Approved

Iulian Robert Tudorache

Chairman of the Board of Directors

NOTICE
on submitting for the approval of the Extraordinary General Assembly of Shareholders of S.N.Nuclearelectrica S.A (SNN) of the proposals for (i) increasing the value limit of competence delegated by the shareholders of the company to the Board of Directors for increasing the share capital of the company with the equivalent value of a land of 34,170 sq m, located in Cernavoda, Energiei Street no. 23, up to a new maximum value of the authorized share capital of 3,016,518,660 RON, (ii) modifying the limit of the maximum value of the authorized share capital up to which the increasing competence belongs to the Board of Directors up to the amount of 3,016,518,660 RON and for (iii) amending art. 8 par. (7)_ of the Articles of incorporation of SNN

1. <u>Brief history</u>

The patrimony of SNN includes a land with an area of 34,170 sq m related to the Extension of Accommodation Complex no. 2, located in Cernavoda, Energiei Street no. 23, land book excerpt no. 12525/CAD 10915, registration authentication no. 23332/February 07, 2011, registered with the accounting records of the Branch of CNE Cernavoda under inventory number 2 1 1 1 1 9 at the reevaluated value of 1,195,246 lei, according to Evaluation Report for estimating the fair value no. 2617/March 04, 2019.

This land was necessary for building the housing units that were necessary for accommodating the foreign specialists who participated in building and starting up Unit 2 of Cernavoda.

In order to obtain the land that was necessary for this investment, several actions were performed:

We obtained from the Ministry of Industries <u>Ownership Right Certificate Series M03 No. 6899/October 12, 2001 for the land related to real estate property “Hospital 100 beds Cernavoda” with an area of 34,170 sq m located in Cernavoda, Gh. Doja Street no. 1A</u>,

Investment “Hospital 100 beds Cernavoda” was included in the Special Program for Cernavoda, approved by Government Resolution no. 454/1991 and was implemented by SNN CNE Cernavoda, as the investment beneficiary, from state budget subsidies.
The land on which the Hospital was built has an area of 34,170 sq m and represents a portion of the land area related to investment “Complex of 800 apartments in Cernavoda”, an investment which was also included in the Social Program.
The land related to investment “Complex of 800 apartments” became the possession of SNN CNE Cernavoda in virtue of the Orders of the Ministry of Agriculture no. 1/1992 and no. 4/1992, by which a land of 19 ha was transferred **for permanent administration,** from Vifrucer Cernavoda to CNE Cernavoda.

We would like to state that the Ownership Right Certificate Series M03 No. 6899/October 12, 2001 was issued only for the area of 34,170 sq m and not for the entire land area related to the Complex of 800 apartments because, according to the provisions of Government Resolution 834/1991 on obtaining lands for state-capital companies, there were buildings only on this area of land, and there were no buildings on the remaining land, and therefore a CADP could not be issued.

According to the provisions of Government Resolution no. 454/1991, after the commissioning in 1999 of investment unit “Hospital 100 beds Cernavoda”, the investment was transferred to the Local Council of Cernavoda, as a use beneficiary, and the land related to this investment remained in the permanent administration of SNN - CNE Cernavoda, in virtue of the two aforementioned Orders.
In order to obtain the Extension for Accommodation Complex no. 2 (Campus 3) the following land swaps <u>were decided</u>:
• between **the Local Council of Cernavoda,** which offered the land of 51,250 mp located at Valea Tibrinului, and **SNN - SA** which offered the land of 34,170 sq m, at Gh Doja Street no. 1A, underneath the Hospital of 100 beds and obtained under CADP no. 6899/2001, according to Local Council Resolution no. 113/24.09.2001 and the swap contract authenticated under no. 2094/21.11.2001, concluded between SNN and the Local Council
• between **SNN - SA** which offered the land of 51,250 sq m and **ROMSILVA** which offered the land necessary for extending Accommodation Complex no. 2 in area of 34,170 sq m, in virtue of the Approval of the National Administration of Forests no. 493/December 10, 2001 and Order no. 490/21.12.2001 of the Ministry of Agriculture, and the land delivery-reception minutes concluded between SNN and the Forestry Division of Constanta.

2. <u>Status quo</u>
Following the inspection conducted by the Court of Accounts in 2018, Inspection Report no. 5445/May 04, 2018 ascertained under section 6. “Non-compliance with the legal provisions on increasing the share capital with the value of the land for which it obtained the ownership right certificate, namely in case of the land shown under pos. 21 of the Land Register on December 31, 2017 located in Cernavoda, Energiei Street no. 23, in area of 34,170.15 sq m in value of 1,118,004 RON, for which although ownership right certificate series M03 no. 6899 issued by the Ministry of Industry and Resources on October 12, 2001 was obtained, the share capital with its equivalent value was not released, updated according to the applicable legal provisions.”

Consequently, by Resolution no. 5/June 08, 2018, the Court of Accounts set that the measure under section 6
“The management of SNN S.A. shall take measures and shall monitor the compliance with the law of increasing the share capital with the equivalent value of the land for which it obtained an ownership right certificate, according to the law”.

