

January 04, 2024/20

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road,  
Karachi.

SUBJECT: **CORPORATE BRIEFING SESSSION-PRESENTATION**

Dear Sir,

Further to our notice dated January 02, 2024 for Corporate Briefing Session (CBS) scheduled to be held on January 05, 2024 at 11:30 AM at the registered address of Modaraba Al-Mali.

We are pleased to submit the presentation for the said Corporate Briefing Session for the information of the certificate holders/participants.

You may please circulate the same to all the concerned.

For and on behalf of Modaraba Al-Mali

  
**Inam Ullah**  
Company Secretary



CAPITAL



PROPTech



Financial Services  
Limited

## **SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION FOR AMALGAMATION/MERGER OF**

**Part – 1 : Complete Transfer of Business and Undertaking of  
Modaraba Al-Mali and LSE Proptech Limited with and into LSE  
Capital Limited**

**Part – 2 : Partial Transfer (Designated Assets) of LSE Capital Limited  
with and into LSE Financial Services Limited**



## 4.9 KEY DISCLOSURES

### 4.9.1 De-Merger of Interloop Limited

With Hosiery being the core business of the Company, Interloop over the years has also made investments in the dairy, IT and real estate sector along with short term investments in mutual funds (the "Investment Segment"). A separate new ventures department was established in the Company to look after the existing diversification from purely textile related business lines and to also look for opportunities in other sectors for e.g. power, logistics etc.

Prior to the demerger, all the investments were parked on the balance sheet of Interloop. The sponsors of Interloop were of the view to have the non-core business lines separated from Interloop and parked under a holding company structure. The idea was to have all non-textile projects parked under one umbrella as separate entities with independent management and operations all consolidating into one holding company. Further as the textile division and other investments were all in an expansionary phase, the sponsors of Interloop decided to carve out non-textile investments from Interloop in order to ensure a focused approach of management for each business line.

The idea mentioned above led Interloop to enter into a demerger exercise in FY 18 with the primary purpose to direct the management's focus on the core business activities, prepare the textile focused company for listing on the PSX by offering potential investors with pure textile sector exposure, and to have the non-core investments under one umbrella for improved management and operational efficiency on their part.

For the purpose of carve-out, a Scheme of Arrangement (the "Scheme") was filed with the Punjab High Court under section 279 to 282 of Companies Act, 2017 in December 2017. The principal object of the scheme was to provide for the division of Interloop as follows:

- i. the separation of the Investment Segment (as a going concern) from Interloop;
- ii. the transfer to, and vesting in Interloop Holdings, of the Investment Segment;
- iii. the issuance of ordinary shares of Interloop Holdings to the Sponsor Shareholders pro rata to the percentage of ordinary voting shares held by them in Interloop;
- iv. the payment of cash consideration by Interloop Holdings to the relevant employees pro rata to the percentage of non-voting shares held by them in Interloop; and
- v. the retention of the textile related assets and liabilities as part of Interloop

with the scheme being effective from the date on which the certified copy of the order of the High Court sanctioning the Scheme is filed with the Registrar of Companies at the SECP.

The Honorable High Court of Lahore sanctioned the scheme on May 8, 2018 sanctioning the scheme as per the principal object. The scheme was filed with the Registrar of Companies at the SECP on May 16, 2018 and is effective since then.

As part of the scheme, net assets of PKR 8.2 billion were transferred to Interloop Holdings against which 820,229,034 new shares of Interloop Holdings were issued to the ordinary shareholders of Interloop and PKR 22,081,422 was paid in consideration to the Employee Stock Option Shareholders of Interloop.

## SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION UNDER SECTION 279 TO 283 AND 285 READ WITH OTHER ENABLING PROVISIONS OF THE COMPANIES ACT, 2017.



