



Industries Qatar

Extra Ordinary General Assembly Meeting

13 September 2020

“One of the region’s industrial giants with interests in the production of a wide range of petrochemical, fertilizer and steel products.”

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Agenda of the Extra Ordinary General Assembly Meeting

- 1. Approve the purchase of the 25% stake in Qatar Fertiliser Company (QAFCO) from Qatar Petroleum for a purchase consideration of USD 1.0 billion.**
- 2. Approve the proposed amendments to the Company's Articles of Association concerning the constitution of the Company's Board of Directors. The new composition of the Board of Directors shall come into effect from the upcoming term of the Board that will start from the date of holding the General Assembly meeting to approve the financial statements of the financial year ending 31 December 2020.**
- 3. Delegate IQ's Board of Directors to negotiate, approve, sign and take all actions necessary to finalize a long-term strategic agreement regulating the relationship between Qatar Petroleum and IQ.**

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- 1. Approve the purchase of the 25% stake in Qatar Fertiliser Company (QAFCO) from Qatar Petroleum for a purchase consideration of USD 1.0 billion**
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The transaction will provide several benefits to the Group

**Bundled
Transaction
(25% stake
in QAFCO +
new GSPA)**

**Effective
and
efficient
use of
excess
cash**

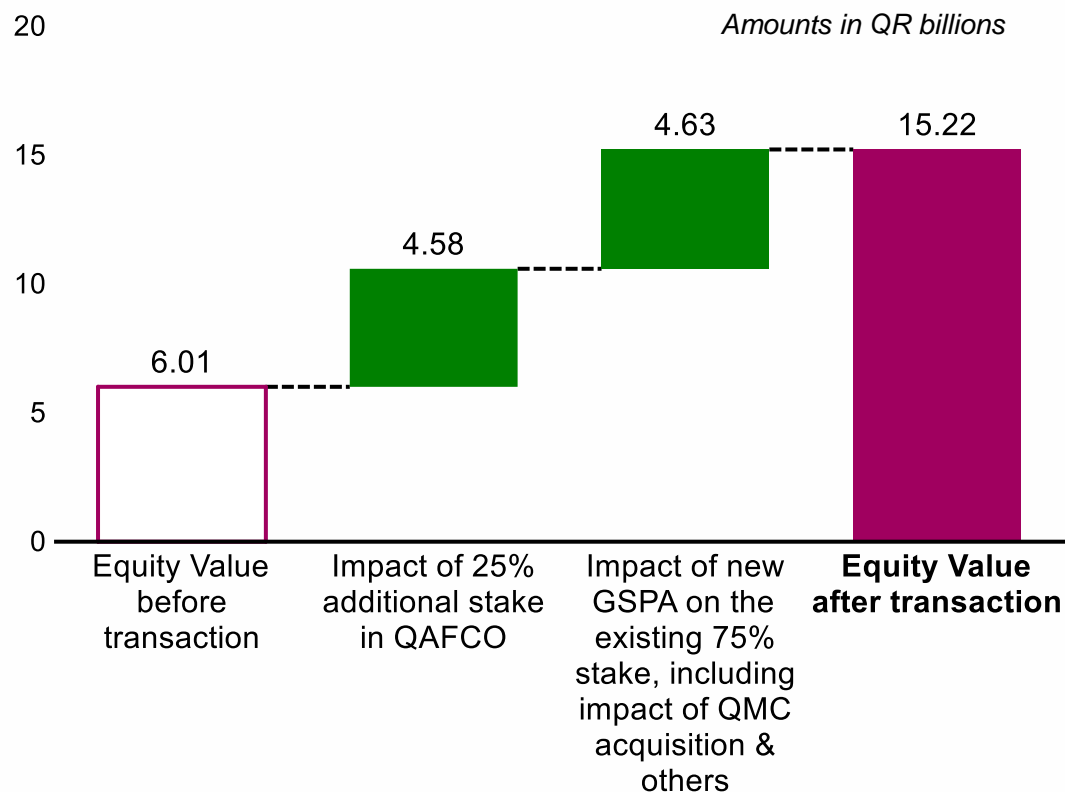
**Help to
gain full
control
over Qafco**

**Effective
date of the
purchase is
1/1/2020
expiring
31/12/2035**

**Favorable
feedstock
terms
benefiting
existing
ownership**

**100%
ownership
in World's
largest
single-site
Urea
producer**

Transaction details



Note

- 1) Valuation performed by QFMA authorized evaluator.
- 2) Incremental equity value represents range of values.
- 3) The valuation is based on discounted cash flow methodology.
- 4) QMC's 40% acquisition by QAFCO, will be effective from 1st July 2020, at a net book value of the Company as of 30 June 2020. With this transaction, QAFCO will be sole owner of QMC with full control. At the end of the term of the new GSPA (i.e. 31 December 2035), QAFCO would continue to own 100% stake in QMC, but the effective ownership for IQ in QMC would be reduced to 75%, as a result of transfer of 25% stake in QAFCO back to Qatar Petroleum.