By letter CNE-SNN18 no. 635/September 05, 2018, the CNE Cernavoda Branch sent to SNN the history of the aforementioned successive land swaps, and the copies of the respective documents.
In order to implement measure no. 6 ordered by the Court of Accounts by Resolution no. 5/2018, by AGEA Resolution of SNN SA no. 2/January 04, 2019, the company approved *the appointment by the Trade Register Office within the Bucharest Court of Law of an authorized evaluator in order to evaluate the lands of Energiei Street no. 23, Cernavoda, Constanta County, in order to increase the share capital of Societatea Naţionala Nuclearelectrica S.A.*
For this purpose, SNN S.A. submitted to the Trade Register National Office application no. 98922/19.02.2019, in order to appoint an expert evaluator.
Resolution no. 32570/March 08, 2019, issued by the Trade Register Office within the Bucharest Court of Law, file no. 98922/19.02.2019 ordered the approval of the registration application, and the registration in the trade register of the appointment of expert evaluator Popovici Gheorghe, an ANEVAR member, license no. 15491.
Consequently, the CNE Cernavoda Branch completed the procedure for purchasing evaluation services for the land with an area of 34,170 sq m, located in Cernavoda, Medgidiei Street no. 23, and concluded order no. RUEC 428/15.05.2019 with expert evaluator ANEVAR Gheorghe Popovici, appointed by ONRC,
The original document of the Evaluation Report was sent to SNN S.A, by letter CNE_SNN19 no. 326/June 04, 2019.
Evaluation Report no. 879/June 03, 2019 drafted by the appointed evaluator estimated a market value of 239,190 EUR, the equivalent value of 1,138,568 RON, at the exchange rate of 4.7601 RON/EUR of May 24, 2019.

3. Proposals

Considering :

- the aforementioned information regarding the situation of the land with an area of 34,170 sq m, located in Cernavoda, Energiei Street no. 23,
- the measure decided by the Court of Accounts for SNN S.A. by Resolution no. 5/June 08, 2018,
- Resolution of the Extraordinary General Assembly of Shareholders of SNN SA no. 2/January 04, 2019 which decided “***Approval of*** *delegating the competence on increasing the share capital of SNN to the Board of Directors up to the maximum value of the authorized share capital of 3,015,427,983 RON, in virtue of the provisions of art. 114 par. 1 and 220 / of Law no. 31/1990 and the provisions of art. 236 of Law no. 24/2017..* **.„**
  the conclusions of evaluation report no. 879/June 03, 2019, issued by ANEVAR expert evaluator Gheorghe Popovici, appointed by ONRC
- the provisions of art. 1 of Government Resolution 834/1991 on obtaining lands for state-capital companies “*Lands that are in the patrimony of state-capital companies on the date of their incorporation, which are necessary for performing their activities according to their scope of activity, are determined, for companies incorporated by a Government Resolution, by the bodies which, according to the law, fulfill the attributions of the specialized ministry, and for companies incorporated by a resolution of the state*

local administration body, by the county public administrative authority" corroborated with art. 6 which provides:

"(D The lands indicated under art. 1 are evaluated at market value, based on the drafted evaluation reports, according to the standards in force, by authorized evaluators, certified according to the law, whose services shall be purchased according to the provisions of art. 38, 39 and 215 of Law no. 31/1990 on trading companies, republished, as subsequently amended and supplemented.

(2) The evaluation reports provided under par. (1) are annexed to the documentations submitted to the specialized public authority, in order to issue the ownership right certificate on the respective lands. "

we submit for the approval of the Extraordinary General Assembly of Shareholders the following proposals:

(i) **increasing the value limit of competence delegated by the shareholders to the Board of Directors, by the Resolution of the Extraordinary General Assembly of Shareholders (AGEA) no. 2/January 04, 2019, section 4,** for increasing the share capital of the company with the equivalent value of the land of 34,170 sq m, located in Cernavoda, Energiei Street no. 23, **from the value initially approved by AGEA Resolution no. 2/January 04, 2019, of 3,015,427,983 RON, to the maximum value of 3,016,518.660 RON;**

(ii) **modifying the maximum value limit of the authorized share capital proposed by the shareholders of the company by AGEA Resolution no. 2/January 04, 2019, section 4, up to which the Board of Directors is authorized to increase the share capital detailed by AGEA Resolution no. 2/January 04, 2019, from the initial value of 3,015,427,983 RON, to the maximum value of 3,016,518,660 RON;**

(iii) **modification of par. (7) of art. 8 of the Articles of Incorporation of SNN, as follows:**

°(7) In virtue of the provisions of art. 220^1 of Law no. 31/1990, the Board of Directors is authorized, for a period of three years, to increase the share capital by issuing new shares in exchange for the contributions of the shareholders up to an authorized capital value of 3,016,518,660 RON representing:

- - the contribution in nature of the Romanian State, represented by the Ministry of Energy, following the obtaining of the land ownership certificate issued by the Ministry of Industry and Resources no 6899 / 12.10.2001 on the land of 34.170.15 sqm located in 23 Energia Street, Cernavoda; the value of the land representing the contribution in nature of the state shall be determined by independent experts designated by the Trade Register Office in accordance with the provisions of art. 215 of Law no. 31/1990 by updating the value of the land from the moment of submitting the documentation with the inflation index according to the provisions of art. 6 of Government Resolution no. 834/1991, corroborated with the provisions of art. 143 of Government Resolution no. 577/2002;
- the cash contribution of the other shareholders within the performance of the pre-emption right by the other shareholders in exchange for the contribution in nature of the Romanian State by means of the Ministry of Energy.

The resolution of the Board of Directors to increase the share capital shall be published in the Official Gazette of Romania, Part IV".

(iv) **mandating the Chairman of the Board of Directors in order to sign on behalf of the shareholders AGEA resolutions and other related documents and in order to implement any document or formality imposed by the law**

for registering and implementing AGEA resolutions, including the formalities for their publication and registration in the Trade Register or any other public institution. The Chairman of the Board of Directors may delegate all or part of the powers granted above to any competent person in order to fulfil this mandate.

Approved,

Cosmin Ghita
General Manager

Adrian Dumitriu
Chief Financial Officer

Financial-Accounting Department
Chief Accountant
Mihai Dan Gheorghievici

Manager of Legal Division
Laura Constantin

Manager of the Document Legality Approval Department
Vlad Chiripus