### RECITALS

WHEREAS, by this Scheme of Compromises, Arrangement and Reconstruction (the "Scheme"), it is, *inter alia*, proposed that:

1. The Property comprising freehold land owned by Nishat (Chunian) Limited is to be carved out and stand merged / amalgamated with, transferred to, vested in, and be assumed by Nishat Chunian Properties (Private) Limited as at the Effective Date (as defined here below), against issuance of shares by Nishat Chunian Properties (Private) Limited to Nishat (Chunian) Limited in accordance with the Scheme.
2. The NCPL Shares owned by Nishat (Chunian) Limited shall stand transferred to the members of Nishat (Chunian) Limited as also allowed under the Memorandum of Association of NCL.
3. Upon the amalgamation, vesting and transfer of the Property and the transfer of the NCPL Shares, as mentioned above in the manner prescribed under this Scheme, Nishat (Chunian) Limited shall continue to own and operate the Retained Undertaking.
4. The transfer of the Property and the NCPL Shares will result in the business of NCL being managed and carried out in a more effective, efficient and beneficial manner, thus benefitting the members of Nishat (Chunian) Limited.
5. This Scheme, if approved by the respective members of Nishat (Chunian) Limited and Nishat Chunian Properties (Private) Limited through a resolution to be passed with requisite majority and sanctioned by the honorable Court by an order passed in this respect, shall be binding on above companies along with all their members, creditors (including Banks and Financial Institutions), employees, customers, contracting parties, tax authorities, Bankers, Federal and Provincial Governments and their bodies, institutions and authorities and any other regulatory/statutory bodies of or with respect to above companies (as applicable) respectively.



# MERGER INFORMATION

2021

Company Name	Merged With	Date of Merger	Paid up Capital	Ratio
(Colony) Sarhad Textile Mills Limited	Suhail Jute Mills Limited	07-Jun-21	40.000	25.8 : 1 (2580 Shares : 100 Shares)
Island Textile Mills Limited	Tata Textile Mills Limited	27-Jul-21	5.000	1 : 30.2 (100 Shares : 3020 Shares)
Salfi Textile Mills Limited	Tata Textile Mills Limited	27-Jul-21	33.426	1 : 5.2 (100 Shares : 520 Shares)

2011

Company Name	Merged With	Date of Merger	Paid up Capital	Ratio
The Royal Bank of Scotland Limited	Faysal Bank Limited	03-Jan-11	17,179.814	6 : 1 (600 Shares : 100 Shares)
Atlas Bank Limited	Summit Bank Limited	11-Jan-11	5,001.466	1 : 0.45 (100 Shares : 45 Shares)
MyBank Limited	Summit Bank Limited	06-Jul-11	5,303.582	1 : 0.80 (100 Shares : 80 Shares)

Summary for 'Year' = 2011 (3 detail records)

Mergers pf PSX Listed companies.pdf - Read-only



merger	Capital
Colony Mills Limited	Colony Textile Mills Limited
28-May-14	2,441.763
1 : 0.7916 (100 Shares : 79.16 Shares)	

Summary for 'Year' = 2014 (1 detail record)

2013

Company Name	Merged With	Date of Merger	Paid up Capital	Ratio
Mustekam Cement Limited	Bestway Cement Company Limited	26-Dec-13	1,292.609	1 : 0.66 (100 shares : 66 Shares)

Summary for 'Year' = 2013 (1 detail record)

2012

Company Name	Merged With	Date of Merger	Paid up Capital	Ratio
Azam Textile Mills Limited	Suritow Spinning Mills Limited	21-Feb-12	132.750	1.24788 : 1 (124.788 Shares : 100 Shares)

Summary for 'Year' = 2012 (1 detail record)

2010

Company Name	Merged With	Date of Merger	Paid up Capital	Ratio
--------------	-------------	----------------	-----------------	-------

Wednesday, December 29, 2021

Page 2 of 9

Al-Zamin Leasing Modaraba	Invest Capital Investment Bank Limited	11-Jan-10	308.721	1 : 2.60 (100 Shares : 260 Shares)
Al-Zamin Leasing Corporation Limited	Invest Capital Investment Bank Limited	11-Jan-10	496.071	1 : 2.40 (100 Shares : 240 Shares)
Askari Leasing Limited	Askari Bank Limited	10-Mar-10	517.402	1.83 : 1 (183 Shares : 100 Shares)
Shaheen Cotton Mills Limited	Shahzad Textile Mills Limited	02-Aug-10	147.294	1 : 0.30 (100 Shaes : 30 Shares)

