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## ***Iranian Privatization Organization (IPO)***

### **"Block Offering of Shares and Properties"**

By virtue of assignments envisioned in “The law of the Enforcing of General Policies of Article 44 of the Constitution” and its relevant rules and regulations and approvals of the Divesture Board, hereinafter the Board, the Iranian Privatization Organization, hereinafter the Organization, intends to transfer stocks and assets of the following enterprises with the terms and conditions as mentioned in this advertisement.

No.	Name of Enterprise	Stock Transferring Method	Size of Enterprise	Capital (Million IRR)	No. of Shares (Properties) Presentable - in million			Offering Percentage	Each Stock Base Value (IRR)	Total base value (IRR)	Deposit amount (IRR)	Sales Conditions			Shareholders	Type of activity of enterprise	Offering/envelopes opening date
					Block	Employees	Total					Cash down payment percentage	Installments duration (year)	Deadline for cash payment (business day)			
1	Sugarcane & Affiliated Industries Development Company	Farabourse	Very large	11,431,145	217,191,755	11,431,145	228,622,900	20	102,405	23,412,128,074,500	702,363,842,235	15	8	20	Bank Melli Iran 40 Bank Saderat Iran 40 Ministry of Agriculture Jihad 20	Establishment of 7 sugarcane agro-industrial units & processing industries to obtain sugar pulp etc.	September 10, 2014
2	Haft Tappeh Sugarcane Agro Industrial Company	Farabourse	Very large	1,947,413.33	185,004,267	9,737,066	194,741,333	100	8,164	1,589,868,242,612	47,696,047,278	15	6 (Paragraph 1-12)	20	Industrial Development & Renovation Organization of Iran (IDRO) 100	Agricultural operation of producing sugarcane & other agricultural products, livestock	September 9, 2014
3	Iran East Iron Ore Company	Farabourse	Small	12,898.922	1,225,302	64,490	1,289,792	100	71,848	92,668,975,616	2,780,069,268	In cash		9	Iranian Mines & minig Industries Development & Renovation Organization (IMIDRO) 100	Exploration of minerals & groundwater, designing, equipping & operation of mines & other related activities	September 13, 2014

### **1- Transaction Terms:**

- 1.1. The abovementioned prices are shares/ properties base prices. It is obvious that the bidder who proposed the highest price in the bid proposal form will be the winner and the proposed price will be considered as the transaction price. With regard to the stock offering made in Tehran Stock Exchange/ FaraBourse Iran, hereinafter the Stock Markets, the maximum price registered in transaction system will be considered as transaction price. It should be noted that announcement for competition start date and the deadline for submitting request at Stock Markets is published at the internet portal of the Stock Markets.
- 1.2. Up to 5 per cent of shares/properties offered is considered to transfer to the companies employees. The percentage of shares/properties not purchased by employees will be transferred to the winner of the bid. Thus, applicants are duty bound to submit their proposals in bid application forms/ at stock market transaction system on total shares/properties offered (block plus employee shares).
- 1.3. As far as stock offerings at the Stock Markets are concerned, only those stock brokers are authorized to enter purchase order to the transaction system if equal three percent (3%) of total base value of stocks in cash or in the form of unconditional bank guarantees is deposited/ submitted into the account of Central Securities Depository of Iran. It is reminded that the deposit amount will be announced in further announcements of the Stock Markets.
- 1.4. If the winner of bid failed to pay cash amount of the transaction and/or did not submit required documents within the set deadline as of notification of announcement by the organization or by the Stock Markets, the winner shall have not authorized to lodge any complaint with regard to the deposit amount (Cash/Bank Guarantees). In these cases, the deposit amount will be confiscated in favor of the organization in due date.
- 1.5. Stock ownership transfer will be conducted within the framework of mutual agreement. In the same direction, sample of contract, power of attorney registered at Notary Public Office, "Instruction of Monitoring after Transferring Stock" are available at the Organization and also the Stock Markets internet portals. Since all these information will be provided to all applicants, in view of the Organization, participating in bid notice and/or presence to compete in Stock Markets is meant that applicants have accepted all rules and regulations envisioned in proceedings fully. In other words, participating meant that applicants have accepted by details wholeheartedly, in which, purchasers are duty bound to observe its provisions.
- 1.6. In transactions conducted based on installments, time interval of installments from one another is set for a period of six months and the interest rate of installments is set 15%. In installments-based transactions, completely cash purchase is not prohibited. Collecting installments of **Haft Tappeh Sugarcane Agro Industrial Company** for the real private sector (Paragraph 2 of "Instruction of

Encouraging Real Private Sector”, Approved on Feb. 15, 2014 by the Board, accessible on the official website of the organization), is according to the Paragraph 1 – 12 of the present advertisement.

