



المؤسسة  
الليبية  
للإستثمار

LIBYAN  
INVESTMENT  
AUTHORITY

**ANNUAL REPORT**  
**THE LIBYAN INVESTMENT**  
**AUTHORITY**  
**2019**

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# LETTER FROM THE CHAIRMAN OF THE BOARD

First of all, allow me, on my own behalf and on behalf of the Board of Directors of the Libyan Investment Authority to place before you the annual report of the Libyan Investment Authority (LIA) for the year 2019. It is worth noting that this year is pivotal in the transformation of LIA towards governance, transparency, and compliance with Santiago Principles. The Board of Directors approved the implementation of a comprehensive strategy extending for more than a year, the results of which will be clearly evident, starting in the second half of 2020.



The Board of Directors set, as one of its most important priorities in 2019, the institutional restructuring and the administrative and financial restructuring of the Authority in line with the best practices of sovereign wealth Funds, with the view to ensuring maximizing the market value, enhancing standards of transparency, governance, and accountability, and developing methods for managing the Authority's assets spread across the world.

In addition, it will be clear to the UN Sanctions Committee (and its Panel of experts), other countries, international investors and others that LIA is committed to international best practices for Sovereign Wealth Funds. This year the Board of Directors targeted to significantly develop and upgrade professional competence and raise the quality of operations to enable LIA to manage its assets in the most effective and efficient manner.

The Authority first, launched the transformation project in partnership with a specialized international consultancy company in order to implement an ambitious program aimed at upgrading it and placing it in the ranks of international sovereign Funds.

The Authority has, also launched a project to improve its compliance with the Santiago Principles with the support of the British Embassy, as well as activating the Authority's membership in the International Forum of Sovereign Wealth Funds. The data on the website was updated and linked to the Authority's official



website. The Forum has taken part in the self-assessment of the Authority's compliance with these principles.

With regard to the project of closing the final accounts for the ended years, the Authority's Board of Trustees authorized the Board of Directors to submit proposals regarding contracting with external auditors for accounting audits and closing balance sheets.

As a first phase, we developed a comprehensive plan to complete the closing of balance sheets for the Authority and its subsidiaries. We have contracted with an international company in the field of accounting consultancy to provide support in preparing the financial statements in order to prepare them for presentation to international auditors. The consolidated financial statements will also be prepared. This achievement takes place for the first time in the history of Libyan Investment Authority.

In the context of the formulation of reports and evaluating the performance of investments, the Board of Directors of the Libyan Investment Authority launched another project this year, aimed at the valuation of the Authority's assets, portfolios, Funds and subsidiaries according to their fair value.

The Libyan Investment Authority has started legal proceedings to provide protection for its assets, as these assets are subjected from time to time to attempts of orders of attachment and judicial execution by parties that obtained judgments and orders against the State of Libya or other Libyan State bodies - as is the case in some countries.

LIA is aware that its reputation has been impacted by the participation of incapacitated persons in the lawsuits of the Authority. These persons claim to act on behalf of the Authority as the Board of Directors has actively sought to end this situation, this year through legal proceedings, still pending before the English courts.

We fully abide by the United Nations sanctions regime and do not demand the unfreezing of our assets; however, these assets are being eroded due to our inability to effectively manage them while they are under freeze.

In due course, we will request some partial amendments to the sanction's regime, to enable us to reinvest part of the uninvested and idle funds in banks while they are under freezing so as to spare the Authority from paying negative interest as a first stage.



Finally, we acknowledge the magnitude of the task entrusted upon us and consider that the management and protection of the Authority's assets constitute a great challenge and necessitate the implementation of multiple reforms with the assistance of international consultants to provide specialized professional advice from independent and impartial sources, and to make available a safe, stable, and appropriate work environment.

**Dr. Ali Mahmoud Hassan**

**Chairman and CEO**

Establishment



## ESTABLISHMENT AND INCORPORATION DATA:

The Libyan Investment Authority was established by virtue of the Decision of the former General People's Committee No. (205) of 2006. The Authority was created with the aim of investing and developing the funds allocated to it to achieve returns with the view to diversifying the sources of national income. In conformity with this decision, many companies of an investment nature, became affiliated to LIA, spearheaded by the Libyan Company for Foreign Investments, Libya Africa Investment Portfolio, and Long-Term Investment Portfolio.

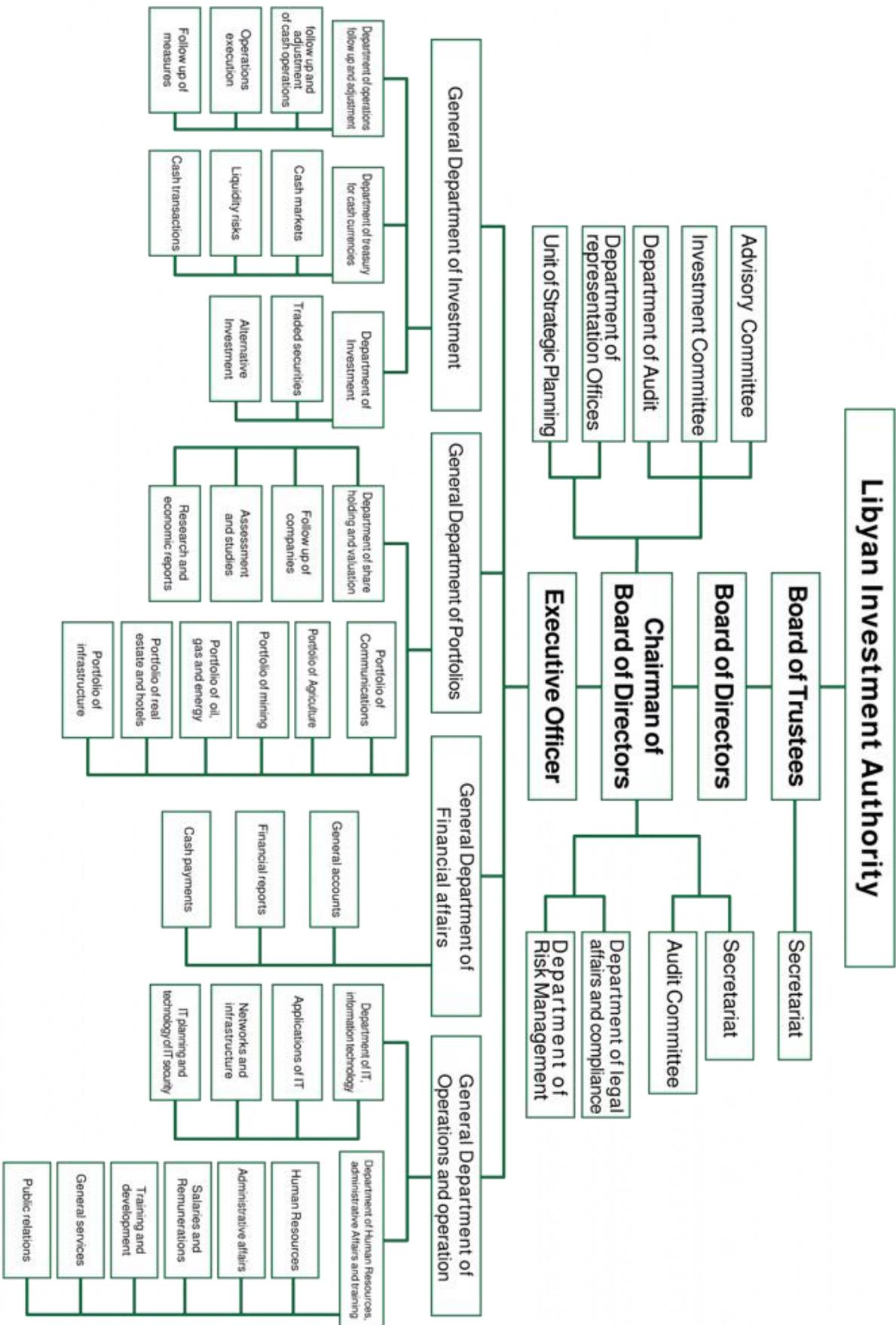
The Authority was reorganized pursuant to Law No. (13) of 2010, which defined the Authority's purposes to invest the funds allocated to it overseas in a manner that contributes to the development of the resources of the Libyan economy and reducing the impact of fluctuations in income and other state revenues. It may invest part of these funds internally.

The Authority commenced its actual activity as of 23/03/2007, when it received the first tranche of the set-aside reserves. Its financial resources on 31/12/2010 amounted to 65.5 billion dollars, of which 50.7 billion dollars were cash resources represented in the set-aside balance, transferred to LIA by the Central Bank of Libya during the years; 2007 (33.564 billion dollars), 2008 (15.9 billion dollars), 2009 (1.2 billion dollars), in addition to an amount of 14.6 billion dollars, which is the balance of the book value of the companies whose affiliation was transferred to the Authority pursuant to Law No. (13) of 2010 AD.

The assets owned directly by the Libyan Investment Authority are still subject to sanctions pursuant to Security Council Resolutions No (1970) and (1973) of 2011.

Description	Total (US Dollars)	Partial (US Dollars)
Cash (Reserved Fund).		50,682,554,000
Physical resources- subsidiary Provided at day one.		14,729,538,458
Long-term investment portfolio		7,766,863,719
Libya Africa Investment Portfolio		5,097,189,069
Oil Investments Company		984,100,172
Libyan Foreign Investment Company		881,385,498
<b>Grand total</b>	<b>65,412,092,458</b>	

# ORGANIZATIONAL STRUCTURE



# Governance



## **1- Governance Framework in the Libyan Investment Authority**

LIA is subject to Law No. (13) of 2010, which defines the purposes and objectives of the Authority, the responsibilities of the Board of directors, its financing mechanism and its structure. The law also clearly defines the operational independence of the Libyan Investment Authority and sets standards for public accountability.

The Governance Framework for the Libyan Investment Authority has been formulated so as to ensure pursuing sound and effective operations to achieve our organizational goals. Law No (13) explains in detail its objectives and classification of roles and functions for the Board of Trustees, the Board of Directors and the Executive Management Team.

The Libyan Investment Authority is an investment Authority with a legal personality and finance, independent from the Government in accordance with the law. The Board of Directors and the executive management team shall have full responsibility in achieving the objectives of the Libyan Investment Authority, implementation of its strategy and management of daily operations.

The Authority's senior management, represented by the Board of Trustees, undertakes the task of appointing the Board of Directors, supervising its performance and ensuring that the Libyan Investment Authority is on the right track to achieve the goals, as well as providing guidance and general direction to it.

## **2- The Board of Trustees**

The Board of Trustees of the Libyan Investment Authority is appointed by the Council of Ministers, where the cabinet is presided by the Prime Minister, with the membership of the Ministers of Planning, Finance and Economy, the Governor of the Central Bank of Libya, and a number of independents.