Summary for 'Year' = 2010 (4 detail records)

2009

Company Name	Merged With	Date of Merger	Paid up Capital	Ratio
--------------	-------------	----------------	-----------------	-------

International Multi Leasing Corporation Limited	Al-Zamin Leasing Modaraba	19-Jan-09	54.000	1 : 1 (100 Shares : 100 Shares)
Network Leasing Corporation Limited	KASB Bank Limited	17-Feb-09	175.000	500 : 1 (500 Shares : 1 Share)
Automotive Battery Company Limited	Exide Pakistan Limited	04-May-09	52.648	9 : 1 (900 Shares : 100 Shares)
Orix Investment Bank Limited	Orix Leasing Pakistan Limited	28-Oct-09	1,089.000	43 : 1 (4300 Shares : 100 Shares)

Summary for 'Year' = 2009 (4 detail records)



2008

Company Name	Merged With	Date of Merger	Paid up Capital	Ratio
--------------	-------------	----------------	-----------------	-------

Pakistan Industrial Credit & Investment Corp. Ltd.	NIB Bank Limited	01-Jan-08	4,152.720	1 : 3.18 (100 Shares : 318 Shares)
PICIC Commercial Bank Limited	NIB Bank Limited	01-Jan-08	2,734.875	1 : 2.27 (100 Shares : 227 Shares)
Universal Leasing Corporation Limited	Al-Zamin Leasing Corporation Limited	06-Jun-08	210.000	2.44 : 1 (244 Shares : 100 Shares)
Pakistan Slag Cement Industries Limited	Zeal Pak Cement Factory Limited	11-Jun-08	64.000	5 : 1 (500 Shares : 100 Shares)

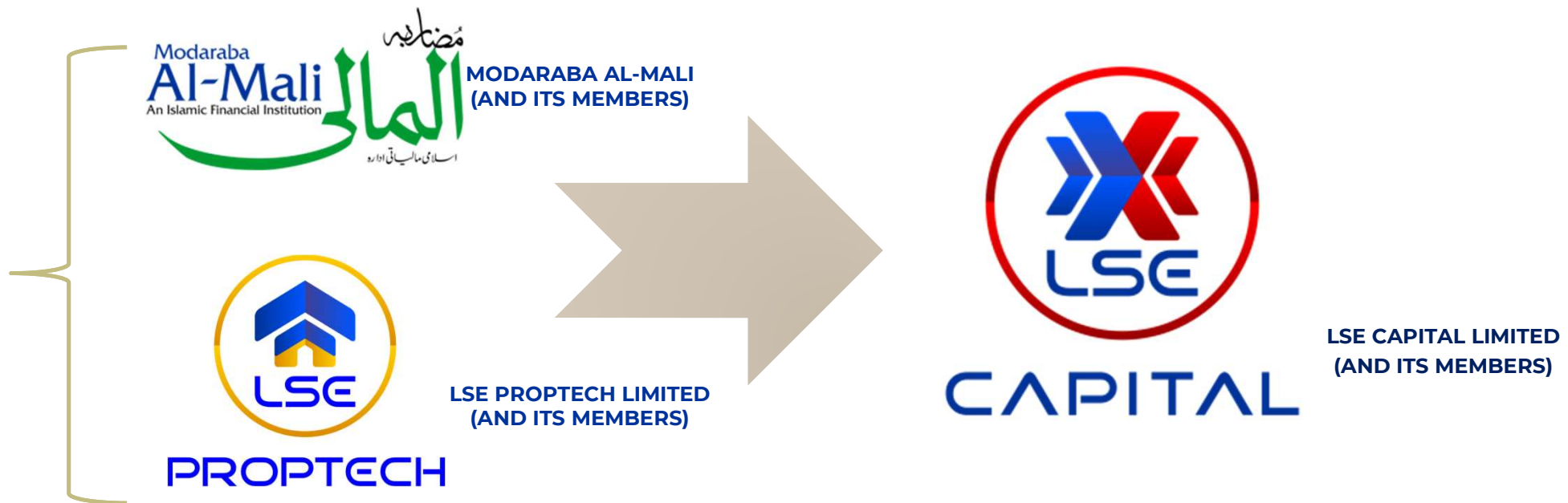
Summary for 'Year' = 2008 (4 detail records)

