

## **All Interested Banks**

### **Subject: Term Finance Facility of Pkr 6.0 billion**

National Highway Authority (NHA) is seeking interest from the banks for participating in a Term Loan facility of Pkr 6.0 billion in their individual capacity.

Term loan facility is structured for a period of 10 years including 3 years grace period with a repricing option of 6 month KIBOR basis.

### **The Project:**

NHA is planning to construct Faisalabad-Khanewal expressway (E-4/M-4) with a total cost of Pkr 29 billion. Out of which NHA is seeking participation of banks to have their participation to the extent of Pkr 6 billion. Remaining amount would be arranged through the following sources:

- Allocation of funds by GOP through PSDP to NHA on yearly basis. Presently total portion of PSDP stands at Pkr 21 billion.
- A Term loan approved by Asian Development Bank (ADB) with total consideration of Pkr 21 billion for a period of 20 years for its various ongoing projects including the present one of E-4.
- Operational cash flows which during the year 2009 are projected to be Pkr 16 billion with an average increase by 25% each year.

Initially, the amount is required for acquisition of land and development of road thereafter by utilizing a part of ADB Loan.

A Term Sheet representing terms of the facility is attached for your reference. You are invited to submit your letter of intent to the undersigned within 10 days from the date hereof for NHA to finalize the participating banks by appointing a lead manager to proceed further on the subject.

In case if you require any further information then please contact the undersigned within business hours.

Best Regards

**Zafar Iqbal Gondal**  
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**INDICATIVE TERM SHEET****TERM LOAN OF RS 6 BILLION**

Individual banks may submit their quotes maximum to any limit to meet a total requirement of Pkr 6 billion of NHA for construction of Faisalabad-Khanewal Expressway (E-4). Terms and conditions are as follows:-

<b>Borrower</b>	National Highway Authority
<b>Lender</b>	All Banks/Financial Institutions in their individual capacity
<b>Transaction</b>	Term Loan Facility
<b>Facility Amount</b>	Pkr 6,000,000,000/- (Rupees Six Billion Only). Total project cost Pkr 29 billion.
<b>Purpose</b>	For construction of Faisalabad-Khanewal expressway (E-4/M-4).
<b>Tenor</b>	Upto Ten years (3+7=10) Subject to feasibility report on acquisition and development reports.
<b>Pricing</b>	6 months KIBOR plus....., bi-annual re-pricing during first 5 days average rate of the following month.
<b>Markup</b>	Semi annually in arrears
<b>Principal Redemption</b>	Principal to be redeemed in fourteen(14) equal semi annual installments commencing from 43rd month from the date of first disbursement.
<b>Grace Period</b>	3 years or 42 months from the 1 <sup>st</sup> drawdown
<b>Commitment Fee</b>	Negotiable
<b>Monitoring Fee</b>	Negotiable
<b>Appointment of lawyer</b>	To be appointed by the lenders with consent of the Borrower.

<b>Legal Fee</b>	As per actual
<b>Security</b>	<ul style="list-style-type: none"> <li>▪ Assignment/hypothecation of present and future receivables ("Identified Receivables") of Road Maintenance Account ("RMA") in favor of lenders as acceptable to the banks.</li> <li>▪ Lien in favor of Lenders over the Collection Account with an acceptable bank.</li> <li>▪ Assignment of all rights under any and all concessions currently held by NHA to collect road revenues, including toll revenues.</li> <li>▪ Assignment of all rights under any and all concessions awarded by NHA to any third parties giving such parties the right to collect revenues, including tolls, on behalf of NHA.</li> </ul>

**NOTE:**

- Any other charges, fees etc. should be mentioned on a separate sheet.
- Collections against Identified Receivables to be routed through a Collection Account designated by the Lenders. The collections made in the collection account to provide a minimum coverage of 1.75 times over the semi-annual principal and markup payments.
- All project related detailed information will be provided once National Highway Authority makes selection of participating banks by appointing a lead bank.
- Certified copies of land acquisition would be submitted to appointed trustee.

**Additional Recourse:**

Annual release of funds under PSDP to NHA, maximum of Pkr 26 billion to be assigned to the lenders for the full amount of outstanding principal and markup.

**Disbursement condition:**

Any litigation rising out of acquisition of land, post disbursements in full or part thereof, will be the exclusive legal responsibility of NHA to continue paying principal installments and markup as per agreed terms and conditions.