## **3- Board of Directors**

The Board of directors consists of 7 members, including the Chairman and his Deputy, who are academically qualified and have practical experience in various fields of money management and investment. The Board of trustees of the Libyan Investment Authority shall have the mission of appointing the Board of directors of LIA.

The Board of directors is considered the entity responsible for supervising the administration of the Authority, the implementation of its programs to achieve its objectives, as well as following up the subsidiaries of LIA to ensure that they properly perform the duties and missions assigned to them.

In addition to its supervision over the subsidiaries, the Board of Directors manages three committees, each with an agreed mandate, which support the Board of Directors in managing vital operations, represented in the Investment Committee, the Audit Committee, and the Governance Committee.

The Board of Directors was formed in accordance with the decisions of the Board of Trustees (1) for the year 2017 and (2) for the year 2019.



Dr. Ali Mahmoud Hassan  
Chairman and CEO



Eng. Yousef Ahmed Almagbrok  
Deputy Chairman and CEO



Mr. Alhadi Najmeddin Alhadi Kaabar  
Member of Board of Directors



Mr. Mustafa Mohamed Almanaa  
Member of Board of Directors



Mr. Eng. Ahmed Abdullah AMMAR  
Member of Board of Directors

#### 4- The Executive management

The Executive Management undertakes the responsibility for the implementation of the strategies, plans and programs prepared and approved by the Board of Directors, in addition to the day-to-day management of the operations of the Libyan Investment Authority.

The Executive Management is also responsible for the regular assessment of the performance of investment portfolios and Funds to ensure that we continue to effectively protect and manage the assets entrusted to us.

# Santiago Principles

## Santiago Principles

Since the Authority's current Board of Directors assumed its duties and functions, it has sought to improve the level of performance in conformity with the principles of Santiago in order to promote the level of the Authority - the Sovereign Wealth Fund in Libya - globally. In this regard, several meetings were held with the International Forum of Sovereign Wealth Funds (IFSWF), which is committed to working with the Santiago principles as the cornerstone.

It is a voluntary organization of global sovereign wealth Funds committed to working together through dialogue, research and self-assessment, as all members of the Forum voluntarily accept these principles and seek to apply them in their own governance and investment practices. This Forum encourages its members to conduct self-assessments every two years and provide regular case studies About their practices and ways of joint cooperation that aim to raise the assessment of the Libyan Investment Authority on the transparency and good governance index. They also discussed future aspects of cooperation and setting up a working team tasked with diagnosing the current situation, putting in place a plan of action and overseeing its implementation .

In the past, Oliver Wyman consultancy Firm was assigned to work towards enhancing the commitment of the Libyan Investment Authority to the Santiago Principles, where the following have been accomplished:

- The Authority aims to adhere to the best practices and guidelines, set forth in the Santiago Principles.
- Get passed the era of previous years that included politically driven investment without conducting feasibility studies, necessary for changing the Authority in order to comply with the Santiago principles.
- This is evidenced by the Authority's low rating compared to its peers in global standards such as the SWF Board and the Linaburg-Maduell Transparency Index.
- The Authority has launched a transformation program that will address the required changes over time, through:
  - ✓ Restructuring and strengthening LIA.
  - ✓ Review the legal framework - Law (13).
  - ✓ Re-valuate the assets of LIA.

- Compliance with the Santiago Principles is an indispensable prerequisite for the Authority's transformation.
- As this change moves forward, the Authority aims to become more aligned with the Santiago Principles by disclosing more information.
- It is also worth noting that adequate compliance cannot be reached overnight. However, the gaps will be addressed and filled on a regular basis over time.
- In the context of the Authority's interest in this file of great importance to the Authority's position vis a vis sovereign Funds and with the view to ensuring competition in terms of governance, transparency and disclosure, the Project to improve the Authority's compliance with the Santiago Principles was designated.
- These short-term objectives were summarized so that the Authority, during the last quarter of 2019, will endeavor to accomplish three of the following:
  - Preparing a draft proposal for investment guidelines submitted by the Board of Directors to be presented to the Board of Trustees.
  - Approval of an external investment manager contract form.
  - Issuing the annual report (financial statements) and publishing it on the Internet.
  - Approval of the Code of Conduct by the Board of Directors.
  - Provide training to employees on the application of the Code of Conduct.
  - Approval of the Governance Guidelines by the Board of Directors and publication on the Internet thereof.
  - Publish the structure, which was approved by the Board of Directors, on the Internet.
  - Prepare an updated procurement manual and put it into practice.

The project aims to improve the governance status of the Libyan Investment Authority in accordance with the Santiago Principles, in order to enable the Authority to apply the best practices in institutional governance, transparency and ethical standards, raise its assessment on the transparency index and ensure compliance with the Santiago Principles, as stipulated in its strategic plan to gain the confidence of the international community in it and to be able to demonstrate its compliance with the Santiago Principles. Sovereign Funds' adherence to the Santiago Principles is important to financial markets, governments and the public at an international level.

Under the auspices of the North Africa Technical Assistance Facility (TAF) programme, which operates under the auspices of the British Foreign and Commonwealth Office (FCO) and under the

umbrella of the UK Department for International Development (DFID) and the UK Department for International Trade (DIT), the British Embassy has commissioned and funded Coffey Company as an external consultant (working on this project under a subcontract with Takween Consulting co). The management of LIA designated the project so that it would be under the direct supervision of the Chairman and CEO. The aim of the project was to provide a channel of communication between the relevant employees of LIA and the consultants.

Since the launching of this project and over a period of four months, the Authority's team has worked according to an implementation plan and a specific time program, during which work has been done to develop the manuals and regulations targeted in the scope of work of this project. Intensive meetings were held which brought together the relevant departments and the external consultant, that resulted in the materialization of the following outputs:

- Code of Conduct.
- Governance Guidelines and Governance Code.
- Contracts and Procurement Manual.
- Draft proposal for investment guidelines submitted by the Board of Directors to be presented to the Board of Trustees.
- The structuring of the annual report.
- Publish the structure, approved by the Board on the Internet.

These outputs were presented to the Board of Directors for approval at its first meeting in 2020, then they were submitted to Oliver Wyman consultancy Firm for reviewing and making any remarks before starting to apply them within the Authority.

A self-assessment form for the Authority's compliance with the Santiago Principles has also been filled out and submitted to the International Forum of Sovereign Funds, which will be published on the Internet on January 27, 2020.

On the other hand, a workshop was held on January 13, bringing together the British Embassy, international experts, Representatives of the international community and the Authority's team. The results of this project and the progress made by the Authority regarding its compliance with the Santiago Principles were presented in this workshop. International experts announced the assessment of the Authority's compliance with the Santiago Principles with (12 out of 24) for the year 2020.

This was monitored by the application of the Truman Measurement Index rules, as well as the announcement of the next phase of the project, which included putting previous outputs into practice, publishing what is required on LIA's official website with the aim of increasing the transparency of the Authority. Additionally, completion of preparing the form of contracting an external manager, providing training to employees on the application of the code of conduct, and preparing the framework regulations of investment risk management.

# **Our Investments**

## Investment Portfolio of LIA

Currency	AUM	Amount
		2019DEC
USD	86.33%	22,446,158
HKD	6.15%	1,824,485
EUR	2.91%	704,820
GBP	1.02%	260,377
TRY	0.04%	10,042
NOK	0.04%	9,445
CHF	0.01%	2,961
LYD	0.01%	1,808
CAD	0.00%	1,188
TND	0.00%	-
<b>Total</b>	<b>97%</b>	<b>25,261,285</b>

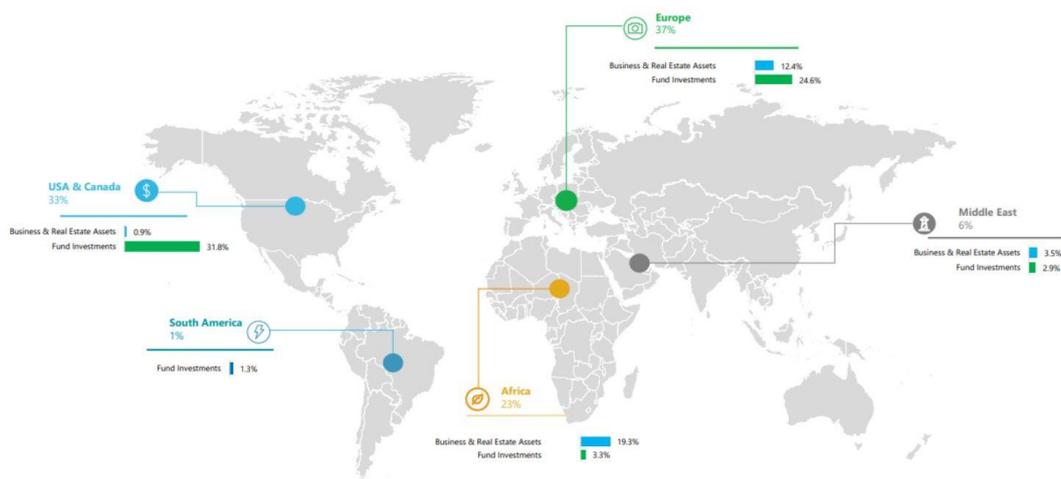
## Distribution of the investment portfolio

### 1. Geographical distribution of LIA investments

Most of the Authority 's investments and subsidiaries were distributed among three continents (Europe, America and Africa) with 93% of the total investments distributed between investments in companies and real estate (33%) and financial investments (60%) as described in the map below.