2006

Company Name	Merged With	Date of Merger	Paid up Capital	Ratio
--------------	-------------	----------------	-----------------	-------

Second Tri Star Modaraba	First Tri Star Modaraba	10-Apr-06	128.700	1.817 : 1 (181.7 Shares : 100 Shares)
ABAMCO Stock Market Fund	UTP Growth Fund	06-Jun-06	875.000	0.970229 : 1 (97.0229 Shares : 100 Shares)
ABAMCO Growth Fund	UTP Growth Fund	06-Jun-06	275.625	1.845001 : 1 (184.5001 Shares : 100 Shares)
ABAMCO Capital Fund	UTP Growth Fund	06-Jun-06	2,029.420	0.898072 : 1 (89.8072 Shares : 100 Shares)
WORLDCALL Broadband Limited	WORLDCALL Telecom Limited	09-Jun-06	1,500.000	1 : 1.09 (100 Shares : 109 Shares)
WORLDCALL Multimedia Limited	WORLDCALL Telecom Limited	09-Jun-06	530.000	1 : 1.27 (100 Shares : 127 Shares)
WORLDCALL Communication Ltd.	WORLDCALL Telecom Limited	09-Jun-06	1,831.702	1 : 1.42 (100 Shares : 142 Shares)

## PART-1 Complete Transfer of Assets and Undertakings



**SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION FOR AMALGAMATION/ MERGER  
(IN TERMS OF PROVISIONS OF SECTIONS 279 TO 283 AND ALL OTHER ENABLING PROVISIONS OF THE  
COMPANIES ACT, 2017)**

# Salient Aspects Part – 1



**Modaraba Al-Mali (MODAM) and LSE Proptech Limited (LSEPL) to merge with and into LSE Capital Limited (LSECAP)**

**MODAM and LSEPL will be dissolved and the shares of LSECAP shall be issued to the registered members/certificate-holders of LSEPL and MODAM**



**LSECAP shall be registered under Shariah Governance Regulations, 2018**



**LSE PL shares held by MODAM shall be distributed to the certificate-holders of MODAM**



**MODAM shares held by LSECAP shall be distributed to its shareholders**



**Swap ratio is 0.83 to 1.0 for MODAM to LSECAP  
(Every certificate holder owning 1000 certificates of MODAM shall get 830 shares of LSECAP )**



**Swap ratio is 0.83 to 1.0 for LSEPL to LSECAP  
(Every certificate holder owning 1000 certificates of LSEPL shall get 830 shares of LSECAP )**

# Salient Aspects Part – 1



Effective date  
**June 30, 2023**

Effective Date within  
the limitation of **180**  
**days** from the  
statement date of  
last audited accounts

LSE Capital, being the  
surviving entity to  
assume the listing  
status of **LSEPL**

No financing  
activity/portfolio in  
LSE Capital, except  
**legacy transactions**

All employees to  
become the  
employees of the  
**surviving entity** (LSE  
Capital)

LSE CAPITAL to operate  
under its **existing**  
**Memorandum &  
Articles**, and any  
needed change to be  
made after approval of  
the Registrar Modaraba

LSE Capital shall retain  
its registration as a  
Modaraba Company and  
will launch **new**  
**Modarabas**



# Allocation Snapshot-MODAM



**01.** No of Outstanding **MODAM** Certificates before the merger: **90,816,915**

**02.** No of **LSECAP** shares after merger **(.83%) (A): 75,378,039**

**03.** No of **LSEPL** Shares held by MODAM: **16,469,434**

**04.** Pro-rata distribution of **LSEPL** Shares to MODAM certificate holders: **18.13%**

**05.** Conversion and allocation of **LSEPL** shares to MODAM Certificate Holders **(B): 13,669,630**

**06.** No. of Shares of **LSEFSL** to be allocated to MODAM certificate holders (for listed status transferability): **5,905,842**