- QP bundle for the transaction includes the 25% stake in QAFCO and new GSPA;
- Effective date for the purchase of 25% stake in QAFCO is 1/Jan/2020 with an expiry on 31/Dec/2035 (equivalent to 16 years of ownership).
- 25% ownership in QAFCO will return back to QP at the end of the term for nil consideration (i.e. 31/Dec/2035).
- New GSPA tenure of 15 years and 5 months with start date from 1/Aug/2020 until 31/Dec/2035.
- The purchase consideration is **USD 1.0 billion**;
- Estimated IQ's WACC is 10%;
- The *range of value* driven from the transaction impacting the 25% additional stake:
 - Value: ~QR 4.6 to 5.3 billion;
 - NPV: ~QR 0.9 to 1.7 billion;
 - IRR: ~14% to 17%;
- The new GSPA which replaced the previous GSPA benefited the 75% stake compared to previous GSPA if extended;
- Qafco has QR 2.2 billion cash as at 30 June 2020. IQ is entitled to entire cash holdings following the transaction, where previously it was entitled only to 75% of cash.

Summary – 25% stake in QAFCO

**NPV of
~QR 0.9-1.7 billion**

**IRR of
~14%-17%**

**Additional equity
value
~QR 4.6-5.3 billion**

Note: The valuation range is due to the use of two different pricing models, obtained from two independent price providers, for the underlying commodities of QAFCO.

Shareholders' endorsement is sought to execute the Board's decision to invest USD 1.0 billion to purchase 25% stake in QAFCO

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- 2. Approve the proposed amendments to the Company's Articles of Association concerning the constitution of the Company's Board of Directors. The new composition of the Board of Directors shall come into effect from the upcoming term of the Board that will start from the date of holding the General Assembly meeting to approve the financial statements of the financial year ending 31 December 2020.**
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Proposed amendments to the Company's Articles of Association

ARTICLE (22) COMPOSITION OF THE BOARD

Former Article reads as follows:

(22-1) The Board shall consist of up to eight Directors, all of whom may be appointed by the Special Shareholder without the need for approval at a General Assembly.

Amended Article reads as follows:

(22-1) The Board shall consist of eight (8) Directors, seven (7) of whom are appointed by the Special Shareholder, provided that the Chairman and the Vice Chairman are amongst them. One (1) Director shall be appointed by the General Retirement and Social Insurance Authority.

NEW CLAUSE TO ARTICLE (22) COMPOSITION OF THE BOARD

(22-3) In the event that the total ownership percentage of the Civil Pension Fund and Military Pension Fund (of the General Retirement and Social Insurance Authority) in the Company's share capital falls below 15% (without prior approval of the Special Shareholder), the seat of the General Retirement and Social Insurance Authority on the Board and the right to appoint a Director to occupy such a seat shall be vested to the Special Shareholder.

ARTICLE (24) TERM AND VACATION OF OFFICE OF DIRECTORS

Former Article reads as follows:

In the case of a vacancy relating to a Director, the Special Shareholder shall have the right to appoint a replacement Director (for the remainder term), to take effect upon notice of replacement being given to the Company.

Amended Article reads as follows:

In the case of a vacancy relating to a Director appointed by the Special Shareholder, the Special Shareholder shall have the right to appoint a replacement Director (for the remainder term), to take effect upon notice of replacement being given to the Company.

The new composition of the Board of Directors shall come into effect from the upcoming term of the Board that will start from the date of holding the General Assembly meeting to approve the financial statements of the financial year ending 31 December 2020.