## LIA Portfolio Valuation Overview | Geographic Distribution

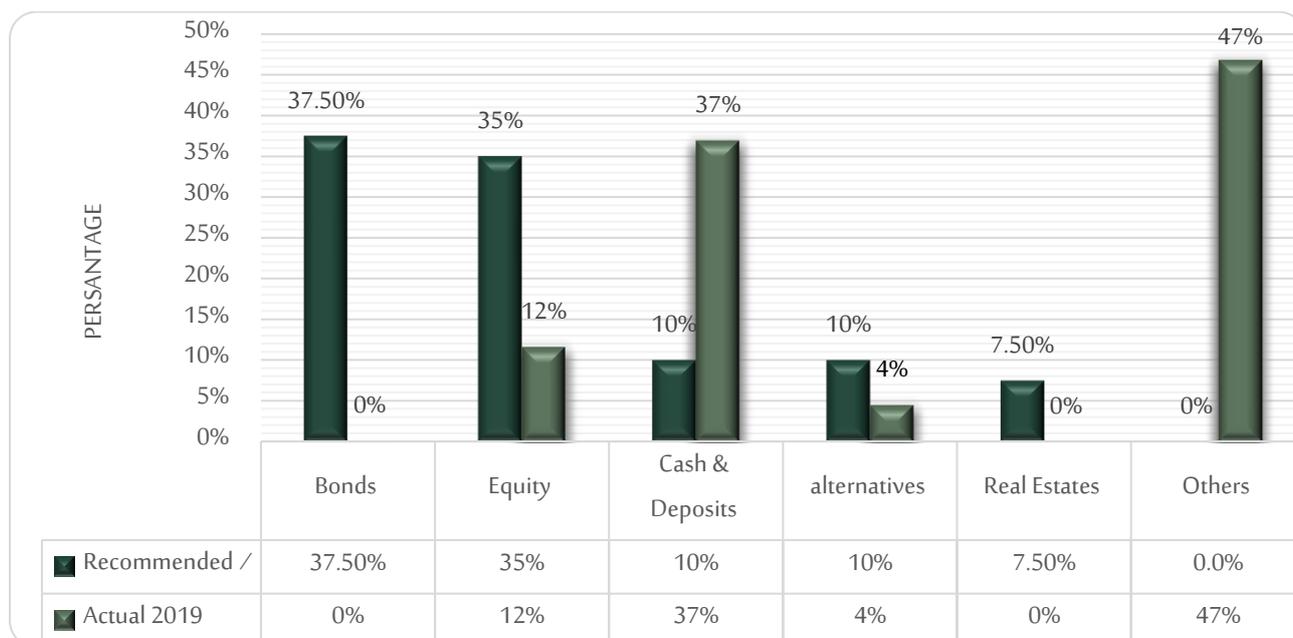
Below chart outlines the geographic spread of LIA's portfolio across the globe excluding Cash and Other BS Items



## 2. Distribution of the investment portfolio according to assets

Assets	AUM	DEC 2019
Cash & Deposits	36.96%	25,261,285
Equities	11.64%	7,954,570
Bonds	0.07%	47,834
Funds	4.50%	3,072,868
Subsidiaries, associates	41.55%	28,401,800
Real Estate Assets	0.02%	15,180
Others	5.27%	3,599,263
<b>Total</b>	<b>%100.00</b>	<b>68,352,800</b>

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<b>Total</b>	<b>%100.00</b>	<b>68,352,800</b>



The graph shows a significant deviation between the percentages approved by the Board of Trustees for asset allocation and what is actual until December 2019. The deviation is resulting from the Authority's inability to reinvest its frozen assets, which were fell due during the freezing years.

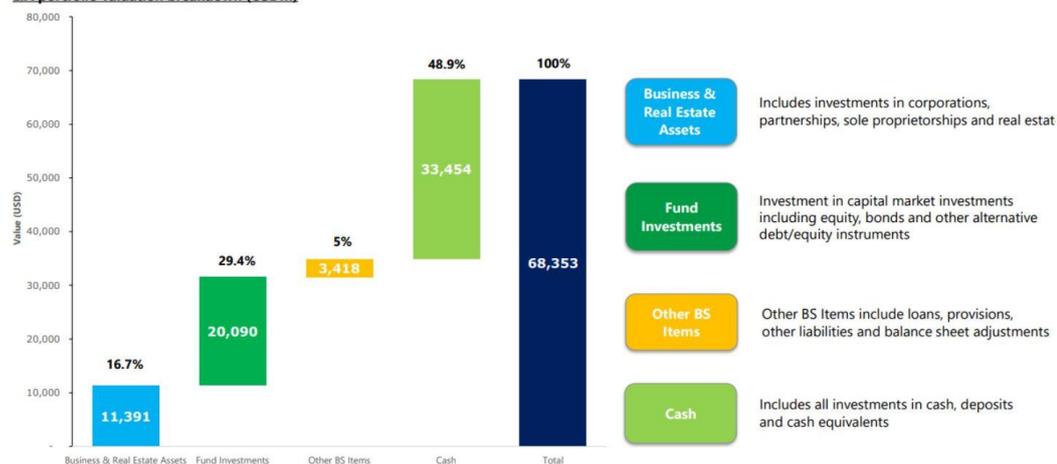
### 3- Distribution of the investments according to type of investment

Cash investments and investments portfolios accounted for more than 75% of the value of LIA's entire portfolio in December 2019.

#### LIA Portfolio Valuation Overview | Asset Type Distribution

Cash and fund investments represented over 75% of the market value of the total LIA portfolio

LIA portfolio valuation breakdown (USDm)



#### 4- Distribution of the investment portfolio according to companies

The value of LIA was estimated at 68.353 billion \$ on 31 Dec 2019

#### LIA Portfolio Valuation Overview

The valuation of LIA diversified portfolio as at 31 December 2019 is estimated at USD 68,353m

		No. of companies	No. of real estate	Investment portfolio	Value (USDm)		Value of contribution (%) <sup>1</sup>
					2012	2019	
LIA Portfolio Overview	Principal Subsidiaries	LTP	10	11	✓	9,598 ↑ 11,047	16.2%
		LLIDF	23	23	—	9,065 → 8,918	13.0%
		LAFICO	136	90	—	4,659 → 4,466	6.5%
		LAIP	180	62	✓	3,983 ↓ 2,166	3.2%
		Oilinvest	76	14	—	195 ↑ 1,634	2.4%
		Sum - Principal Subsidiaries	425	200	✓	27,500 → 28,231	41.3%
LIA	LIA (Direct)	14	3	✓	39,660 → 40,122	58.7%	
<b>Total</b>		<b>439</b>	<b>203</b>	<b>✓</b>	<b>67,160 → 68,353</b>	<b>100%</b>	

#### Key takeaways

- LIA's portfolio comprised of directly held investments plus investments held by its five main subsidiaries
- Investments held directly by LIA represented 58.7% of LIA's overall portfolio
- LTP was the most valuable principal subsidiary owned by LIA at USD 11,047m
- LIA's 83.3% stake in LLIDF represented 13% of the overall portfolio value at USD 8,918m
- LAFICO made up 6.5% of LIA's overall value at USD 4,466m whilst LAIP was valued at USD 2,166m, which represented 3.2% of LIA's total value
- Oilinvest was the smallest principal subsidiary held by LIA at USD 1,634m, which represented 2.4% of the portfolio's overall value

Note:

1. Includes businesses held by LIA across all ownership levels where the total number of businesses may include holding companies (parent) and subsidiary companies

#### 5- Distribution of the investment portfolio according to sectors

More than 80% of LIA's subsidiaries value is in the sectors of real estate and hospitality (63%) and oil and gas (20%).

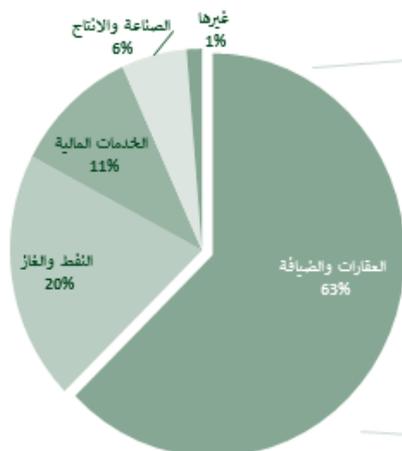
يتركز أكثر من 80% من قيمة الشركات التابعة للمؤسسة في قطاعات العقارات والضيافة (63%) و النفط والغاز (20%)

