

Subject to analysis and endorsement in the BoA meeting dated \_\_\_\_\_ and approval in the E.G.M.S. meeting dated \_\_\_\_\_

**Endorsed,**  
**THE BOARD OF DIRECTORS**  
By Decision no. \_\_\_\_\_ dated \_\_\_\_\_

**Chairman**  
**Board of Directors**  
**Cristian-Florin Gheorghe**

**NOTE:**

**on the approval of the augmentation of the company's share capital, by the value of the land plots held based on 48 land ownership certificates**

**I. General aspects**

As per the provisions of Art.15, Letter f of the Articles of Incorporation of CONPET S.A., the Extraordinary General Meeting of Shareholders has the competence to approve the augmentation of the share capital, under the conditions and in compliance with the procedure provided by the law.

**II. Introduction**

CONPET S.A. holds in the patrimony lands with total area of 554,537.61 sq.m lands held based on 48 land ownership certificates acquired during 2001-2005. These lands have been appraised according to GD 834/1991 and the Criteria of the Ministry of Finances no. 2665/1C/311/1992 regarding the settlement and appraisal of certain land plots held by the State-owned trade companies, to the amount of 26,708,233 RON. In compliance with the provisions of Article 6 of GD 834/1992 on the settlement and appraisal of certain land plots held by the State-owned trade companies, the lands have been included in the company' patrimony, without augmentation of the share capital.

In 2013, Prahova Court of Accounts performed an audit of the status of the public patrimony; subsequently, it disposed, by Decision No. 28/2013, the augmentation of CONPET share capital by the value of the lands for which have been obtained land ownership certificates, measure that has not been fulfilled up to date. In order to fulfill the measure, the Court of Accounts has extended, several times, the term initially established (30.09.2014), namely 30.06.2015, 31.08.2016, 31.03.2018, 30.06.2019 and 31.03.2020.

As per the provisions of Art. 12, Para 5 of Law no,137/2002 regarding some measures for accelerating the privatization. "In case the issuance of the land ownership certificate related to lands has not been followed, prior to privatization, by the proper augmentation of the share capital or if the certificate is issued after privatization, the share capital is rightfully augmented by the values of lands that will be considered contribution in kind of the state and an administrative-territorial unit, as the case may be, in exchange for which will be issued additional shares that will be rightfully reverted to the public institutions implied."

As per Art. 143 of GD no. 577/2002 regarding the approval of the Methodological Norms for the application of the Government Emergency ordinance no. 88/1997 on the privatization of the trade companies, subsequent amendments and completions, the value by which is being augmented the share capital is the value taken from the annexes to the land ownership certificate, re-updated by the revaluation coefficient set by the legislation in force.

As per the provisions of Art.87, Para (3) of Law no.24/2017 on the issuers of financial instruments and market operations, in case of an augmentation of share capital with contribution in kind there is the obligation to appraise the contribution in kind by the independent experts, as per Art.125 of Law no.31/1990.

On 24.09.2020, the Extraordinary General Meeting of Shareholders of the company CONPET S.A. approved, as per Art.215 of Law no.31/1990 the initiation of the operation related to the augmentation of CONPET S.A. Share capital, by the value of lands held based on the 48 land ownership certificates and the formulation of a request to the Trade Register Office near Prahova Court for the appointment of an authorized appraiser for the assessment of these lands, in view of augmentation of the share capital of CONPET S.A (Decision no.1/24.09.2020).

Pursuant to GMS Resolution, CONPET S.A. management has submitted to the Trade Register Office close to Prahova Law Court the request for the appointment of an expert valuer to draw an appraisal report related to the contribution in kind representing lands held based on 48 land ownership certificates.

By Resolution no.20080/03.12.2020, pronounced in File no.79267/02.12.2020, the Trade Register Office appointed as expert valuer Mr. Nițu Cornel, corporate member of the National Association of Authorized Romanian Valuers (Ro. ANEVAR), Prahova Branch, with authorization no.046414759. Based on the appointment resolution, CONPET has concluded with the valuer the services supply contract S-CA no.415/23.12.2020, having as scope the appraisal of the lands.

The expert valuer has performed the lands appraisal held based on the 48 land ownership Certificates and drafted the appraisal report registered at CONPET, with no.2049/18.01.2021.

### **III. The Augmentation of the Share Capital by the Value of Lands for which CONPET S.A. holds Land Ownership Certificates.**

Article 215, Para (3) of Law no.31/1990 provides that, after the submission of the expert report, the extraordinary general meeting convened again, considering the experts' conclusions, may decide upon the augmentation of the share capital.

The summary of the appraisal of the contribution in kind to the share capital representing the lands included in the 48 land ownership certificates, in total surface of 554,537.61 sq.m (annex no.1) reveals the followings:

- the value of the lands established by the valuer in view of augmentation of the share capital is of **63,882,389 RON**;



•the value is being established pursuant to Art.6, Para (3) of GD no.834/1991, by discount with the inflation index until the date of the appraisal.

The augmentation of the share capital is being performed considering the grant of the preemption right for the procurement of a number of additional shares necessary for holding the shareholding to the share capital existent prior to the augmentation thereof by the value of lands.

Pursuant to the provisions of Art.12, Para 51 and 52 of Law no.137/2002 this augmentation is being performed without the addition of a share premium and the subscription price of the shares related to the preemption rights exercised by the existing shareholders within the share capital augmentation by the value of land plots for which have been issued land ownership certificates will be established without the addition of a share premium.

Consequently, the augmentation of the share capital of CONPET SA by the value of the contribution in kind of the Romanian State will be performed at the nominal value of the shares, of 3.3. RON/share.

