

Head Office

Suite 114, 3rd Floor,
Karachi Stock Exchange Building
Off II Chundrigar Road,
Karachi-74000, Pakistan.
Phone: +92-21-34833944
Email: contactus@esaac.com.pk

Head Office

House #: B-187/1
Gulshan-e-Iqbal Block 4A
Arshad Sabri Road
Karachi- 75300, Pakistan
Reference # ESAAC/KE/20220921/116

**2nd ADDENDUM TO THE SHARIAH PRONOUNCEMENT FOR K ELECTRIC
SUKUK BASED ON DIMINISHING MUSHARAKAH**

Rated, Secured, Privately Placed, DSLR Listed Sukuk Issue of up to PKR 6,700 million

With reference to the Shariah Pronouncement for K Electric Sukuk Reference # ESAAC/KE/20220510/109 dated May 10, 2022, and Shariah Pronouncement For Security Documents Of the same Sukuk Reference # ESAAC/KE/20220804/114 dated August 04, 2022, and addendum to Shariah certificate Reference # ESAAC/KE/20220819/115 dated August 19 2022, we have provided Shariah approvals for transection documents of the above mentioned Sukuk. According to the initial term sheet the issue amount was up to PKR 12,000 million and the approval was granted accordingly.

The respective projected shares of the Co-owners were as follows:

- | | | |
|------|--------------------------------------|---------------------------------------|
| (i) | Managing Co-Owner's Musharakah Share | PKR 4,009,505,327/- equal to 25.04%; |
| (ii) | Investment Agent's Musharakah Share | PKR 12,000,000,000/- equal to 74.96%; |

Now the issue size of the Sukuk Issue has been reduced to PKR 6,700,000,000/- (Pak Rupees Six Billion seven Hundred Million).

The respective projected shares of the Co-owners were as follows:

- | | | |
|------|--------------------------------------|--------------------------------------|
| (i) | Managing Co-Owner's Musharakah Share | PKR 2,258,097,043/- equal to 25.21%; |
| (ii) | Investment Agent's Musharakah Share | PKR 6,700,000,000/- equal to 74.79%. |

The transaction documents pertaining to the Sukuk Issue has been revised accordingly in order to reflect the revised issue size of the Sukuk Issue. While there is no change in Shariah Structure and process flow of the underlined Sukuk.

SHARI'AH OPINION

During the Shariah review of the revised documents of the said instrument, we have reviewed the following documents:

- | | | | |
|----|---|----|---|
| 1. | Shariah Structure | 6. | Purchase Undertaking |
| 2. | Sukuk Subscription & Issue Agency Agreement | 7. | Sale Undertaking |
| 3. | Sukuk Issuance Agreement | 8. | Payment Agreement |
| 4. | Asset Purchase Agreement | 9. | Letter of Hypothecation - Transmission Assets |
| 5. | Musharakah Agreement | | |

sh

Page 1 of 2

Head Office

Suite 114, 3rd Floor,
Karachi Stock Exchange Building
Off II Chundrigar Road,
Karachi-74000, Pakistan.
Phone: +92-21-34833944
Email: contactus@esaac.com.pk

Head Office

House #: B-187/1
Gulshan-e-Iqbal Block 4A
Arshad Sabri Road
Karachi- 75300, Pakistan
Reference # ESAAC/KE/20220921/116

- | | |
|--|---|
| 10. Letter of Hypothecation- Collections Accounts and Deposits | 13. Third Master Collection and Arrangement Agreement |
| 11. Letter of Lien - Sukuk Payment Account | 14. Mandatory Purchase Undertaking |
| 12. Letter of Lien – MRA | 15. Business Risk Coverage Undertaking |

The structure, mechanism and revised transaction documents mentioned above, of the Sukuk have been reviewed as presented and have found as under:

- The Sukuk Issue is structured based on Diminishing Musharakah (Shirkat-tul-Milk), which is free of Riba.
- The return to Sukuk Holders is derived from the rent generated by leasing out the Musharaka Assets, as mentioned above.
- Under the Asset Purchase Agreement, by purchasing the specific Share of the Musharaka assets, ownership of the same shall be transferred to Sukuk holder to that extent.
- The related agreements and contracts, separately and collectively, are completely consistent with the concerned Shariah principles.
- The Sukuk Issue is based on Diminishing Musharakah concept and does not carry Gharar (Uncertainty) in relation to tenure, profit/loss sharing and principal redemption, as the same has been clearly stated in relevant Musharakah agreement.
- The structure will not be using a Special Purpose Vehicle (SPV) due to legal constraints in Islamic Republic of Pakistan.

In light of the above, we hereby approve the above structure, mechanism and revised facility documents of the Sukuk Issue and opine that the structure, mechanism and transaction documents mentioned above, of the above-mentioned Sukuk have been reviewed as presented and acceptable according to the principles of Shariah

والله سبحانه وتعالى اعلم

E.W. 

Mufti Ehsan Waquar Ahmad
CEO/Director
September 21, 2022