عدد الشركات 439

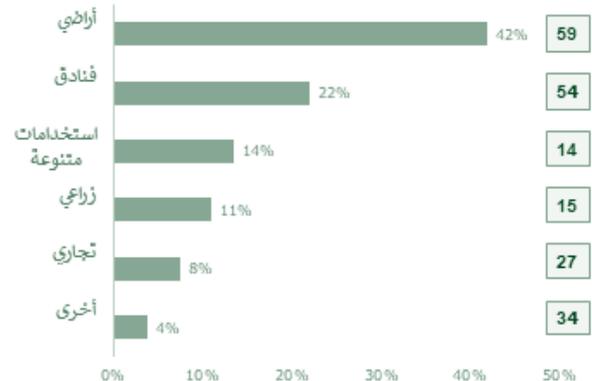
عدد العقارات 203

القيمة لسنة 2019 11.4 مليار دولار

توزيع قيمة استثمارات الشركات التابعة للمؤسسة حسب القطاع

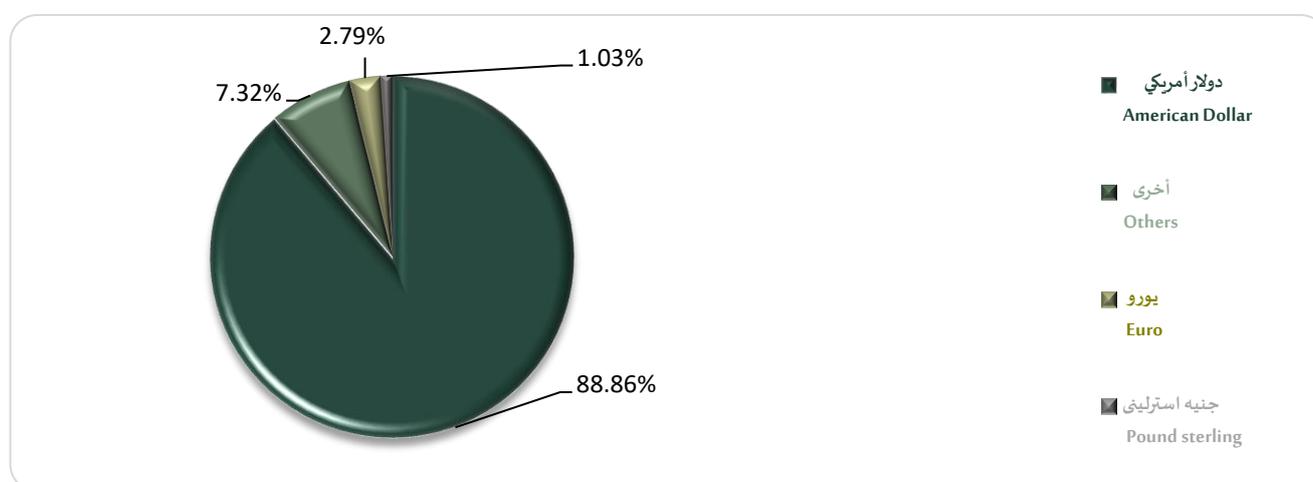


توزيع قيمة عقارات المؤسسة حسب الاستخدام

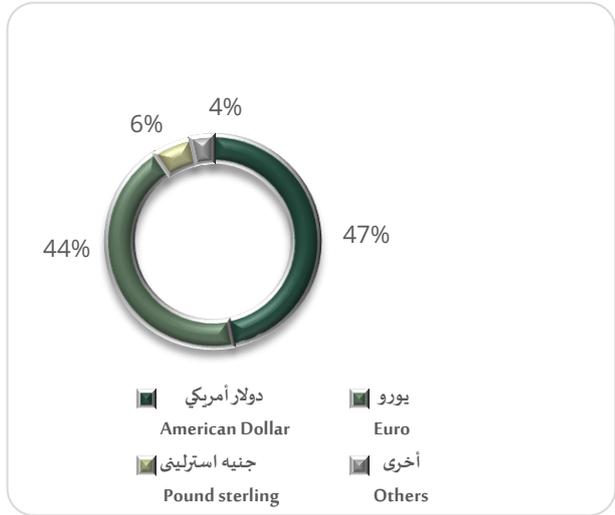


## Second: deposits and cash at LIA according to currencies

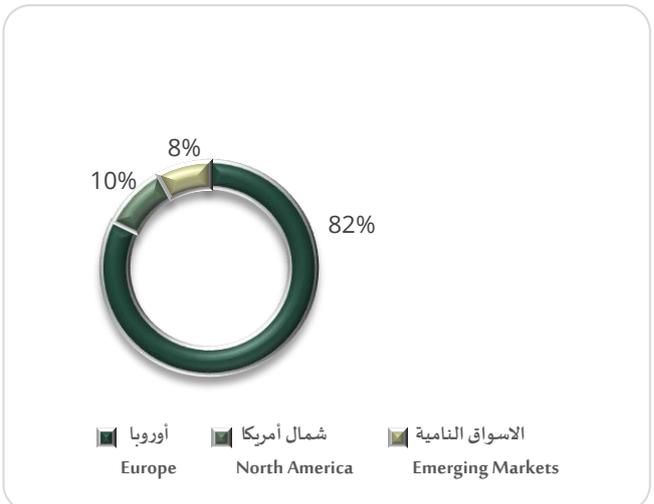
Currency	AUM	Amount
		USD (000)
		DEC 2019
USD	88.86%	22,446,158
HKD	7.22%	1,824,485
EUR	2.79%	704,820
GBP	1.03%	260,377
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<b>Total</b>	<b>100%</b>	<b>25,261,285</b>



### Regions



### Currencies



Currency	AUM	Amount /	
		DEC 2019	
USD	86.33%	22,446,158	
HKD	6.15%	1,824,485	
EUR	2.91%	704,820	
GBP	1.02%	260,377	
TRY	0.04%	10,042	
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CHF	0.01%	2,961	
LYD	0.01%	1,808	
CAD	0.00%	1,188	
TND	0.00%	-	
<b>Total</b>	<b>97%</b>	<b>25,261,285</b>	

### Third/ Investment portfolio of LIA

LIA has invested an amount of 8.5 billion dollars in shares in companies listed on the financial markets distributed around the world in different currencies, as shown in the graph below. The market value of the portfolio in December 2019 amounted to 7.954 billion dollars distributed over more than (80) companies.

#### Top 10 Companies in Equity Portfolio

(US\$ 000)

Company Name	Sector	Market value	AUM
		DEC 2019	
SIEMENS AG-REG	Industry	692,249	8.70%
ENI SPA	Energy	653,896	8.22%
MMC NORILSK NICKEL PJSC-ADR	Materials	632,131	7.95%
PFIZER INC	Healthcare	391,300	4.92%
ALLIANZ SE-REG	Financial	313,229	3.94%
BAYER AG-REG	Health Care	283,381	3.56%
PEARSON PLC	Telecommunication	223,480	2.81%
UNICREDIT SPA	financial	220,040	2.77%
AT&T INC	Telecommunication	218,598	2.75%
GENERAL ELECTRIC CO	Industry	168,348	2.12%



## Fourth / Fixed Income and Alternative Investments

### 1- bonds

Fixed income investments are divided into internally and externally managed investments, which consist of corporate and government bonds, as follows:

- Bonds Managed Directly by the LIA: All the bonds have been matured, and the due value has been retained with the bonds holding banks in cash at ABC Bank and HSBC bank.
- Externally Managed Bonds: LIA assigned 3 external managers in July 2009 to manage \$1.5 billion, each manager manages (US\$500 million), in order to invest Funds on behalf of the LIA in the form of bonds, most of these bonds have been matured, and only about 48 million dollars of them remain., as shown in the table below.

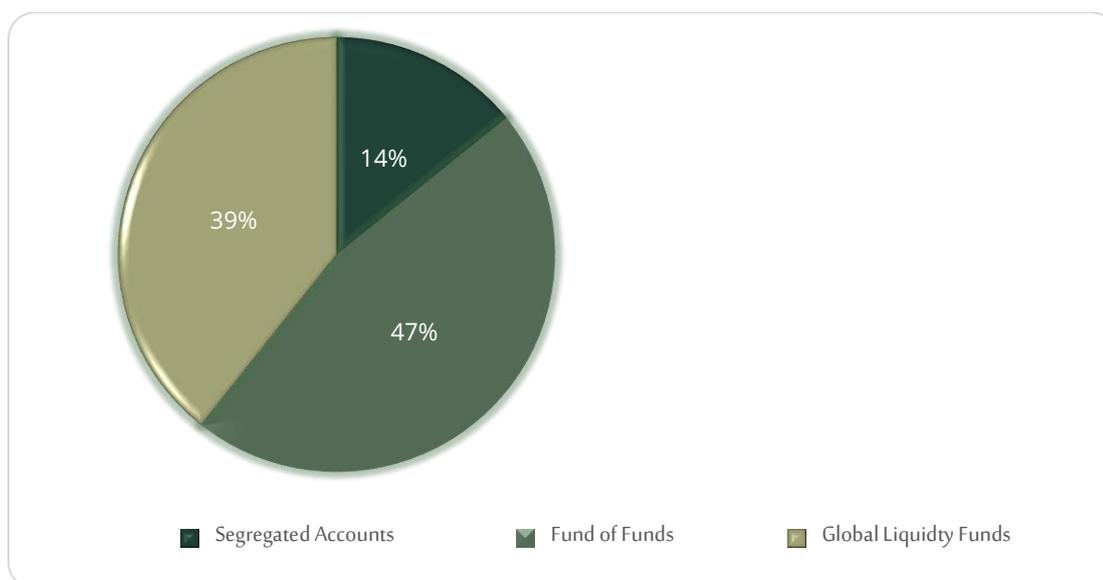
### Bonds Portfolio

Bond Name	Book Cost	Market value	AUM
	this month	this month	
ABS segregated account	31,499	31,499	%65.85
Western bonds	16,334	16,334	34.15%
<b>Total Bonds</b>	<b>47,833</b>	<b>47,833</b>	<b>100.00%</b>

## 2- Portfolio of alternative investment Funds

LIA owns a portfolio in the form of externally managed alternative investments, with a market value of \$3,073 million in December 2019 according to the holding bank HSBC. LIA has held many meetings with the managers of alternative investment portfolio and succeeded in significantly reducing the management fees. Indeed, freezing prevents external managers from investing the Funds according to the agreed upon investment plan.

INVESTMENTS FUNDS AND PORTFOLIOS			Alternatives
(US\$ 000)			
Investment Name	Book Cost	Market Value	AUM
	DEC 2019	DEC 2019	
Fund of Funds	1,427,580	1,427,580	46.46%
Global Liquidity Funds	1,209,607	1,209,607	39.36%
Segregated Accounts	564,325	435,681	14.18%
<b>Total</b>	<b>3,201,512</b>	<b>3,072,868</b>	<b>100.00%</b>



## Fifth/ Real estate investments

Investment Name	Amount	AUM
	DEC 2019	
Maple Cross	4,030	26.55%
LIA advisory UK - London	11,150	73.45%
<b>total</b>	<b>15,180</b>	<b>100%</b>

## Sixth /Investment in subsidiaries and associates

### Subsidiaries and Associate

(US\$ 000)

Subsidiary Name	AUM	Market Value	percentage of shareholding	Country
		DEC 2019	%	
Long Term investment Portfolio	38.90%	11,047,100	100.00%	Libya
Libyan Investment Development Fund	31.40%	8,917,500	83.3%	Libya
Libyan African portfolio - LAP	7.63%	2,166,300	100.00%	Libya
Libyan Foreign Investment Company	15.73%	4,466,200	100.00%	Libya
Oil Invest	5.75%	1,633,600	85.00%	Netherlands
First Energy Bank	0.18%	51,000	16.25%	Bahrain
Libyan Norwegian Fertiliser Company	0.00%		25.00%	Libya

Maple Cross - London	0.01%	1,500	100.00%	Britain
LIA Advisory UK	0.00%		100.00%	Britain
LIA Advisory Malta	0.00%	900	100.00%	Malta
Itern	0.41%	117,700	99.90%	Malta
<b>Total</b>	<b>100.00%</b>	<b>28,401,800</b>		

### Seventh/ statement of income list of LIA for 2019

item	Value in dollars (000)
Interests of deposits and current accounts	446,922
Revenue of dividends of equities portfolio	273,934
Fair value gain/(loss) on valuation of investment in subsidiaries	1,309,900
Fair value gain/(loss) on valuation of investment in associate and joint venture	(13,600)
Fair value gain/(loss) on financial assets designated as at FVTPL	198,339
Profits and losses of the foreign exchange rates changes	(13,004)
Impairment losses.	995
Impairment losses.	162,338
Finance costs	(21)
Depreciation costs	(514)
Administrative expenditures and overheads	(46,702)
<b>profits/losses of the year</b>	<b>2,318,587</b>

## Eighth/ Shareholdings

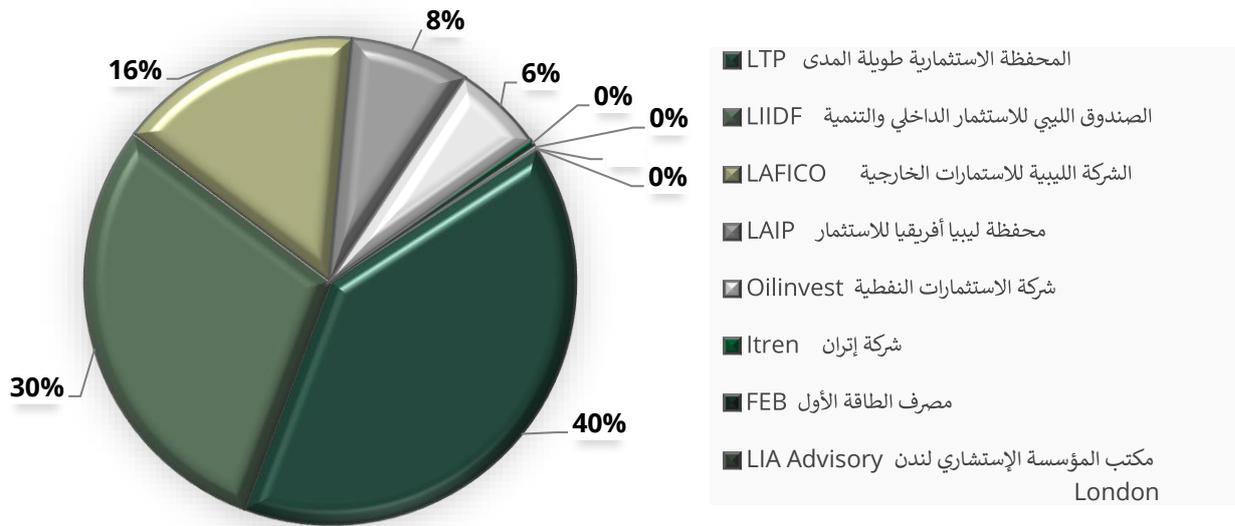
### Subsidiaries and LIA 's shareholding

SN	Description of the asset	Amount USD (000)
1	LTP	11,047
2	LAIP	2,166
3	LAFICO	4,466
4	LIIDF	8,918
5	OILINVEST	1,634
6	ITRAN	122
7	FEB	56
8	Maple Cross	1.5
9	LIA Advisory Malta	1
10	LIA Advisory UK	0
11	LIFECO	0
Total		28,412

#### Long-term investment portfolio

The portfolio was established on 29/9/1991, pursuant to Decision No. (767) of 1991 (issued by former General People's Committee) to establish a long-term investment portfolio as a business investment portfolio for the purpose of long-term investment in order to expand the economic base, diversify sources of income and create additional foreign exchange resources. In the year 2006 Decision No. (205) was issued by the (former General People's Committee) transferring affiliation of the portfolio to the Libyan Investment Authority. All assets of the long-term investment portfolio continued to be registered in the name of the Libyan Foreign Investment Company.