- 1.7. In installment-based transaction, equivalent of remaining amount of installments, and the transacted stocks will be kept by the Organization until full payment of the installments are made. It should be noted that guarantee documents will be received on minimum 50% of the remaining total installments.
- 1.8. In controlled block shares transfers, purchasers are substituted for obligations and guarantees issued by Parents Companies and other state persons included in audite financial statements in proportion to purchased shares, individually or together. On deadline if substitution hasn't been done, the purchasers must pay the exacted financial expenses to the issuers of the obligations and guarantees. By the way, releasing of the kept shares (as collateral) and refunding guarantee documents by the Organization is made after settling all debts of Parents Companies and other state-run entities such as Treasury envisioned in audited financial statements which were based for Report of Evaluation of Shares.
- 1.9. In managerial transfers, purchasers are substituted for obligations and guarantees issued by Parents Companies and other state persons included in audite financial statements in proportion to purchased shares, individually or together. On deadline if substitution hasn't been done, the purchasers must pay the exacted financial expenses to the issuers of the obligations and guarantees.
- 1.10. Any kind of deficit in reserve of assets and liabilities such as deficit of actualized or non-actualized tax reserves, social security insurance, severance pay, end- service reserve, interest rate and belonging fines with regard to receiving banking and financial facilities, etc., envisioned in report of auditor and legal inspector of the company and financial statements shall be borne by purchaser. Under such circumstances, purchaser shall have not any right to lodge his or her complaint with regard to add or subtract the set amounts. In the same direction, the Organization is not held responsible for the aforementioned amounts. Meanwhile, the said provisions and cases will not subject to the Paragraph (H) of Article (9) of “Executive Instruction of How to Drawing up Stock Transfer Contracts”, subject No. 223913 dated 18.1.1388 (April 7, 2009). In case of observance of any ambiguity in financial accounts, purchaser can request relevant documents.

**For the Attention of Applicants of Purchasing the Following Enterprises:**

- 1.11. Sugarcane and Intermediate Industries Development Company: The registered capital of the company is set 2,731,500 million rials based on financial statements on 30.9.92 (Dec. 21, 2013). Therefore, shares base price has been calculated based on the amount and number of the mentioned capital according to the minutes of Extraordinary General Assembly of the company and permission of the organization on increasing capital up to the amount of 11,431,145 million rials.

1.12. Haft Tappeh Sugarcane Agro-Industrial Company:

1. The 2,913 hectares land of the company is occupied by real and legal persons but the land is in possession of company. So the company's shares valuation is based upon this issue.
2. The payment conditions of installments for real sector (mentioned in Paragraph 1-6) are as follows:
  - a. Installments interest rate is 3% lower than other purchasers.
  - b. The duration of installments is increased for a period of 8 years.
  - c. Repayment of installments will be calculated gradually with the gradient of 10% annual growth and with 100 sources for midterm figure of installments.

**2- *Employees Shares (If Allocated):***

By virtue of Bylaw of Note 3 of Article 20 of “The Law of Enforcing of General Policies of Article 44 of the Constitution”, transferring maximum five percent (5%) of shares of enterprises to the managers, staff and personnel and the retired of the same enterprise, will be based on the following terms and conditions:

A: Managers and employed staff and assignee personnel (whether official or contractual member) in enterprise subject to stock transfer and also those who assignee to other enterprises that have minimum one-year experience are eligible for the shares. Stocks will not belong to the managers and staff whom paying insurance premium or subtraction of their retirement are made from origin of mission. Also, employees in those companies that more than 50 percents of their capital belongs to the transferable company are eligible for the shares.

**Note 1:** Priority of transferring shares will be given to the managers and employed staff and assignee personnel. If there are surplus shares of enterprise after transferring shares to the mentioned individuals, the remained shares will allocate to the retired individuals of the same enterprise. Simultaneous use of advantages of voucher privatization plan (Saham Edallat) and Employee Shares is not allowed for the retired.

B: The Rials value of shares transferable to each qualified individual is maximum up to 10fold of average last six-month salary and fringe benefits of applicants (based on legal injunctions) with the base price of shares and 10-year installments. At the first stage, receiving installments is done by the companies' dividends. If payment of installments is not sufficient out of annual dividend, the transferred company should subtract equivalent liability of staff during contract from their salary and fringe benefits. The amount

should be paid to the Organization. In case of dismissal of service term for any reason, each individual (owner of stock) should pay their installments.

C) Employees shares are transferred only in the form of written request. The qualified and eligible persons should submit their request along with detailed specifications of applicants, as approved by the enterprise, Voucher privatization Plan Secretariat and Social security Organization (SSO), to the Organization maximum within 30 days as of publishing date of first advertisement.

In case of lack of demand for purchasing the stocks, the remaining shares will be added to the block transferable stocks and will be transferred to the winner of the bid with observing mentioned rules and regulation.

**Note 2:** The responsibility of approval of names and amount envisioned in legal injunctions of personnel and staff shall be borne by the Managing Director and Members of the Board of Directors of the enterprise.