**07.** Pro-rata allocation of **LSEFSL** shares to MODAM certificate holders **(C): 65.03 shares per 1000**

**08.** Total Allocation to MODAM certificate holders **(A+B+C):**  
**LSECAP : 89,047,669**  
**LSEFSL : 5,905,842**

# Allocation Snapshot-LSEPL & LSEFSL



No of Outstanding **LSEPL shares** before merger: **90,090,731**

**01**



No of shares of LSEPL after merger (.83%): **74,775,306**

**02**



No of LSECAP shares to be allocated to each shareholder:  
**74,775,306**

**03**



No of LSEFSL shares to be allocated to each LSEPL shareholder: **\*NIL**

**04**

**\*LSEFSL is acquiring the listing status of MODAM only, hence allocation is being made to MODAM certificate holders only**

# Numerical Calculation of Shares



## Shares of **LSECAP** to be issued to the registered members of **LSEPL**

<b>No. of Shares Outstanding</b>	<b>90,090,731</b>
No. of Shares of LSECAP to be issued to the shareholders of LSEPL	74,775,306
SWAP Ratio (No. of Shares of LSECAP against every One share of LSEPL)	0.83

## Shares of **LSECAP** to be issued to the registered members of **MODAM**

<b>No. of Modaraba Certificates Outstanding</b>	<b>90,816,915</b>
No. of Shares of LSECAP to be issued to the shareholders of MODAM	75,378,039
SWAP Ratio (No. of Shares of LSECAP against every One certificate of MODAM)	0.83

<b>No. of Shares of LSEFSL to the Certificate-holders of MODAM</b>	<b>5,905,842</b>
No. of <b>LSEFSL</b> shares to be issued to the Shareholders of <b>LSECAP</b>	<b>19,771,736</b>
Shares of Digital Custodian Company Limited (DCCL) to be transferred to <b>LSEFSL</b> by <b>LSECAP</b>	<b>18,817,917</b>
Additional shares of <b>LSECAP</b> to be issued to <b>LSEFSL</b>	<b>10,000,000</b>

# Benefits to MODAM certificate-holders



## To receive a better swap of MODAM certificates for LSE Capital Shares

- As compared to MODAM's 52-week price range of PKR 3.0 to 5.7, the certificate holders shall receive a better valuation of PKR 8.3.
- The offered swap ratio in the Scheme is better than the swap ratio determined by the Chartered Accountants of MODAM.

## To get an additional distribution of other securities (making total allocation of 103 shares against 100 MODAM certificates held)

- MODAM holders shall get 18 shares of LSEPL against every 100 certificates
- MODAM holders having 100 certificates shall also get 6.5 shares of LSEFSL

## To get exposure to a diversified revenue stream

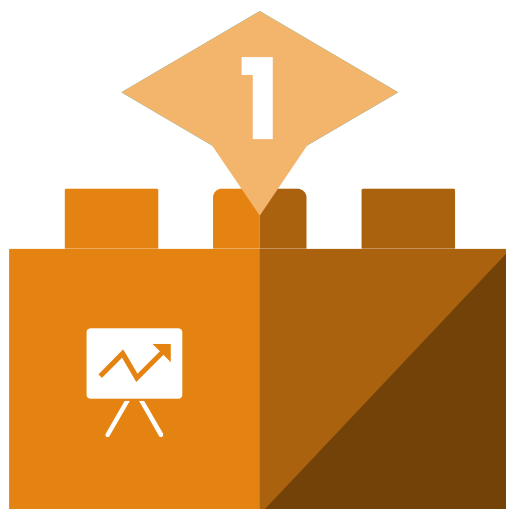
- As opposed to the current revenue stream of MODAM, coming only from the potential dividend income from its holdings in LSE Ventures (27%) and Ensmile (33%), the successor company's (LSE Capital) income shall come from several diversified sources, such as:
  - ✓ Management fee from the new Modarabas
  - ✓ Dividend returns from LSE Ventures, LSE Finance, Ensmile, Digital Custodian Company
  - ✓ Rentals and maintenance of LSE Plaza
  - ✓ Software income (Multi Assets Custodian System, Nexus Smile System and broker back-office software)
  - ✓ Corporate and financial advisory and restructuring assignments
  - ✓ Trading Income