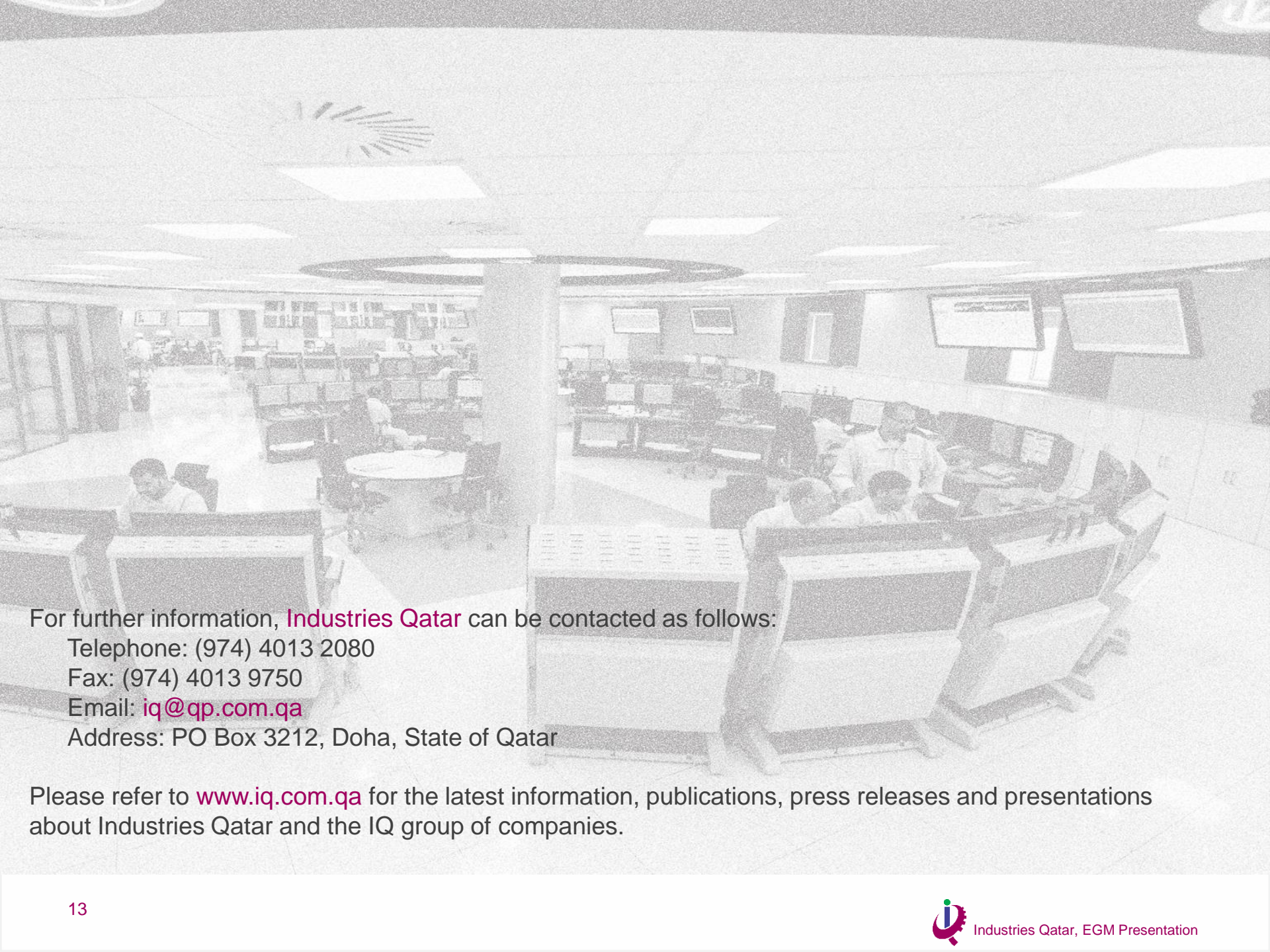
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- 3. Delegate the IQ's Board of Directors to negotiate, approve, sign and take all actions necessary to finalize a long-term strategic agreement regulating the relationship between Qatar Petroleum and IQ**
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Delegation to Board of Directors

1. With the exception of Qatar Steel, all of IQ's group companies are JV's with foreign partners.
2. Earlier this year, Yara departed as a JV partner in QAFCO following the expiry of the partnership. Going forward, the joint venture agreements of Qatar Fuel Additives Company (QAFAC) and Qatar Petrochemical Company (QAPCO) will be expiring in the upcoming years.
3. Qatar Petroleum (QP) being the sole provider of feedstock, land, utilities and several other essential elements that are instrumental in the successful operation of the plants, and the related agreements that govern the provisions of these critical aspects of the facilities will also be expiring.
4. The approval of the aforementioned agenda item would authorize IQ's Board of Directors to take the appropriate action regarding IQ's rights in the stakes of other partners with the expiry of the joint venture agreements of QAPCO and QAFAC, in accordance with the IQ's objects as set out in the IQ's Articles of Association.

Delegation to Board of Directors

5. AGM Approval is required to delegate the Board of Directors to negotiate, approve, sign and take all actions necessary to finalize a long-term strategic and commercial agreements regulating the relationship between Qatar Petroleum and IQ.
6. This would ensure a stable and reliable business model for IQ, so as to allow the Company to be able to meet the expectations of the shareholders.



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Please refer to www.iq.com.qa for the latest information, publications, press releases and presentations about Industries Qatar and the IQ group of companies.