

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

November 29, 2023/15

SUBJECT: MATERIAL INFORMATION

Dear Sir,

We are pleased to enclose herewith SWAP Ratio Certificate from practicing Chartered Accountants for the Scheme of Compromises, Arrangement and Reconstruction for amalgamation / merger of LSE PROPTECH LIMITED and MODARABA AL-MALI with and into LSE CAPITAL LIMITED along with Partial Transfer of Designated Assets of LSE CAPITAL LIMITED with and into LSE FINANCIAL SERVICES LIMITED (in terms of provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017) as approved by the Board of Directors of all relevant companies and duly filed with honorable Lahore High Court.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours truly

For and on behalf of
Modaraba Al-Mali


Inam Ullah
Company Secretary



CC:

1. Executive Director / HOD, Offsite-II Department, Supervision Division, the Securities and Exchange Commission of Pakistan, Islamabad

HB/23-675

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

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

The Board of Directors,
LSE Proptech Limited
LSE Building, Aiwan-e-Iqbal, Lahore;

The Board of Directors
Modaraba Al-Mali
LSE Capital Limited (Modaraba Management Company)
LSE Building, Aiwan-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 Honourable 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 based on the quality of investments it owns. (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 Hyder Bhimji & Co.
KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

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

LSE Financial Services Limited	LSE Capital Limited	Modaraba Al-Mali
Rs. in 000	Rs. in 000	Rs. in 000
2023	2023	2023
NBFC-IFS License	NBFC-IFS License	NBFC-IFS License
32,293	32,293	32,293
478,862	478,862	478,862
511,155	511,155	511,155
(3,848)	(3,848)	(3,848)
(406,589)	(406,589)	(406,589)
(410,437)	(410,437)	(410,437)
100,718	100,718	100,718
100,000	100,000	100,000
718	718	718
21,000,000	21,000,000	21,000,000
285,214	285,214	285,214
13.58	13.58	13.58
Not Applicable	Not Applicable	Not Applicable
Not Applicable	Not Applicable	Not Applicable
13.58	13.58	13.58

Impact of the Scheme

Condensed Statement of Financial Position

Annexure - A

	LSE Proptech Limited		Modaraba AI-Mali		LSE Capital Limited		LSE Financial Services Limited	
	LSEPL	MODAM	LSECL	LSEFSL	LSECL	LSEFSL	LSECL	LSEFSL
	Rs. in 000	Rs. in 000	Rs. in 000	Rs. in 000	Rs. in 000	Rs. in 000	Rs. in 000	Rs. in 000
	Financial Position before the Scheme as on June 30, 2023				Financial Position after the Scheme			
	Non-NBFC	Modaraba	Modaraba Company	NBFC-IFS License	Modaraba Company	NBFC-IFS License	Modaraba Company	NBFC-IFS License
Non Current Assets (excluding the following Investments)								
Goodwill from demerger	1,684,611	941,630	-	32,293	-	32,293	2,626,241	32,293
Investment in equity Shares of LSE Proptech Limited	26,533	-	-	-	-	-	-	-
Investment in equity Certificates of Modaraba AI-Mali	-	322,500	-	-	-	-	-	-
Investment in equity Shares of Digital Custodian Company Limited	-	-	62,706	-	-	-	-	-
Investment in equity Shares of LSE Capital Limited	-	-	135,812	-	-	-	188,131	188,131
Investment in equity Shares of LSE Financial Services Limited	-	-	-	-	-	-	-	100,000
Current Assets	91,350	203,833	123,874	478,862	-	-	299,062	478,862
Total Assets	1,802,494	1,467,963	322,392	511,155	3,113,433	799,286		
Less :								
Non Current Liabilities	(7,046)	(48,720)	(3,544)	(3,848)	(59,309)	(3,848)		(3,848)
Current Liabilities	(50,746)	(304,012)	(23,247)	(406,589)	(312,069)	(406,589)		(406,589)
Total Liabilities	(57,792)	(352,731)	(26,791)	(410,437)	(371,378)	(410,437)		
Net Assets	1,744,702	1,115,232	295,601	100,718	2,742,055	388,849		
Represented by								
Issued, subscribed and paid-up share capital	900,907	794,239	210,000	100,000	1,811,533	356,776		
- Unappropriated profit	127,709	226,612	37,482	718	622,979	718		
Capital reserves	-	81,321	-	-	-	31,355		
Surplus on revaluation of property and equipment	706,004	-	-	-	-	-		
- Building reserve fund	10,082	-	-	-	-	-		
Certificate subscription money	-	13,059	-	-	-	-		
Merger Reserves	-	-	-	-	-	-		
Fair value reserves	-	-	48,118	-	307,543	-		
Shareholders' / Certificate-holders' Equity	1,744,702	1,115,232	295,601	100,718	2,742,055	388,849		

SWAP Ratio is determined as follows:

PART-1 Complete Transfer of Assets and Undertakings

	LSE Proptech Limited		Modaraba AI-Mali		LSE Capital Limited	
	Nos.					
Shares / Certificates Outstanding	90,090,731		79,423,945		21,000,000	
Add: Right shares	-		11,392,970		-	
Book value after merger adjustment ('Rs. 000')	90,090,731		90,816,915		21,000,000	
Book Value*	1,718,169		792,732		285,214	
Share / Modaraba Certificate Price - market value as of November 13, 2023	19.07		8.73		13.58	
Market Capitalization ('Rs. 000')	3,34		3.65		Not Applicable	
Average of Book Value and Share Price {(Book value + Market value)/2}	300,903		289,897		Not Applicable	
*after taking impact of distribution of investment in shares to respective shareholders/ certificate-holders	11.21		6.19		13.58	



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SWAP Ratio - on the basis of ratio of average book value and share price

Shares of LSE Capital Limited against One share of LSE Proptech Limited

Shares of LSE Capital Limited against One Modaraba certificate of Modaraba Al-Mali

* however, management of LSE Capital Limited has decided to determine/ adjust the SWAP Ratio as [0.83] based on the quality of investments it owns in the equity investment of LSE Ventures Limited.

0.83

0.46 *

Thus, premium is added in the SWAP ratio due to quality of investments/ assets of the transferor and respective future earning potentials.

1 - LSE Financial Services Limited



Chief Financial Officer

[Signature]
Director

2 - LSE Capital Limited



Chief Financial Officer

[Signature]
Director

3 - LSE Proptech Limited



Chief Financial Officer

[Signature]
Director

4 -

Modaraba Al-Mali
LSE Capital Limited (Modaraba Management Company)



Chief Financial Officer

[Signature]
Director

Chief Executive Officer

[Signature]

Chief Executive Officer

[Signature]

Chief Executive Officer

[Signature]

Chief Executive Officer

[Signature]



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