**MODAM certificate holders shall also get voting rights like all other listed corporates.**





# LSE Capital Assets after Merger



## Investments/Holdings in Subsidiaries/Associates:

- Digital Custodian Company (**Unlisted**): - **36%**
- Ensmile Limited (**Unlisted**): - **33%**
- LSE Ventures Limited (**Listed**): - **27%**



## Tangible & Intangible Assets

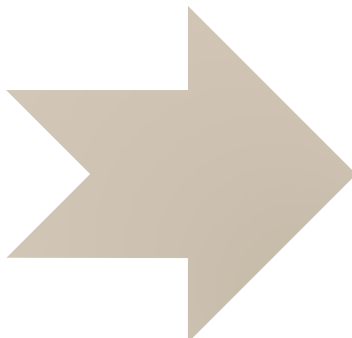
- **LSE Plaza Land & Building**  
(Investment Property & Title)
- **Software rights**
  - Multi-Assets Custodian System
  - Broker back-office
  - Nexus Smile
  - landprise.com
  - Asset Fractionalization Platform



## Licenses/registrations

- **Modaraba Management Company**
- **Consultant to the Issue**

## PART-2 - Partial Transfer of Designated Assets



**SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION FOR AMALGAMATION/ MERGER  
(IN TERMS OF PROVISIONS OF SECTIONS 279 TO 283 AND ALL OTHER ENABLING PROVISIONS OF THE COMPANIES ACT,  
2017)**

## Part – 2

LSE group cross holding structure shall be created by issuing the additional shares of LSE Capital to LSE FSL.

Certain designated assets (50% shares of Digital Custodian Company Limited) shall also be transferred to LSEFSL by LSECAP against the receipt of additional share capital of LSEFSL.

Listing status of MODAM shall be transferred to LSEFSL.

Authorized capital of **LSEPL** and **MODAM** shall be merged with **LSECAP** and **LSEFSL**.

After the ongoing processing, the name of LSE FSL may be changed, and other permissible services/activities may be started.

LSEFSL shall survive as an NBFC with Shariah compliance status to focus on Islamic margin financing products.

### **\*Approvals and NOCs Required**

- Shareholders/Certificate-holders
- Registrar Modaraba \*(prior approval required only for Winding up)
- NOC from Secured Creditors
- NOC from the Competition Commission of Pakistan
- SECP
- Approval from honorable Lahore High Court

## Authorized Capital Distribution under the Scheme

Par Value / Nominal		No. of Shares/Certificates		In PKRs. 000	
	Per Share/Certificate	Before	After	Before	After
LSE PropTech Ltd.	10.00	150,000,000		1,500,000	
Modaraba Al-Mali	10.00	92,000,000		920,000	
LSE Capital Ltd.	10.00	25,000,000	<b>200,000,000</b>	250,000	<b>2,000,000</b>
LSE Financial Services Ltd.	10.00	52,000,000	<b>119,000,000</b>	520,000	<b>1,190,000</b>
<b>Total</b>		<b>319,000,000</b>	<b>319,000,000</b>		<b>3,190,000</b>



# Benefits of Part 2 to the shareholders

## LSE FSL shall become a listed company.

### Capital Enhanced

The authorized and paid-up equity capital of LSE FSL shall be enhanced.

### Avenue of Exit & Price Discovery

The shareholders of LSE FSL shall find an avenue of exit and price discovery of their shares.

### Shares Financing in Islamic Mode

LSE FSL shall become a Shariah compliant company and shall provide shares financing in Islamic mode.

### Positioned to Issue Sukuks

LSE FSL shall be positioned to issue Sukuks in the future.

### May Launch PCM and deposit taking

LSE FSL may also diversify its business to become a deposit taking NBFC and may launch PCM services, subject to SECP approval.

### Uniquely positioned NBFI

LSE FSL shall become a uniquely positioned NBFI.