### subsidiaries and LIA shareholdings according to the evaluation of Deloitte Firm



## 1.2 Financial position of the portfolio and the value of its assets.

### 1.2.1. components of paid-up capital of the Portfolio till 31/12/2019

Description	Paid up capital	AUM
	US\$	
properties shares that were transferred to the company pursuant to the law establishing i (Principle of the invested amount)	2,826,086,070.00	%63
Transfer of oil revenues	574,090,138.49	%13
Cash payments	.....	.....
Funds of short-term investment portfolio	1,053,425,294.79	%24
total paid up capital	4,453,601,503.28	%100

### 1.2.2 Deloitte valuation

The valuation of Deloitte of the assets of the long-term investment portfolio and its investments in 2019 shows the following:

year	According to Deloitte valuation	according to the data of the company (preliminary closing)
2019	billion us \$ 11	\$ billion us 10.580

Name of company	country	Ownership percentage	Deloitte valuation 2019	Book value 2019
World Trade Tower	Cairo-Egypt	%50	\$92 million	\$60 million
Libya Tower -Sudan	Khartoum- Sudan	%50	.....	\$62.2 million
STC	Tunisia	23%	\$24.9 million	\$21.9 million

### 1.2.3 financial results of the Portfolio

The financial results of the portfolio in 2018 were as follows:

Financial results (preliminary closing)	year
351 million US dollars (profits)	2019

Development of shareholders equities and rate of return on capital and return on equity ratio in the period from 2017 till 2019

rate of return of equities	rate of return of the capital	Equities	Paid up capital	Financial year
%6.04	%14.05	10,479,194,813.99	4,453,601,503.28	2017
%2.19-	%4.98-	10,134,697,939.62	4,453,601,503.28	2018
%3.32	%7.89	10,580,442,702.62	4,453,601,503.28	2019

## 1.2 overview on the main long-term investments in the portfolio

Most of the portfolio's investments are financial investments (shares, bonds- deposits) which account for 90% of its activity, mostly in Europe and North America. ABC bank manages 71% - 73% of those shares and bonds. The portfolio has some other investments in real estate and these investments are classified by ownership percentage according to the following:

### 1.2.1 Joint Stock Companies

**These are the companies in which the portfolio owns 51% or more - :**

Company name	country	Ownership percentage	Deloitte valuation 2019	Book value 2019
Financier	Paris France	%100	274.6 \$ Million	103.7 \$ Million
Iskan housing company	Amman - Jordan	%90	38.9 Million\$	56.2 \$ Million
Sirt securities	Holland	%100	21.4 million \$	87.1 \$ Million
Sabtina	London- England	%100	4 million \$	4.6 million \$

### 1.3.2 associate companies

**These are the companies in which the Portfolio owns 51% or more**

### 1.3.3 Investments available for sale:

**These are companies where the portfolio owns 20% or less:**

Name of company	country	Ownership percentage	Deloitte valuation 2019	Book value 2019
Fiat co	Italy	%0.3	million \$ 158	million \$ 157.6
Juventus club	Italy	%2	million \$ 21.2	million \$21.1
Bank ABC	Bagrain	% 4	million \$ 128.8	million \$ 132.1
Ola energy	Cairo Egypt	% 6	million \$ 2.9	million \$ 4.2
Alitihad Bank	Amman- Jordan	% 20	million \$82.2	million \$ 13.6

### 3. Libya Africa Investment Portfolio

Libya Africa portfolio was established as an independent legal and financial liability entity affiliated with the Libyan Investment Authority by virtue of the decision of the former General People's Committee No. 15 of 2006.

#### Financial position of the portfolio and value of its assets

Description	Paid capital	AUM
	US \$	
Paid-In Capital	5,000,000,000	%94
properties shares that were transferred to the company pursuant to the law establishing it- as follows  (Sahel Saharan Bank for Investment and Commerce-Afriquiya Airlines- Libyavia for air transport-Africa- Tam Oil holding company – Ugandan National Construction co.	329,035,856	%06
Other cash payments	.....	.....
<b>Total paid up capital</b>	<b>5,329,035,856</b>	<b>%100</b>

#### 2.2.1 Deloitte valuation

The valuation of Deloitte of the portfolio's assets and its investments in 2019 shows the following:

year	According to Deloitte valuation	According to the company statements (preliminary closing)
2019	2.2 billion dollars \$	2.243 billion dollars \$

### 2.3.3- Financial results of the portfolio on 31/12/2019

The financial results of the portfolio in 2019 were as follows:

year	Financial results (preliminary closing)
2019	Loss of 640.761 US Dollars

Development of shareholders equities and rate of return on capital and return on equity ratio in the period from 2017 till 2019

Financial year	Paid up capital	Shareholders equities	Rate of return on capital	Rate of return on equities
2017	5,329,035,856	3,607,814,322	%0.37	%0.55
2018	5,329,035,856	3,602,823,388	%0.09-	%0.14-
2019	5,329,035,856	3,602,182,627	%0.01-	%0.02-

### 4.3.2 Overview on the main investments of the Libya Africa Investment Portfolio

The investments of the Libya Africa portfolio vary between investment in financial portfolios and investment in companies (real estate and services), we present a summary of those investments:

#### Firstly: Financial Portfolios

Company Name	Country	Ownership percentage	Deloitte Valuation 2019	Book value 2019
FM Capital	England - London	%100	42- 38.1 million \$	550 million \$
Paladin portfolio	Holland	%100	-	200 million \$
Platinum Portfolio	England - London	%100	-	50 million \$

## Secondly: companies (real estate- service and others)

Company name	country	Percentage of ownership	Deloitte Valuation 2019	Book value 2019
LAB MAURITIUS CO	MAURITIUS	%100	Million \$ 138.1	
LAICO	LIBYA	%100	Million \$ 416.3	Million \$ 878.9
RascomStar	TUNESIA	%100	—	Million \$ 155.4
LAB TECH	LIBYA	%100	Million \$ 9.4	Million \$ 10
Joint Libya for OIL	LIBYA	%100	—	Million \$ 4
Aklal	HOLLAND	%100	-	Million \$ 16.5
Libyan African Agricultural co	LIBYA	%100	Under liquidation	Million \$ 7.5
Libyan African construction co	LIBYA	%100	Under liquidation	Million \$ 13
Libya Africa Portfolio limited	DUBAI	%100	Under liquidation	Million \$ 10
Libya AFRICA for Industry and Mining	DUBAI	%100	nder liquidation	Million \$ 2.7

### 1. Libyan Foreign Investment Company

The Libyan Foreign Investment Company was established pursuant to Law No. (6) of 1981 as a Libyan joint stock company wholly owned by the Libyan state. It has legal personality and independent financial liability until it became affiliated with the Libyan Investment Authority under Resolution No. 205 of 2006 and Law No. 13 of 2010.

#### 3.1 Capital and financing structure of the company

Article (6) of the company's articles of association determined, upon incorporation, the authorized capital of 5 billion Libyan dinars distributed over 50 million nominal shares, the value of each share is

(100) Libyan dinars. The company increased its paid-up capital in the year 2008 to become 2 billion Libyan dinars Until the end of the financial year 2020.

The following table shows the components of the paid-up capital until December 31, 2019.

Description	Paid capital Million LYD	AUM
Properties shares whose affiliation was transferred to the company pursuant to the Law establishing it	217	11%
Cash payments from finance during the period from 1981 till 2010	557	28%
Capitalization of the company profits	378	19%
Capitalization of the loans and interests of LIA	266	13%
<b>Capitalization of shareholders</b> <b>—current</b>	582	29%
<b>Total paid up capital</b>	<b>2.000</b>	<b>100%</b>

### 3.2 Company Activities Results

- The company's assets at 30/09/2019 amounted to 4.6 billion Libyan dinars. The company made a net profit of 9.2 million Libyan dinars in 30/09/2019 compared to 12.7 million Libyan dinars during the same period in 2018.
- Consequently, the company recorded a return rate on equity of 0.21% in 30/09/2019.

### 3.3 List of changes in shareholders' equity over the last five years

Description	2014	2015	2016	2017	2018
Paid up capital	2000,000,000	2000,000,000	2000,000,000	2000,000,000	2000,000,000
reserves	859,596,140	859,596,140	859,596,140	859,596,140	859,596,140
Retained earnings	441,026,662	534,701,678	561,419,868	591,927,507	636,198,027

accumulated change in fair value	785,005,826	947,011,278	963,341,154	926,206,877	963,341,154
<b>Total</b>	<b>4,085,628,628</b>	<b>4,341,309,096</b>	<b>4,384,357,162</b>	<b>4,377,730,524</b>	<b>4,459,135,323</b>

### 3.4 Activities of the investment company

The investment portfolio of the Libyan Foreign Investment Company consists of (72) companies. The portfolio shareholdings are distributed geographically in (26) countries in the continents (Africa - Asia - Europe and the Americas). The total invested Funds (paid) in the form of long-term investments (shareholdings) amounted to an amount of 3,818,331,593 Libyan dinars in 30 /09/2019.