### **3- Financial and Nonfinancial Incentives and Controlled Block Shares Discounts:**

- 3.1. Controlled block shares purchasers (Minimum shares to determine the majority members of the Board of Directors) who embark on increasing the number of staff and personnel of the company more than what has been registered in stock transfer document during installments period and/or if these purchasers embark on training and employing surplus manpower of other transferred companies in their companies, they will be given incentives, subject of “The Instruction of the How to Exertion of Financial and Nonfinancial Incentives”, bearing No. 63/2/206295 dated 18.1.1388 (April 7, 2009) approved by the Higher Council of Implementation of General Policies of Article 44 of the Constitution.
- 3.2. Controlled block shares purchasers if qualified and/or if fulfill measures such as new investment, promotion of efficiency and productivity, continuity in production and promotion of its level, development of technology and stabilization or increase of employment level in transferred enterprise, will be given discounts, subject of “The Instruction of the How to Receive Commitments, and Granting Discounts to the Controlled Block Shares Purchasers of State-Run Companies”, approval No. 223915 dated 18.1.1388 (April 7, 2009) of the Board. Also, the purchasers who had already blocks of shares and turned into control shareholder of the company due to the purchase of new block of shares from the Organization, subject to selection of majority of members of the Board of Directors as of shares’ purchasing date from the Organization up to time of enjoying discounts, are authorized to use discounts of subject of this instruction as well.

#### 4- Other Cases:

- 4.1. Enterprises financial information (includes financial statements and price valuation reports) and Bid Proposal form, are accessible on the website of the Organization at the following address: [www.ipo.ir](http://www.ipo.ir). (Please observe order of registration: “Preparation Information and Pricing” and “Information of Offering Stocks of Transferable Companies”). For further information, please do not hesitate to get in touch with the following phone number: +98 21 880 83640 and +98 21 880 85624. With regard to the companies that their stocks are offered via Stock Markets, information of the companies is accessible on website of those markets at [www.ifb.ir](http://www.ifb.ir) and [www.tse.ir](http://www.tse.ir).
- 4.2. For receiving representation letter for visiting the transferable companies, applicants can refer to the Organization, 5<sup>th</sup> Floor, and/or send their request via the following fax number: +98 21 880 85622.
- 4.3. Getting further and enough information on financial, economic, technical and legal situation of transferrable companies shall be borne by interested applicants. Any kind of claim against the organization after transaction date will not be accepted. In other words, interested applicants should gather enough and sufficient information on financial, economic and legal status of the corporation before taking any decisions. Under such circumstances, purchaser(s) cannot lodge their complaints against the Organization in this respect.
- 4.4. By virtue of Article “436” of Civil Law, purchaser(s) cannot refer to the organization personally in order to defend their right with regard to stock purchase operations. In the same direction, purchaser submits his or her proposed price for purchasing shares based on their powers in a competitive process. It is meant that he or she has fully accepted all rules and regulations of stock transfer as reflected by the organization. In other words, purchaser(s) cannot lodge their complaints on loss option, and details of which will be inserted in relevant contract.
- 4.5. Applicants announce vividly that they are not prohibited on doing any shares transaction and promise that they have not deferred loan liabilities to banking system of the country. In general, purchasers announce that they are not subject to the Article 24 of “the Law on Correction of Provisions on Fourth Five- Year Socioeconomic and Cultural Development Plan of the Islamic Republic of Iran” as well as “ the Law of Enforcing of General Policies of Article 44 of the Constitution” approved on 31.4.1387 (July 22, 2008).
- 4.6. Previous purchasers of installment-based block shares from the Organization are not authorized to participate in bid notice and cannot purchase shares if their installments have deferred. If these purchasers embarked on settling their previous debts, they can participate in bid notice according to the contracts concluded in this respect.
- 4.7. If activity of the company is found vital and security at the sole discretion of Passive Defense Organization, purchaser of controlled and block shares is committed to observe all criteria, rules and regulations as notified from the mentioned authorizing body meticulously.

- 4.8. Public and nongovernmental institutions and affiliated companies, subject of General Auditing Law approved in 1987 are committed to observe provisions of Article 6 of “Law on Execution of General Policies of Article 44 of the Constitution” meticulously. It is obvious that these institutions are held responsible for not observing the aforementioned rules.
- 4.9. By virtue of Paragraph "F" of Note "3" of Transferring Section of “Country Budget Law-2014”, the companies subject to the Article 44 of the Constitution, either has been transferred or will be transferred, is duty bound to obey rules and regulations related to employed war devotees before and after stock transfer operation.
- 4.10. The purchasers are duty bound to observe Articles (44) and (45) of “The law of the Enforcing of General Policies of Article 44 of the Constitution”, otherwise report of infractions shall be announced to Competition Committee.

***All interested applicants are cordially invited to visit the organization website at the following address: [www.ipo.ir](http://www.ipo.ir)***