# Shariah Compliance Certificate for the Scheme



## CERTIFICATE OF SHARIAH COMPLIANCE OF THE MERGER

Registrar Modaraba  
Modaraba Wing  
Islamic Finance Department  
Securities and Exchange Commission of Pakistan  
NIC Building, Jinnah Avenue, Blue Area,  
Islamabad

December 12<sup>th</sup>, 2023

Sir,

Opinion on the Scheme of Merger/ Amalgamation

I have reviewed the proposed Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/ Merger for the complete transfer of assets and undertakings of Modaraba Al-Mali (and its members) and LSE Proptech Limited (and its members) with and into LSE Capital Limited (and its members) and also for the Partial Transfer of Designated Assets of LSE Capital Limited (and its members) with and into LSE Financial Services Limited (and its members) (In terms of provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017).

In my opinion the Scheme is not against the guidelines of Shari'ah and in the Scheme there is a condition to make LSE Capital Limited Shari'ah Compliant, under Shari'ah Governance Regulations, 2018 and to operate it under the guidelines of the Shariah Advisor as a Shariah Compliant Entity.

God Knows Best

Mufti Zeeshan Abdul Aziz  
Shariah Advisor/CEO  
Al Hikmah Shariah Advisory Services

# Auditors Certificate on Swap Ratio



Amin Building,  
65-The Mall, Lahore.  
Phone: 042-37352661-37321043  
Email: krestonhb@gmail.com



Amin Building,  
65-The Mall, Lahore.  
Phone: 042-37352661-37321043  
Email: krestonhb@gmail.com



Amin Building,  
65-The Mall, Lahore.  
Phone: 042-37352661-37321043  
Email: krestonhb@gmail.com

HB/23-675

The Board of Directors,  
LSE Financial Services Limited  
LSE Building, Alwan-e-Iqbal, Lahore;

The Board of Directors  
LSE Capital Limited  
LSE Building, Alwan-e-Iqbal, Lahore

The Board of Directors,  
LSE PropTech Limited  
LSE Building, Alwan-e-Iqbal, Lahore;

The Board of Directors  
Modaraba Al-Mali  
LSE Capital Limited (Modaraba Management Company)  
LSE Building, Alwan-e-Iqbal, Lahore

Dear Sirs,

## AUDITOR'S CERTIFICATE ON SHARE SWAP RATIO

We have been requested to certify the basis of the determination of the share swap ratio as of June 30, 2023 upon the proposed merger of Modaraba Al-Mali and LSE PropTech Limited (LSEPL) with and into LSE Capital Limited (LSECAP) and ultimately merger of LSE Capital Limited (LSECAP) with and into LSE Financial Services Limited (LSEFSL) under the scheme of Compromises, Arrangement and Reconstruction.

### Part - 1 Complete Transfer of Assets and Undertakings

Modaraba Al-Mali (and its Members); and

LSE PropTech Limited (and its Members)

WITH AND INTO

LSE Capital Limited (and its Members)

### Part - 2 Partial Transfer Designated Assets

LSE Capital Limited (and its Members)

WITH AND INTO

LSE Financial Services Limited (and its Members)

### SCOPE OF THE CERTIFICATE

Upon the completion of merger / amalgamation through the intended Scheme, the Modaraba Al-Mali will be dissolved under the Order of the Honorable Lahore High Court, Lahore without winding up, and shares of LSE Capital Limited will be issued to the registered members / certificate-holders of Modaraba Al-Mali.

Upon the completion of merger / amalgamation through the intended Scheme, LSE PropTech Limited will be dissolved under the Order of the Honorable Lahore High Court, Lahore without winding up, and shares of LSE Capital Limited will be issued to the registered members / shareholders of LSE PropTech Limited subject to the approval of the Honorable Lahore High Court, Lahore, on the Scheme of Compromises, Arrangement and Reconstruction in terms of provisions of sections 279 to 282 and all other enabling provisions of the Companies Act, 2017.

### MANAGEMENT'S RESPONSIBILITY

It is the management's responsibility to prepare the share swap ratio in accordance with the Scheme of Arrangement under sections 279 to 282 and all other enabling provisions of the Companies Act, 2017. This certificate does not relieve the management from its responsibility.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to certify that the share swap ratio has been properly computed and determined on the basis of net book values of the companies based on the audited financial statements as of June 30, 2023/market value as November 13, 2023 for the purpose of issuance of new shares of LSE Capital Limited (Transferor) to the existing shareholders of LSE PropTech Limited and Modaraba Al-Mali (Transferees) and ultimately issuance new of shares of LSE Financial Services Limited (Transferor) to the members / shareholders of LSE Capital Limited (Transferees) against the net assets transferred to the transferor in the ratio as decided by the management.