Considering the provisions of the Financial Supervisory Authority (ASF) no.5/2018 on the issuers of the financial instruments and market operations, completed and amended, with regards to the operation of the augmentation of the share capital, the following principles are being applicable:

- (i)The operation of augmentation of the share capital must be performed by the initiation and carry out of a public offer addressed the existing shareholders and by the appointment of an intermediary in view of issuance of the Prospectus proportioned by the offer, in compliance with the preemption right for the existing shareholders;
- (ii) CONPET SA has the obligation to draft a proportionate Prospectus, the offering to the existing shareholders within the preemption right of several shares issued in view of augmentation of the share capital, being fulfilled based on a prospectus approved by ASF.

Concurrently, the provisions of Art.173 of ASF Regulation no.5/2018 set out the followings:

- i)The augmentation of the share capital with contribution in cash is being performed by the issuance of new shares that are being offered for subscription to the holders of the preemption rights belonging to the shareholders existent at the registration date;
- (ii) The number of the preemption rights equals the number of shares registered in the issuer's register at the registration date;
- (iii) The augmentation of the share capital of a company whose shares are being admitted to trading on a regulated market will be achieved by granting the possibility to maintain the share held by each shareholder in the share capital thereof;
- (iv) The EGMS resolution on the augmentation of the share capital specifies inclusively the number of the preemption rights necessary for the procurement of new shares, the subscription price of new shares based on the preemption rights and the period when the subscription takes place, the price to which the new shares are publicly offered subsequent to the subscription based on the preemption rights, as the case may be;”

#### **IV. Proposals**



Considering all the elements revealed here-above, as well as the followings:

- (i) The fact that the authorized expert valuer appointed by the Trade Register Office has drafted the appraisal report for all the lands subject to the 48 land ownership certificates;
- (ii) The fact that there is a measure established by Decision no.28/2013 of Prahova Court of Accounts concerning the obligation of augmentation of the share capital by the value of land plots for which CONPET s.A. holds land ownership certificates;
- (iii) The provisions of Art.113, letter f) of Law no.31/1990;
- (iv) The provisions of Art.85-87 of Law no.24/2017;
- (v) The provisions of Art.12 Para 5<sup>1</sup> and 5<sup>2</sup> of Law no.137/2002;
- (vi) the Provisions of Art.10 Para 2, Art.137 of ASF Regulation no.5/2018;
- (vii) The provisions of Art.15 Para 4, Letter (f) and Art.17, Para 3, Letter c) of the Articles of Incorporation of the company CONPET SA

**we hereby request the Extraordinary General Meeting of Shareholders of CONPET S.A. the followings:**

**1. The approval of the augmentation of the share capital by the maximum value of 108,798,558 RON representing contribution in kind (lands) amounting to 63,882,386.70 RON and in cash in amount of maximum 44,916,171.30 RON, from the current value of 28,569,842.40 RON to the maximum value of 137,369,400.40 RON by issuance new shares, nominative, dematerialized, at a price of 3.3 RON/share, equal with the nominal value, without share premium, of which:**

**(I) 19,358,299 new shares in amount of 63,882,386.70 RON representing the contribution in kind of the Romanian State** with lands in total area of 554,537.61 Sq.m subject to the 48 land ownership certificates for which CONPET has obtained, during 2001-2005, land ownership certificates.. The lands representing contribution in kind, namely the value of the contribution are being revealed in the **attached appraisal Report;**

**(ii) 13,610,961 new shares in amount of 44,916,171.30 RON that will be offered, once with the exercising of the pre-emption right,** for subscription, in return for the contribution in kind of the Romanian State to the other shareholders of CONPET, namely to the persons holding the quality of shareholder, in view of maintaining the stakes shares held within CONPET at the registration date.

CONPET shareholders will be able to exercise the preemption rights within maximum one month time as of the date mentioned in the prospectus, date ulterior to the registration date and the publishing date of the resolution of the Extraordinary General Meeting of Shareholders in the Official Gazette of Romania, Part IV, namely they will be entitled to subscribe a number of shares proportional to the number of shares held at the registration date.

**The shares will not be offered for subscription at the nominal values, namely 3.3. RON/share without share premium.**

The subscription rate will be of 3,808161 determined by the ration between the maximum number of new shares issued for the exercising of the preemption right (32.969.260 shares) and the total number of shares held by the shareholders in the existing share capital (8,657,528 shares).

Therefore, each shareholder recorded at the registration date may subscribe to each share held 3,808161 newly issued shares.



The due number of new shares that can be subscribed based on the preemption rights held is being calculated by multiplication of the subscription Rate (3,808161) by the number of held shares, and the result, in case it's not an integer, will be rounded down to the closest integer.

At the expiry of the term of exercising of the preemption rights **all the unsubscribed shares will be annulled.**

**2. The approval of the transfer** to the company's reserves of the amount of 2.3 RON representing the difference of contribution in kind of the Romanian State for which cannot be issued a whole share.

**3. The Empowerment of the Board of Administration of the Company**, for the performance of any and all the necessary diligence for the fulfillment of the resolution of the Extraordinary General Meeting of Shareholders, here included but not limited to, the initiation (selection of the intermediary for the preparation of the offer prospectus and offer announcement with regards to the augmentation of the share capital and the coordination of the process for submission of all documents related to the approval of the offer Prospectus by the financial Supervisory Authority), the carry out (here included the establishing and approval of the subscription procedure, payment methods, payment date, the place where the operations are being performed, the ascertainment and validation of the performed subscriptions, cancellation of the unsubscribed shares, the settlement of the exact value by which the share capital is being augmented), the closing (approval of the augmentation of the share capital following subscription and payment of the price/issuance of new shares), registration and performance of the augmentation of the share capital, the due amendment of the articles of incorporation of the Company, the wording and execution of all documents and the performance of all due diligence for the application and registration of the share capital to the competent authorities.

**Director General**  
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