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Note on the appointment by the Trade Registry Office of the Bucharest Court of Law of an authorized valuator for the evaluation of the land located in 23 Energia Street, Cernavoda, Constanta County, in order to increase the share capital of Nuclearelectrica S.A.

The decision of the Court of Accounts no. 5/08.06.2018 regarding the elimination of some deficiencies found and recorded in the Control Report, specified in point 6, non-observance of the legal provisions regarding the increase of the share capital with the value of the land for which SNN obtained land ownership certificates, expressly referring to the increase of SNN's share capital with the equivalent of the land located in 23 Energia Street, Cernavoda, Constanta county, with an area of 34 170, 15 sqm.

The national company Nuclearelectrica S.A. ("SNN" or "the Company"), based on G.D. no. 834/1991 regarding the establishment and evaluation of land owned by commercial companies with state capital and based on Criteria no. 2665 / 1C / 311/1992 drafted by the Ministry of Finance, issued the necessary documentation for issuing the land ownership certificate on the land located in 23 Energia Street, Cernavoda, Constanta County.

As of 12.10.2001, SNN obtained the Land Ownership Certificate (M03 Series no. 6899) on the land with a surface of 34,170.15 square meters located in 23 Energia Street, Cernavoda, Constanta County.

In compliance with the provisions of art. 6 par. (3) of the GD no.834 / 1991 regarding the establishment and evaluation of some lands owned by the state-owned commercial companies, with the subsequent amendments and completions *"The value of land evaluated according to paragraph (1), updated with the inflation index until the valuation date, shall be included, according to the law, in the patrimony of commercial companies, and their share capital shall be increased according to the provisions of art. 113 letter f) and art. 210 of Law no. 31/1990, republished, as further amended and supplemented."*

In order to increase the share capital of Nuclearelectrica S.A., Article 6 of the GD no. 834/1991 provides that *"the lands established according to art. 1 shall be valued at market value, based on the evaluation reports prepared, according to the standards in force, by the authorized certified valutors ..."*

In compliance with the provisions of art. 32² par. 1 of GEO no. 88/1997 on the privatization of companies, *"the share capital of the companies to which the land ownership certificate has been issued is legally increased by the value of the land mentioned within the certificates."* At the same time, according to the provisions of art. 143 of GD no. 577/2002 regarding the approval of the Methodological Norms for the application of GEO no. 88/1997, the value with which the share capital is increased is given by the value taken from the annexes to the land ownership certificate, updated with the re-evaluation coefficient established by the legislation in force. Article 6 par. 3 of GD no. 834/1991

regarding the establishment and evaluation of land owned by state-owned commercial companies provides that the value of land initially evaluated at the time of submission of the documentation is updated with the inflation index until the valuation date and is included in the company's patrimony and the share capital of the company increases according to the provisions of art. 113 letter f, as well as of art. 210 of Law no. 31/1990.

Taking into account that SNN is a company listed on the Bucharest Stock Exchange, capital market legislation provisions also apply to the share capital increase operation. Thus, according to the provisions of art. 87 par. 3 of the Law no. 24/2017 regarding the capital market, in the case of an increase of share capital by the contribution in nature, there is the obligation to evaluate the contribution in nature by means of independent experts, according to art. 215 of Law no. 31/1990.

Article 215 of Law no. 31/1990 stipulates that, if the share capital increase is made by contribution in nature, the general meeting of the board of directors that has decided accordingly will propose to the deputy-judge the appointment of one or more experts for the evaluation of these contributions. The same article provides that, after the submission of the expert report, the extraordinary general meeting, called upon again, taking into account the experts' conclusions, may decide to increase the share capital.

From the interpretation of the above-mentioned legal provisions, it results that, in the case of state-owned companies, if the share capital increases by contribution in nature for which land ownership certificates have been issued, their value must be updated starting with from the value originally set at the time of submission of the documentation, which is stated in the certificate appendix. Also, given the fact that SNN is a listed company on the BVB, the capital market law explicitly mentions that, if the share capital increases with contribution in nature, the value of this contribution will be established according to the provisions of Law no. 31/1990 by an authorized valuator appointed by the Trade Registry.

In view of the above, based on the provisions of art. 13 paragraph 3 letter e) from the Memorandum of Association of SNN corroborated with the provisions of art. 113 letter f) of Law no. 31/1990 we request the General Meeting of Shareholders to approve the appointment by the Trade Register Office of the Bucharest Court of Law of an authorized valuator for the evaluation of the land with a surface of 34,170.15 square meters located in 23 Energia Street, Cernavoda, Constanta county, for which the land ownership certificate M03 series no. 6899 was issued, in order to increase the share capital of the National Company Nuclearelectrica S.A.

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