### An overview on the main investments of the Libyan Foreign Investment Company

#### First: Sector of holding and trading companies

The five largest "shareholdings" companies in terms of book value are concentrated in this sector, as shown in the following table

Description	2014	2015	2016	2017	2018
Paid up capital	2000,000,000	2000,000,000	2000,000,000	2000,000,000	2000,000,000
Reserves	859,596,140	859,596,140	859,596,140	859,596,140	859,596,140
Retained earnings	441,026,662	534,701,678	561,419,868	591,927,507	636,198,027
accumulated change in fair value	785,005,826	947,011,278	963,341,154	926,206,877	963,341,154
<b>total</b>	<b>4,085,628,628</b>	<b>4,341,309,096</b>	<b>4,384,357,162</b>	<b>4,377,730,524</b>	<b>4,459,135,323</b>

company	Headquarters country	Date of shareholding	Percentage of shareholding	Book value 201/09/309
Libya investment Company	Egypt	2006	%99.96	1,247,156,543
National Investment Company-ONA	Morocco	1991	%5.95	424,113,993
Arab company for petroleum Investments	Saudi Arabic	1981	%15	276,406,239
LAFICO ALGER	ALGERIA	1997	100%	186,830,772

Arab Investment Co	Saudi Arabia	1981	6.97%	130,560,430
<b>total</b>	<b>2,216,761,529</b>			

Description	2014	2015	2016	2017	2018
Paid up capital	2000,000,000	2000,000,000	2000,000,000	2000,000,000	2000,000,000
Reserves	859,596,140	859,596,140	859,596,140	859,596,140	859,596,140
Retained earnings	441,026,662	534,701,678	561,419,868	591,927,507	636,198,027
accumulated change in fair value	785,005,826	947,011,278	963,341,154	926,206,877	963,341,154
<b>total</b>	<b>4,085,628,628</b>	<b>4,341,309,096</b>	<b>4,384,357,162</b>	<b>4,377,730,524</b>	<b>4,459,135,323</b>

Thus, the five largest host countries for subsidiaries in terms of book value are as follows:

Name of host country	2019/09/30 Book value
Arab Republic of Egypt	1,267,916,452
Kingdom of Saudi Arabia	432,968,333
Kingdom of Morocco	406,966,668
Republic of Algeria	186,830,772
Islamic Pakistan Republic	71,647,154
<b>Total</b>	<b>2,366,329,380</b>

## Second: the industrial and service company's sector

Name of company	Headquarters country	Date of shareholding	Percentage of shareholding	book value 30/09/2019
Arab Potash Limited	Jordan	1981	%4.06	106,515,962
Arab Company for mining	Jordan	1981	%10.1	100,587,411
Arab Company for pharmaceutical industries and medical supplies	Jordan	1981	%10.38	36,401,276
Arab Company for petroleum Transport	Kuwait	1981	%14.36	33,833,554

Syrian Libyan Company for Industrial and agricultural Investment	Syria	1981	%50	23,399,172
Total- operating companies				300,737,375

The five largest (shareholding) companies are concentrated, in terms of book value, in this sector as shown in the following table:

Thereby, the five largest host countries for subsidiaries in terms of book value are as follows:

Name of host country	book value 30/09/2019
Hashemite Kingdom of Jordan	243,504,649
State of Kuwait	33,833,554
State of Libya	32,794,498
Syrian Arab Republic	23,399,172
Republic of China	18,013,094
Total amount	351,544,968

### Third: Sector of tourism and real estate companies

The five largest (shareholding) companies are concentrated in this sector, in terms of book value, as shown in the following table:

Name of company	Headquarters country	Date of shareholding	Percentage of shareholding	book value 30/09/2019
Arab Company for Touristic and real estate projects	Egypt	1990	%100	220,272,556
NLI holding company	GB	2008	%50	138,583,750
LAFICO SUDAN	Sudan	2003	%99	114,162,644
BAROC CO	GB	2001	%100	100,985,613
Alburj Hotel casablanca	Morocco	1995	%100	60,530,763
total				634,535,326

Thus, the five largest host countries for subsidiaries in terms of book value are as follows:

Name of host country	book value 30/09/2019
----------------------	-----------------------

Arab Republic of Egypt	247,531,417
United Kingdom	239,569,363
Kingdom of Morocco	230,222,566
Republic of Sudan	114,162,644
Republic of Malta	68,324,582
<b>total</b>	<b>899,810,572</b>

#### Fourth: Results of sectors according to activity

Sector (operating companies)	Book value	Profits distributed till 30/12/2019	Rate of recovery	AUM
Holding and trading	2,453,305,095	450,117,467	%18	%41
Industrial and services	408,484,618	315,317,364	%77	%29
Tourism and real estate	1,060,612,169	319,408,067	%30	%29
<b>total</b>	<b>3,922,401,882</b>	<b>1,084,842,898</b>	<b>%28</b>	<b>%100</b>

#### Fifth: distribution of profits per sectors

sector	Accumulative profits till 31/12/2019
Sector of trade and holding companies	423,856,010
Sector of industrial and service companies	352,456,564
Sector of tourism and real estate companies	319,408,068
<b>total</b>	<b>1,095,720,642</b>

## 4 The Libyan Fund for Internal Investment and Development

The Libyan Fund for Internal Investment and Development was established in a “holding company” pursuant to the establishment Decision No. 107 of 2009. Its objectives are defined to invest its money in Libya on a commercial basis in accordance with of work and market requirements.

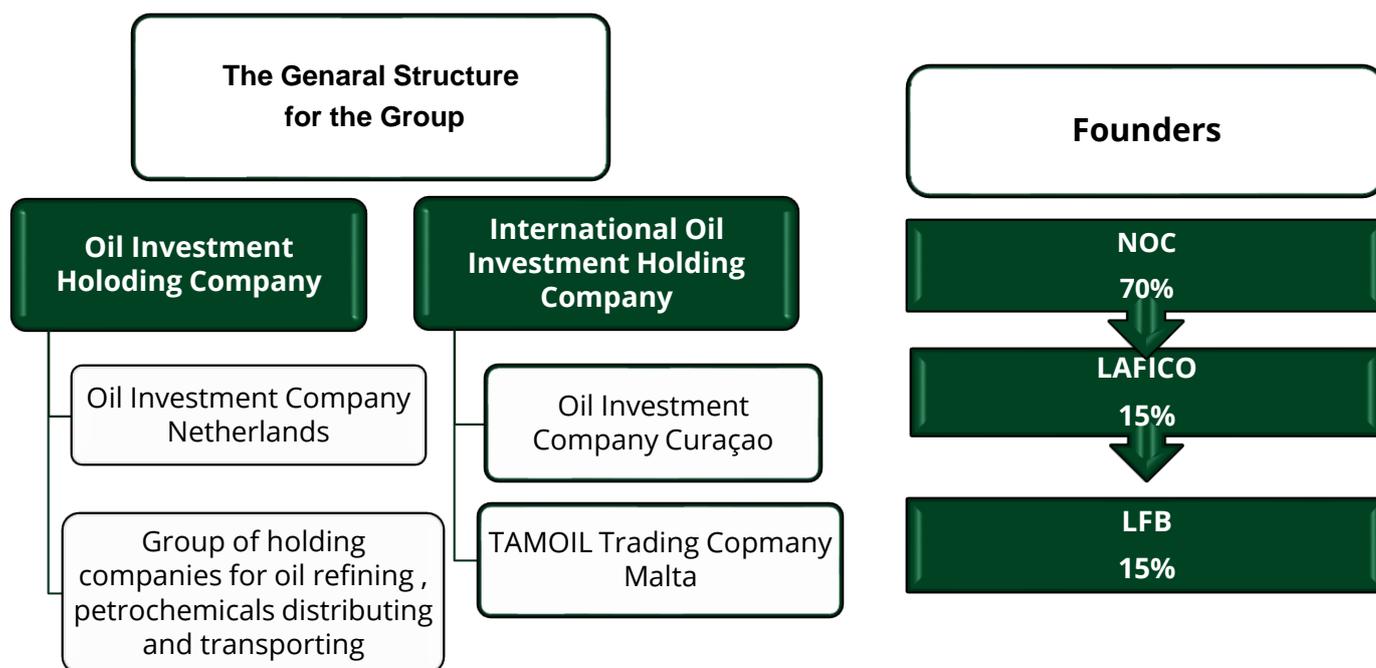
### 4.1 The financial position of the Fund

The Fund's capital, upon its establishment, was set at twenty billion dinars, divided into 200 million shares, the value of each share is 100 dinars. The Libyan Investment Authority, the Central Bank of Libya, the banks operating in Libya, and the private sector subscribed in it. The paid-up amount was 12 billion dinars as follows:

shareholders	Paid up capital	Percentage of capital	Number of shares
Libyan Investment Authority	10,000,000,000	%83.33	100,000,000
the Central Bank of Libya	1,500,000,000	%12.5	15,000,000
Aljouthoria Bank	180,000,000	%1.5	1,800,000
The Libyan Foreign Bank	100,000,000	%0.83	1,000,000
National Commercial Bank	90,000,000	%0.75	900,000
Wahda Bank	85,000,000	%0.71	850,000
North Africa Bank	25,000,000	%0.21	250,000
Alwaha bank	20,000,000	%0.17	200,000
<b>Total</b>	<b>12,000,000,000</b>	<b>% 100</b>	<b>12,000,000,000</b>

### Oil Investment Holding Company

Oil Invest B.V Oil Invest, which is coded as ONV, was founded in 2004 in Curaçao (Netherlands) with a capital (1,500,000 euros) by the founders, the National Oil Corporation (70%), the Libyan Foreign Bank (15%), and the Libyan Foreign Investment Company (15%), As a holding company for a group of companies engaged in oil refining and petrochemicals, distributing and transporting petroleum products through 2,463 gas distribution stations in Italy, Germany, Switzerland, Cyprus, the Netherlands and Spain , It was valued by Deloitte at US\$1.7 billion as of December 31, 2019, and its pre-tax financial results were €141.5 million for 2019.



#### Major subsidiaries of the Oil Investment Company:

Company name	State Headquarters	Founding Date	2019 Value
TAMOIL Netherlands B.V.	Netherlands	1988	56.100.000
TAMOIL Italy S.P.A.	Italy	1986	411.300.000
TAMOIL Switzerland S.A.	Switzerland	1990	274,400,000
Holborn Investment Co., Ltd. ("HICL")	Britain	1988	995,400,000
TAMOIL Overseas Ltd. ("TOL")	Cyprus	1995	.....
<b>Total</b>			<b>1.737.200.000</b>

ONV operates through two trade brands: TAMOIL and HEM, where it operates retail under the HEM brand, all through the following subsidiaries:

- 1- TAMOIL Netherlands B.V.: A company founded in 1988, V Netherlands with its subsidiaries, engaged in retail fuel trading, owns 226 gas stations and accounts for 3.8% of the retail market in The Netherlands, with financial results of €5.8 million for 2019, was valued by Deloitte at €56.1 million in 2019, representing 3.3% of the holding company's value.
- 2- TAMOIL Italy S.P.A.: A company founded in 1986 in Italy with its subsidiaries engaged in retail and wholesale distribution in Italy, where it owns 1,557 gas stations, and acquires 8.6% of the market in

Italy and has Its financial results were €41.1 million for 2019 and were fully assessed by Deloitte at €411.3 million in 2019, representing 24.1% of the holding company's value.