Accordingly, our verification was limited to the following procedures:

1. We have obtained information about the net assets of Modaraba Al-Mali and LSE PropTech Limited to be transferred to its existing members / shareholders from the respective audited financial statements as of June 30, 2023.
2. We have also obtained information regarding the net assets of LSE Capital Limited to be amalgamated into LSE Financial Services Limited from its audited financial statements as of June 30, 2023.
3. We have obtained the pattern of shareholding of all the companies as of June 30, 2023, for the purpose of determining the member-wise shares to be issued to each respective shareholder by the transferor in proportion to the shares previously held by each of them in the respective companies of the same class, kind and face value.
4. We have verified the computation of the swap ratio as prepared by the management of Modaraba Al-Mali, LSE PropTech Limited, LSE Capital Limited and LSE Financial Services Limited to effectuate the scheme of merger (attached as Annexure - A).
5. We have checked that all the financial information used in the swap ratio regarding the assets and liabilities is based on the respective audited financial statements of all the entities and according to the provisions of the proposed scheme of merger and amalgamation as approved by the BOD of all companies and all the allocations and transfers of the net assets have been made in the ratio as decided by the management of respective entities.
6. We have checked the financial information of the entities as regards all the assets, liabilities, share capital and reserves after the proposed scheme of merger and amalgamation takes effect and confirmed that net assets are transferred to the transferee companies in the allocation criteria as decided by the management that also serves the basis for the determination of swap ratio regarding the net assets transferred and issuance of shares by the transferees there-against.

## CERTIFICATE

Based on the procedures mentioned above, we certify that:

- The shares to be issued by LSE Capital Limited to the existing shareholders of LSE PropTech Limited under the scheme of amalgamation / merger in a swap ratio of 0.83:1 i.e. 83 ordinary shares of LSE Capital Limited against 100 shares of LSE PropTech Limited; and
- The shares to be issued by LSE Capital Limited to the existing certificate holders of Modaraba Al-Mali under the scheme of amalgamation / merger comes to a swap ratio of 0.46:1 i.e. 46 ordinary shares of LSE Capital Limited against 100 certificates of Modaraba Al-Mali.

However, the management of LSE Capital Limited has decided to determine/ adjust the swap Ratio as [0.83] i.e. 83 ordinary shares of LSE Capital Limited against 100 of Modaraba Al-Mali Limited based on the quality of investments it owns in the equity investment of Modaraba Al-Mali . (Referred to Annexure - A).

The swap ratio of both companies has been computed by taking an average of book values as of June 30, 2023 and market value as of November 13, 2023.

Our certificate is in accordance with the "Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms" issued by the Institute of Chartered Accountants of Pakistan (ICAP). Our verification was limited to the information mentioned above.

### Restriction on use and distribution

This certificate is being issued on the specific request of the management of LSE Financial Services Limited for the purpose of submission to the Honorable Lahore High Court, Lahore in connection with the Scheme of Compromises, Arrangement and Reconstruction of Modaraba Al-Mali and LSE PropTech Limited into LSE Capital Limited and LSE Capital Limited (partially) into LSE Financial Services Limited whereby the Modaraba Al-Mali and LSE PropTech Limited will be dissolved by the order of Honorable Lahore High Court, Lahore, without winding up and the issuance of shares to the existing shareholders of Modaraba Al-Mali and LSE PropTech Limited by transferor companies in terms of the provisions of sections 279 to 282 and all other enabling provisions of the Companies Act, 2017 and shall not be used for any other purpose specified therein.

Lahore: November 27, 2023

*Kreston Hyd Bmji & Co*  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

Other Offices at: Karachi - Faisalabad - Islamabad  
Web site: www.krestonhb.com

Other Offices at: Karachi - Faisalabad - Islamabad  
Web site: www.krestonhb.com

Other Offices at: Karachi - Faisalabad - Islamabad  
Web site: www.krestonhb.com