

Opinion on the interested-party transaction of PJSC PhosAgro

Att.: Shareholders of PJSC PhosAgro

The Board of Directors of PJSC PhosAgro (hereinafter “the Company”) has considered the information provided and has resolved to submit this opinion for voting at the Annual General Meeting of Shareholders of PJSC PhosAgro for approving the interested-party transaction.

Transaction (several interrelated transactions) terms, parties and description:

The Loan Agreement (several interrelated agreements) between PJSC PhosAgro (the Lender) and LLC PhosAgro-Don and/or LLC PhosAgro-Kuban and/or LLC PhosAgro-Belgorod and/or LLC PhosAgro-Kursk and/or LLC PhosAgro-Orel and/or LLC PhosAgro-Tambov and/or LLC PhosAgro-Stavropol and/or LLC PhosAgro-Severo-Zapad and/or LLC PhosAgro-Lipetsk and/or LLC PhosAgro-Volga (the Borrower), whereunder the Lender shall transfer funds to the Borrower, and the Borrower shall repay such funds with interest accrued.

Amount of the Loan Agreement (several interrelated agreements): RUB 12,000,000,000.00 (twelve billion Rubles).

Term of the Loan Agreement – up to one year from the issue date.

Interest rate: no less than the key rate of the Central Bank of the Russian Federation.

Transaction price: The total price of the interested-party transaction (several interrelated transactions) is RUB 12,720,000,000.00, which corresponds to 15% of PJSC PhosAgro total assets of as of the last reporting date (31 December 2019) - RUB 82,340,581,000.

In the event that the regional sales structures of the PhosAgro group have a cash deficit to finance current activities, which may arise if the terms for receipt of revenue from customers are not met, it is proposed to approve the conclusion of loan agreements with PJSC PhosAgro.

The proposed borrowing conditions are market-based; an indicator for determining the interest rate is the credit rates of several banks from the TOP 10 in terms of the volume of assets operating on the territory of the Russian Federation. The Treasury of PhosAgro exercises the monitoring of compliance of the rates with the market level.

By concluding this transaction (interrelated transactions), the Company will receive an opportunity to place temporarily free cash assets in the form of a loan in order to generate income higher than that of deposits of highly reliable banks.

Expected implications of the transaction for the Company and its shareholders:

Due to the fact that the transaction price is the interest rate on the loan, determined according to the above principles, the risks associated with incorrect pricing are minimized. In this regard, the involvement of an appraiser is not economically feasible.

Since (i) within the framework of this transaction, a loan (loans) can only be provided to companies controlled by the Company (through PhosAgro-Region LLC), and (ii) these companies have been successfully operating for many years, which, in turn, is closely related to the activities of Apatit JSC (a subsidiary of the Company) - one of the largest producers of mineral fertilizers in Russia, the risks of non-fulfillment (improper performance) of their obligations under the transaction are considered by the Board of Directors of the Company as being negligible. The Board of Directors also believes that for the Company and its shareholders there are practically no possible negative or other significant consequences if the General Meeting of Shareholders of the Company decides to approve (provide consent for) the transaction.

Feasibility of the transaction (transactions):

The Board of Directors, taking into account the current financial position of the Company, considers it expedient to conclude this interested-party transaction and recommends that the Company's shareholders vote "FOR" approving the interested-party transaction at the General Meeting of Shareholders of the Company and refrain from disclosing information on the transaction (several interrelated transactions) terms and parties, until its (their) execution, in accordance with clause 16 of article 30 of the Federal Law "On the Securities Market".