The company also owns a Spanish subsidiary acquired in 1986 with retail distribution in Spain, where it owns 30 gas stations, and acquires 0.2% of the market in Spain, with financial results of €0.5 million for 2019.

- 3- TAMOIL Switzerland S.A.: A company acquired in 1990 in Swissra has subsidiaries in retail and wholesale distribution in Switzerland, where it owns 239 gas stations, and acquires 5.2% of the market in Switzerland, and its results have been the financial year for 2019, 37.8 million euros, as assessed by Deloitte, was valued at €274.4 million in 2019, representing 16.1% of the holding company's value.
- 4- Holborn Investment Co., Ltd. ("HICL"): A company acquired in 1988, engaged in refining and fuel retailing in Germany, where it owns the Holborn refinery in Germany and TAMOIL Germany, which operates 411 gas stations, and acquires 4.7%. of Germany retail market, with financial results of €32.5 million for 2019, and was valued by Deloitte at €995.4 million in 2019, representing 58.3% of the value of the holding company.
- 5- TAMOIL Overseas Ltd. ("TOL"): A company founded in 1995 in Cyprus, engaged in supply and trade activities in the oil sector, has a wide variety of logistics assets to support marketing, with financial results of €2.4 million for 2019, although as of January 2020 TAMOIL Overseas Ltd. has suspended its operations, where Crude oil is traded directly by Holborn Investment Co., Ltd.

## 5.1 The company's financial status and the value of its assets

### First: Income list for the oil investment company for 2019

The following table shows the company's financial results in 2019

The year	Result of net profit activity (€1 million)
2019	141.469

## Second: Income distributed to subsidiaries (1 million euros)

company	Approved Budget 2019	Budget achieved 2019
TAMOIL Italia	23.2	41.1
TAMOIL Switzerland	14.0	37.8
Holborn & Helburne Marketing Refinery	35.4	50.6
TAMOIL Germany	17.2	32.5
TAMOIL Overseas	8.0	2.4
TAMOIL Netherlands	3.6	5.8
TAMOIL Spain	0.4	0.5
Parent companies - public services	14.2 -	11.4 -
taxes	13.7 -	17.8 -
<b>Total</b>	<b>73.9</b>	<b>141.5</b>

## Third: List of changes in shareholders' equity:

The year	2019	2020
Shareholders' equity (€1 million)	1,038.208	1,148.970

## Fourth: Cash flow for total (1 million euros)

Sunneh	2019
Cash flow for operating activities	147.379
Cash flow from investment activities	79.679 -
Cash flow from financing activities	9.042
Exchange rate	11.691
<b>Total</b>	<b>88.433</b>

## Fifth: List of financial position

The Year	2019
Financial status (1 million euros)	1,485.922

## Sixth: Financial assessment: key indicators (1 million euros)

Details	2019
Total net sales	7,134
Total net assets	957
Shareholders' equity	1,038
Total sales of petroleum products (thousands of tons)	10,800
Holborn refinery refining capacity Thousands of barrels per day - maximum capacity 105	99
Number of fuel distribution stations	2,151
Number of employments	976

### 6.Itran Investment Co Ltd.

Itran Company was established on 14 August 2009 in the State of Malta, pursuant to the Decision of the Board of Directors of the Libyan Investment Authority No. (02/01/2009) for the year 2009 (which is a file company). The Libyan Investment Authority owns (99.96%) equivalent to 2499 shares, whereas Lafitrade Holding Company owns the remaining percentage (0.04%) which is only one share of (It is one of the companies owned by the Libyan Foreign Investment Company in Malta). The reason for owning one share of Itran Company is to comply with the Maltese regulations that require limited liability companies to have at least two owners. The idea of establishing the company in the State of Malta is due to two main purposes, the first of which is tax purposes, by benefiting from the Agreement signed between Libya and Malta to prevent double taxation, as well as to minimize the direct legal liability of LIA.

#### 6.1 Purpose of company establishment

The company's objectives are summarized in managing a specialized investment portfolio (Private Equity Fund) to invest in technology and sophisticated industries through the buying of small or faltering companies that suffer from financial and administrative problems. These companies will, then, be financially and administratively restructured within three or four years and then, they will be sold, and capital profits will be earned.

#### 6.2 Company capital

(2,500) euros, while the value of the investment portfolio is (100) million euros, which was established by LIA pursuant to the decision of its Board of Directors No. (02/01/2009) for the year 2009.

### 6.3 Financial position of the company and the valuation of Deloitte

The last approved budget of the company was for the year that ended in 2018, during which it incurred losses amounting to (1,438,315) dollars, while Deloitte’s valuation showed the value of the company during the year 2019 as follows:

year	Deloitte’s valuation
2019	It was evaluated between 113.5 and 121.9 million us dollars

### Overview on the main investments of Itran company

Itran made three investments on the advice of the investment manager, buying shares in an Australian company (Amaysim Australia Ltd), in an English company (BullGuard Ltd), and in a German company (Cliq Digital AG), with a book value of 14.5 million euros. After that it disinvested from these companies. The following table shows the financial results of the company’s activity:

Name of company	Invested amount	Shareholding percentage in capital of company	Net activity results
Amaysim Australia	(5,1) Million Euros	(%11.5)	Profits 17.9 million Euros
Cliq Digital	(1,750) Million Euros	—	Loss of 1.538 million Euros
Bullguard	(7,7) Million Euros	(%38.5)	Profits 15.37 million Euros
total	euros14,550,000	—	Profits 31.732.000

### First Energy bank

First Energy Bank (FEB) is an Islamic investment bank licensed by the Central Bank of Bahrain and headquartered in Manama, Kingdom of Bahrain. First Energy Bank operates in accordance with the principles of Islamic Sharia as a financial partner for the development of projects, joint ventures, mergers, and acquisitions, in addition to the purchase of assets and investment portfolios.

### 7.1 Capital and financing structure of the bank

First Energy Bank was established in June 2008, with an authorized capital of \$2 billion, and a paid-up capital of six hundred million US dollars, consisting of six hundred million ordinary shares with a nominal value of one US dollar per share.

On 6/12/2018, the General Assembly of the bank decided to reduce the paid-up capital from one billion US dollars to six hundred million US dollars, based on the recommendation of the bank's Board of directors to cover the accumulated losses that had been incurred in previous years. The bank's legal location and domicile is in the city of Manama, the capital Kingdom of Bahrain.

**Among the main shareholders of the Bank are the following:**

Name of shareholder	country	Percentage of ownership	capital
Tasameem Real Estate Co	UAE	%21.85	131,102
Libyan Investment Authority	Libya	% 16.25	97,500
ABU Dhabi Water and Electricity Authority	UAE	%15.00	90,000
Emirates Islamic Bank	UAE	%10.00	60,000
Mohamed Ben Hussein Ali Alamodi	Saudi Arabia	%5.00	30,000
Aljabr Trading Company	Saudi Arabia	%5.00	30,000

**7.2. Financial position of the bank and the value of its assets**

**Bank activity results**

The bank's assets amounted to \$863 million, on 31 December 2019, compared to \$826 million at the end of the fiscal year 2018, with an increase of 4.5%.

The bank achieved profits amounting to 16.5 million dollars at the end of 2019, with an increase of 4.2 million dollars and an increase of 34% compared to 2018.

The ratio of financing cost to total income reached (10% - 13%) during the two years (2018 - 2019), respectively. The ratio of expenses to total income was 60% and 46% during the two years 2018 and 2019, respectively, with a decrease of 15% in 2019 compared to 2018; this is a positive indicator in the context of reducing costs and increasing the bank's profits.

We would like to highlight that in 2019, no loss was recorded from the suspended operations related to the two rigs belonging to MENA Drilling Company in order to classify this asset into the assets retained for the purpose of selling and offering the two rigs for sale. Therefore, by the bank disposed of the fixed costs pertaining to this asset (the two rigs). Going back to the income list, we

note that the main reason for the increase in net income was the result of a decrease in expenses, as we mentioned earlier, and not due to a clear increase in revenues.

### 7.3 An overview About the main subsidiaries of First Energy Bank

Subsidiaries are special purpose entities controlled by the Bank. Control exists when the Group has authority, directly or indirectly, to manage the financial and operational policies of the company in order to obtain benefits from its activities.

The following table shows the subsidiaries of the Bank:

Company name	Percentage of shareholding	Establishment country	Deloitte valuation 2019
North Africa company for Investment	%100	Kingdom of Bahrain	\$ million 15.2
Oman -First Energy Company	%100	Cayman Islands	\$ million 34.7
FEB – Novus Aircraft Holding company	%98.50	Commonwealth Bahama Islands	\$ million 17.6
Aldor co for energy investment	%59	Cayman Islands	\$ million 82.6
FEB Aqar S.P.C.	%100	Kingdom of Bahrain	\$ million 13.6
FEB Capital Limited	%100	UAE Dubai	\$ million 11.3
Adkan company	e40 %	UAE Abu Dhabi	\$ million 6.9
Middle East for farmaceutical industries	%45	UAE Abu Dhabi	\$ million 0.9
OBA Company	%20	Turkey	\$ million 48.6
Alizz Islamic bank	%0.1835	Kingdom of Bahrain	\$ million 0.4

### 8. LIA Advisory Malta

It is one of the companies which is wholly owned by the Libyan Investment Authority. It was established in 2014 with a capital of 100,000 Euros. The company signed an agreement with LIA to provide logistical support services and all kinds of administrative and advisory services. The Malta office was established as a strategic backup support, in order for the company to obtain a number of tax exemptions until 2019, which were recently extended by the Maltese authorities.

### 9. LIA Advisory UK

(LIA Advisory London) for advisory services in the United Kingdom, is one of the companies wholly owned by the Libyan Investment Authority. It was established by virtue of the Board of Directors

'Decision No. (01/04/2009) for 2009 with a capital of 100,000 pounds sterling for the purpose of the execution of the following specific activities:

- Providing technical advice, conducting studies and financial analysis for investment projects.
- Conducting economic feasibility studies for all investment projects.
- Follow-up of the legal work, risk management and compliance affairs with the relevant authorities.
- Any other work assigned to it by the Libyan Investment Authority.

### 10. The Libyan Norwegian Fertilizers Company

The Libyan Norwegian Fertilizer Company was established in 2009, under a partnership agreement between the Libyan Investment Authority, the National Oil Corporation, and Yara Netherland BV, which is 100% owned by the Norwegian Yara Company.

