, multiple or all identified Green Projects within the tenor of the Sukuk, in line with the Sustainable Investment Framework
Green Projects	<ul style="list-style-type: none"> • Construction of Garuk Storage Dam, District Kharan • Construction of Naigaj Dam Project • Construction of 26MW Shagarthang Hydropower Project, Skardu. <p>GoP may at any time change the composition of or add additional eligible projects, in accordance with the Sustainable Investment Sukuk Framework.</p>
Issuer	Pakistan Domestic Sukuk Company Limited (PDSCL) - a wholly owned subsidiary of Ministry of Finance, Government of Pakistan.
Target Size	PKR 30 billion
Issue Date	May 19 th , 2025
Maturity Date	May 19 th , 2028
Tenor	3- Years
Sukuk	A Shariah-compliant certificate/instrument that represents the undivided proportionate ownership of the Ijarah Asset.
Face Value	<p>Face Value of each Sukuk would be PKR 5,000 which would represent the ownership share in the Ijarah Asset.</p> <p>The undivided percentage share of ownership in the Ijarah Asset for each Sukuk will be calculated as follows:</p> <p>Face Value per Sukuk / Total Market Value of the Asset.</p>
Bid Amount	A single bid can be placed for Face Value of PKR 5,000 or any multiple of PKR 5,000.
Bid Spread	Bid spread shall be margin upto 2 decimal spaces specified by the bidder over and above Benchmark Rate for determination of Ijarah Rental.

Benchmark Rate	<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 rate can be accessed at following link at the start of each period.</p> <p>For Weighted Average Rates (https://www.sbp.org.pk/DFMD/pma.asp)</p> <p>For PKRV Rates (https://www.mufap.com.pk/industry.php)</p>
Cut-off Spread	<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>
Ijarah Rental (Profit)	<p>Ijarah Rental for each VRR 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>
Joint Financial Advisors & Shariah Advisor to the Issue	<p>Meezan Bank Limited, Dubai Islamic Bank (Pakistan) Limited, Bank Islami Pakistan Limited, Bank Alfalah Limited.</p>
Issuance Methodology	<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>
Tradability	<p>Tradable on Pakistan Stock Exchange (PSX).</p>
Rental Payment and revision Frequency	<p>Semi Annual</p>
Rental Payment Obligation & Asset Purchase Undertaking	<p>Government of Pakistan.</p>
Ijarah Asset Details & Valuation	<p>Ijarah Asset means the asset share to be purchased by the Sukuk holders as defined in the Transaction Structure</p>

Sustainable Investment Sukuk Framework	Sustainable Investment Sukuk Framework approved by the cabinet (dated 15 th April, 2025) and issued by Ministry of Finance.
Transaction Structure, Shariah Approval & Ijarah Asset Details	<p>Transaction structure is based on Ijarah (sale & lease back of underlying assets).</p> <p>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.</p>
Eligible Investors	<p>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 17th November 2023 including the following:</p> <ul style="list-style-type: none"> • Individuals, Institutions, Trusts, funds of all types, bodies corporate including banks, non-banking finance companies, insurance and Takaful companies irrespective of their residential status. • RDA Customers. • Non-resident Pakistani. • Foreign Investors & International Islamic Banks & FIs.
Eligible Participants	All Clearing Members of NCCPL shall be allowed to submit bids as Auction Participants in the auction process.

Non-Competitive Bid (NCB)	<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 pro rata 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>
Margin Requirement	Margins requirements shall be as per the applicable policies of PSX & NCCPL and shall be refundable in case of unsuccessful bids.
Sukuk Redemption	The Sukuk shall be redeemed on Maturity Date by paying the applicable Face Value.
Investment Agent	<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 & related documentation)</p>
Legal Advisor	Ahmed & Qazi Advocates & Legal Consultants
Paying Agent	National Clearing Company of Pakistan Limited (NCCPL).
Registrar	Central Depository Company (CDC) Share Registrar Services Limited (wholly owned subsidiary of CDC).
Custodian & Transfer Agent	<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>

Listing	Sukuk shall be listed on PSX.
SLR Eligibility	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 th November 2023, issued by Ministry of Finance.
Utilization of Proceeds	<p>The proceeds would be utilized for the development of Green Projects as per the guidelines stated in the Sustainable Investment Sukuk Framework:</p> <ul style="list-style-type: none"> i. Investment Expenditures directly related to the identified Green/ Sustainable/ Social Projects ii. Operating expenditures directly associated with the identified Green/ Sustainable/ Social Projects iii. Fiscal expenditures directly associated with identified Green/ Sustainable/ Social Projects iv. Intangible assets (research and innovation), v. Refinancing of existing loan/debt on the identified Green/ Sustainable/ Socialproject.* vi. Any other utilization under approved project(s)

<p>Management and Tracking of Proceeds</p>	<ul style="list-style-type: none"> i. Under the supervision of Ministry of Finance (MOF), the funds raised against the sukuk will be tracked in an appropriate manner. ii. In case the funds are to be transferred to a profit bearing account of a commercial bank then it needs to be ensured that it is maintained with either an Islamic bank or Islamic window of a conventional bank. iii. Funds will be released for utilization on the selected projects upon written recommendation from the Ministry of Planning, Development & Special Initiatives, with formal intimation to the Ministry of Finance. iv. The Funds would be utilized in a Shariah Compliant manner and it would be ensured that the funds are not utilized for any activity and service that is contrary to the Shariah guidelines. v. The Ministry of Planning, Development & Special Initiatives shall establish a comprehensive tracking system to monitor fund allocation and ensure transparent and efficient utilization across the selected projects.
<p>Governing Rules</p>	<p>The Sukuk would be issued under Government of Pakistan Sukuk Rules, 2008 (as amended in 2023) and as notified by SRO 1585(I)2023 issued by Ministry of Finance dated 17th November 2023, and Sustainable Investment Sukuk Framework issued by Ministry of Finance.</p>
<p>Governing Law</p>	<p>The Sukuk shall be subject to the laws of Islamic Republic of Pakistan.</p>

<p>Disclosure Requirements</p>	<p>MOF will prepare and publish Green Sukuk report annually and initially on the date falling no more than one year after the inaugural GOP Ijarah Green Sukuk issuance in coordination with Ministry of Planning, Development, and Special Initiatives. The Report will contain at least:</p> <ul style="list-style-type: none"> i. A list and brief description of the projects to which Green Sukuk proceeds have been allocated; ii. The amount of Green Sukuk proceeds allocated to such projects. iii. Details of the unutilized amount and their current placement. iv. Expected date by which 100% proceeds would be utilized. v. The impact reporting on the expected beneficial impacts of the eligible Projects will be provided and will be made available on at least an annual basis, subject to the availability of the relevant data. <p>The Report will be published on the official website of Ministry of Finance and Pakistan Stock Exchange.</p>
<p>Shariah Compliance</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>