



CANADA AVIATION AND FINANCE MANAGEMENT LTD.

GENERAL TERMS AND CONDITIONS FOR PROJECT FINANCING

1. The promoters shall submit a Letter of Intent together with Feasibility Report. The Feasibility Report to be prepared by qualified Chartered Accountant. Upon scrutiny, if the Report is not to the satisfaction of our Bankers, we are ready to extend the services for the preparation of Feasibility Report. Our Service Charges shall be **0.25%** of the project cost.
2. Upon Appraisal of the project within 3 banking days, an *in principle* Funding Assistance Approval Letter shall be issued stating the Terms and Conditions of extending the Funding Assistance. After the studies, if the project could not establish the feasibility, within 3 banking days, we shall intimate the promoters and in this case the assistance could not be offered.
3. Within **Two** Banking days, the promoters have to confirm, in writing, the acceptance of terms and conditions of sanctioning funding assistance. The promoters have to remit **0.50%** of the project cost value towards Retainer and Commitment Fee.
4. The Total Fees payable shall be **3%** of the Project Cost, which includes 0.5% towards Retainer and Commitment Fee and 2.5% Success Fees. Upon releasing of the First Tranch/Instalment of funding assistance, the Success Fees shall be payable.
5. The expenses towards Retainer and Success Fees, shall be considered as part of the project cost, i.e. the Retainer and Success Fees shall be added to the project cost and funding assistance shall include the Retainer and Success Fees.
6. **Funding Assistance :**
100% of the Project cost shall be extended as Financial Assistance.
7. **Security for Funding Assistance :**

The promoters shall provide a Bank Guarantee equivalent to **33%** of the value of the project, as per the **Specimen** enclosed as **Annexure I**. The Bank Guarantee shall be confirmed by one of the TOP 25 European/USA Banks in London or USA. The Bank Guarantee shall be for One Year One Month maturity and extendable (with Full Banking Responsibility) for additional Two more years – **Total Validity 3 (Three) years**.

The Bank Guarantee shall be for a period of One Year, One Month exentable until the expiry of the moratorium period and the issuing bank shall undertake to extend the bank guarantee 10 days prior to the maturity, with full bank responsibility.

The Bank Guarantee shall be put in the Screen (Euroclear/ Bloomberg, etc.) and shall be **Blocked** for the entire period of 3 years.

The Bank Guarantee shall not move from the Country of Issuance and it shall be kept under the safe-keeping of the Transaction bank in UAE or the Issuance country in one of the TOP European/USA Banks in the range of ABN AMRO, HSBC, Barclays Bank, CITI Bank, etc. The Transaction Bank shall act as Custodian for both the promoters and CAFM.



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The Bank Guarantee cannot be encashed without producing the Original of Bank Guarantee (which is not practical, since the Bank Guarantee is in the safe custody of the Transaction Bank). Only with the concurrence of the Promoters, the Bank Guarantee could be encashed.

The Bank Guarantee shall not be encashed by the Third Parties.

The Bank Guarantee shall be released upon maturity of 3 years.

If the Bank Guarantee is issued against Cash Collateral, the Promoter is entitled from his Bank, the usual applicable Bank Interest for the cash deposit endorsed by him in favour of his Bank, to facilitate the issuance of the subject Bank Guarantee.

8. **Other securities** : The Land and Building (to be constructed) and the assets to be created shall be mortgaged in our favour during the whole period of Funding Assistance. Upon the funding assistance is fully cleared off, together with interest, the mortgage charges shall be released.
9. **Margin Money** :
 - a) In case the project construction and execution is done by the Promoters under his responsibility, the Margin money (Bank Guarantee) shall be 33% of the cost of the project.
 - b) In case the project construction and execution is done by CAFM, the Margin Money (Bank Guarantee) shall be 25% of the cost of the project.
10. **Disbursement of Funding Assistance** :
 - a) **For New projects**

30 days upon receiving the Bank Guarantee in our favour in our Designated Transaction Bank, 10% of the Funding assistance shall be released to the promoters. Balance 90% shall be released as per the approved cash flow statement according to the project requirements.
 - b) **For takeover of Existing project**

The Margin money to be offered by the Promoters shall be 33% of the project cost and the entire funding assistance for takeover of the existing project shall be **Six** months of receipt of Bank Guarantee, spread over a period of 6 equal monthly payments.
11. **Period of Funding Assistance** :

Funding assistance are offered for 10 years period including moratorium period during construction. Extended Repayment period shall be considered depending upon the project requirements.