The company was established to produce petrochemicals namely, urea and ammonia. There are no other investments for the company.

The partners of the Libyan Norwegian Fertilizers Company have established two companies registered in the Netherlands as follows:

<u>The Libyan Norwegian Fertilizers Company (a joint stock company)</u> <u>Shareholders</u>	<u>The Libyan Norwegian Fertilizers Company</u> <u>Shareholders</u>
(%25) Libyan Investment Authority	(%24.75) Libyan Investment Authority
(%25) National Oil corporation and	(24.75) National Oil corporation
(%50) Yara Netherlands BV	The Libyan Norwegian Fertilizers Company (%1)
—————	(49.5) Yara Netherlands BV

The company was established with a capital of 450 million US dollars. It was during the years 2008-2009 between the National Oil Corporation and Yara Company, with a percentage of 50% for each of them. The National Oil Corporation entered property share of 225 million US dollars, represented by four factories for the manufacture of petrochemicals (two urea factories and two ammonia factories) and their facilities, including the land on which the factories are built.

(Approximately 35 hectares). This land is rented by the National oil corporation for the company, whereas the Norwegian partner paid a share in cash (225 million US dollars).

LIA has recently, by a joint venture contract between it and the National Oil Corporation, purchased half the property share of the national Oil Corporation, amounting to 112.5 US dollars. The amount was paid in cash to the Oil Corporation (with a fine of about 10 million US dollars due to the delayed payment of the shareholding amount).

A team was formed by the shareholders/partners during 2020 to examine the status of the company and make radical solutions to save the company from the brink of bankruptcy. The negotiations came up with a proposal pursuant to which the foreign partner's share (50%) would be purchased by the National Oil Corporation. The proposal was approved and the buying and selling process was performed at the end of 2020.

The share of the Norwegian partner was purchased at a value of US\$1. Recently, during the last months of 2021, the name and address of the company in the Netherlands were changed. The new company's name became "**the Libyan Fertilizers Company**" after the Norwegian partner had exited.

**The shareholding percentage after the sale became as follows:**

<u>The Libyan Norwegian Fertilizers Company (a joint stock company) registered in Netherlands</u> <u>Shareholders</u>	<u>The Libyan Norwegian Fertilizers Company</u> <u>shareholders</u>
.(25%) Libyan Investment Authority	.(24.75) Libyan Investment Authority
.(75%) National Oil Corporation	.(74.25) National Oil Corporation
—————	.(1%) The Libyan Fertilizers Company BV

**1 The financial position of the company and the value of its assets**

As a result of the new status of the company, the company's financial conditions have improved according to the following positive factors:

- 1- Change in the exchange rate: The change in the exchange rate will play a key role in rescuing the company from approaching the brink of bankruptcy and will help in its

recovery, as the company's sales are in US dollars and most of the fixed costs are in Libyan dinars (except for the raw material, natural gas).

- 1- The increase in global prices of urea and ammonia: The current positive change (and expected to continue during the next two years) in the prices of ammonia and urea will increase revenues.

The current cash balance until June is estimated at more than 120 million Libyan dinars.

#### 10.2. valuation of the Company according to Deloitte's report on December 31, 2019

The value of the company, according to Deloitte's report on 31/12/2019, was (0).

#### Technical aspect:

The company operates with four factories (two urea plants and two ammonia) that were established in the period between 1978-1984, the production capacity of each of them is as follows:

Factory	Production output
Ammonia Factory Number 2	1200 metric tonnes
Ammonia number 2	1000 metric tonnes
Urea Factory No 2	1750 metric tonnes
Urea Factory NO 1	metric tonnes 1000

The company is currently functioning with two factories for urea and ammonia, with a production capacity ranging from 85% to 90%. The total capacity (for the four factories) is estimated at 45%.

# Authority transformation strategy

## Transformation strategy

The Libyan Investment Authority has started the implementation of a comprehensive transformation strategy that extends from 12 to 18 months to enhance standards of transparency, governance, and accountability with the aim of developing its management methods for its assets, spread around the world.

This strategy comes within the framework of preparing to restructure the Authority in line with the best practices of sovereign Funds to ensure maximizing the market value, achieving its objectives and promoting confidence-building in LIA so that it is clear to the United Nations sanctions committee (and its Panel of experts), other countries, international investors and others that the Authority follows the best international practices of Sovereign wealth Funds, through the application of the principles of Santiago.

The Authority is also aware that the impact of the United Nations sanctions regime on its assets places a heavy burden on it in terms of the mechanisms of foreign banks' dealing and cooperation with the Authority. Thus, through the implementation of this strategy, the Authority's Board of Directors seeks to establish positive and fruitful relations with banks and financial institutions. The strategy includes three fundamental elements:

1. Development of the internal management of the Authority and a method for managing its assets;
2. Protection, preservation and development of the Authority's total assets;
3. Resolve all existing and potential disputes and claims.

The objectives of this strategy are as follows:

Ensure the implementation of best management practices and protection of the Authority's assets – frozen and unfrozen – within the framework of the current sanction's regime and in accordance with the Santiago Principles for Sovereign Wealth Funds in keeping with the objective of establishing the Authority for the benefit of the Libyan people.

Providing integrated, verifiable financial information by independent entity about the Authority's investments, including investment performance reports.

Ensuring that the Authority's assets are controlled and managed by the Authority's employees rather than third parties who have no liability vis a vis the Authority.

The Authority's Board of Directors believes that this strategy will significantly develop the professional competence and efficiency of the Authority, upgrade the quality of its operations in line with the best global practices of sovereign wealth Funds, and will enable the Authority to manage its assets in the most effective and efficient manner.

In parallel, the Authority is also continuing its long-term strategy that aims to restructure its portfolios and maximize the market value of its assets by improving the investment decision-making process.

As part of this future strategy, the Authority continues to work with independent and well-known global consultancy firms in its field of specialization for continuous development and improvement and to move forward in the implementation of the Authority's long-term investment policies.

An extensive plan has been formulated to ensure LIA's ability to follow international best practices for sovereign wealth Funds and to manage LIA's frozen funds more effectively and efficiently under the current United Nations sanctions regime, as one of the components of the good governance and management reforms in LIA's strategy.

By these reforms, the Authority is committed to taking concrete and practical steps to establish more efficient and consistent organizational structures and internal procedures to provide the greatest degree of transparency for its activities, which aim to protect and develop its investments in a professional manner. The Authority's Board of Directors acknowledges the magnitude of the task entrusted to it and considers that the implementation of this strategy constitutes a major challenge. The implementation of these reforms will require the assistance of international consultants to provide competent professional advice from independent and impartial sources. For example, the Authority's Board of Trustees has authorized the Board of Directors to submit proposals regarding external auditors and experts in forensic and accounting audits. In addition, highly experienced and competent international consultants will be appointed over the coming months to advise on internal management development, as well as investment performance reports, Accounting and forensic auditing, project, and operations management.

These reforms will require the cooperation of the banks and financial institutions that manage the assets of the Authority so that they can properly evaluate their investments and make future choices regarding future transactions. Thus, the Authority's strategy constitutes a fundamental pillar of the Authority's contribution to economic reform in Libya. The strategy has been discussed and approved by the Authority's Board of Directors.

STRATEGY OF LIA FOR ASSETS  
PROTECTION

## **The Authority's Strategy to protect assets and follow up on the sanction's regime**

The Authority has paid particular attention to the issue of international sanctions and frozen funds and the problems it faces. It has given it the highest priority. Hence, the reason for launching the frozen funds follow-up project is to harmonize the strategy and communication rhetoric with the sanctions committee, find appropriate solutions pertaining to the frozen funds and propose them to the senior management.

In order for this project to be a positive tool that helps achieve the goal, the Authority has prepared a clear-cut plan and mechanism for dealing with the international sanctions regime to follow up on the Authority's frozen funds and assets. This plan includes follow-up of frozen funds and preparing periodic reports on the status of these funds and emerging risks.

Likewise, coordination with legal and public relations efforts regarding the frozen funds and communicating with legal offices assigned by the Authority concerning frozen Funds.

One of the important issues that were included in the 2019 work plan is communication with the sanctions committee and the Security Council Panel of Experts and making available required data transparently as well as clarification of the negative impacts that may face the funds and their management as a result of the freezing. Likewise, communicating with the Representatives of member States at the Security Council in this regard.

In addition to coordination and continued communication with the subsidiaries as the recommendations of the Authority's management on everything related to the frozen funds will be forwarded to them, urging them to study the international sanctions regime and avoid any practices that would violate the sanctions regime and submit periodic reports on their activities and making clear their trading practices. They have to make clear that they do not deal with the entities which are subject to international sanctions or make their funds available to them.

In the event of using or receiving any funds from the frozen funds, the necessary approvals must be obtained in an orderly, transparent, and legal manner and in accordance with the exemptions and procedures stipulated in Security Council Resolutions.

The plan also includes coordination and communication with the affiliated entities and legal offices in charge of the frozen funds matter, in order to harmonize the strategy of communication with the United

Nations Committee among these entities in a way that ensures that there is no conflict having negative impact on the frozen funds.

In addition to putting in place an action plan that includes paying attention to the file of licenses for money management with international institutions, it includes a mechanism for communicating with these institutions and obtaining the necessary approvals, in addition to the possibility of assigning international legal offices to provide the necessary support in this file.

It can be said that most of the points laid out in the plan have been implemented.

For example, but not limited to, in order to communicate continuously and harmonize the communication strategy with the United Nations Panel of Experts, the Authority held several meetings with the Panel of experts and invited the subsidiaries to attend, discuss the issue of sanctions and provide the Panel of experts with the required documents.

Meetings were also held at the Security Council in New York, in the presence of the Authority's delegation and Libya's Ambassador

to the United Nations, with all members of the Sanctions Committee collectively (members of the Security Council) to clarify the negative impact resulting from the freezing in its current status and to demand an improvement in the freezing regime.

Detailed memorandums are sent to the Chairman of the sanctions committee concerning the negative effects of the freezing. Likewise, Coordination and continuous communication with the subsidiaries being carried out. The recommendations of the management of the Authority are being forwarded on everything related to the frozen funds, urging them to study the international sanctions regime and to avoid any practices likely to violate the sanctions regime.

An explanatory memorandum was prepared, explaining the exemptions and procedures to be followed to obtain the necessary licenses to use the frozen funds in accordance with the penal system.

Likewise, a memorandum was prepared for the Authority's subsidiaries with regard to the protection of their companies which are not included in the international sanction's lists.



With regard to this file, it should be noted that the Authority received an official letter from the UN Sanctions Committee commending LIA's adoption of a comprehensive transformation plan that includes a set of strategies and projects aimed at raising the status of the Authority and enhancing governance and transparency. This supports the Authority in making headway on this file.



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