



NUCLEARELECTRICA

**Chairman of the Board of Directors  
Robert Iulian Tudorache**

### **Note**

**regarding the approval of sale by open outcry auction of the asset "Singles House" owned by the National Company "Nuclearelectrica" - S.A. located in 14 Salciei Street, Cernavoda city, Constanta county, consisting of the building, the adjacent land, the installation of connection to the heating network, parking facilities, sports field, green spaces, with the land register numbers 102024 and 102021 and the cadastral numbers 125/1 and 125/2**

#### **I. Brief history**

The building located in Cernavoda, 14 Salciei street (formerly 1 Avram Iancu street), "Columbia" district, was built between 1979 and 1980, meant to accommodate the staff of single persons who participated in the construction of the Danube - Black Sea Channel and the Cernavoda lock.

After the completion of the works related to the Danube - Black Sea Channel, the Cernavoda City Hospital had its headquarters inside this building up to 1999.

By taking over the patrimony from the former CDMN and CCCH power plants, both the respective building and the adjacent land became fully owned by S.C. Constructii și Lucrari Speciale - SA Constanta based on CADP M09 Series, no. 0277 / 16.05.1994, issued by the Ministry of Transports and on sale / purchase agreement no. 624 / 29.12.1999.

In 2002, due to the necessity of supplementing the accommodation spaces during the execution of the works at CNE Unit 2, SNN - SA, based on the sale - purchase agreements authenticated by numbers: 302/26.04.2002 and 381/17.06.2002, purchased from S.C. CLS-SA Constanta this building composed of:

- GF + 4-floor building with a built-up area  $S_c = 634.50$  sqm and surface area  $S_d = 3.172,50$  sqm.
- the land belonging to the building, consisting of Batch 1 and Batch 2, with a total area of 862.94 sqm.

**Societatea Nationala NUCLEARELECTRICA S.A.**

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Order number with the Trade Register: J40/7403/1998, Sole Registration Code: 10874881,

Subscribed and paid share capital: RON 3,015,138,510

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After major repair works to the building, the building was used by the CNE INVEST Branch for accommodation of the staff who participated in the execution of Unit 2 of CNE Cernavoda.

Along with the major repair works referring to the building, the CNE INVEST Branch also brought some improvements by setting up parking lots and a sports ground in the immediate vicinity of the building. These works were carried out on the basis of the Association Agreement no. 80 / 28.10.2002, concluded between the Local Council of Cernavoda city and SNN - SA, through which the Local Council of Cernavoda city provided a free field of tasks and CNE INVEST has carried out the works for "Parking lots, sports ground, green spaces related to Batch 2 + Batch 1 block of flats".

In 2006, due to the high cost of heating the building from its own thermal power plant, CNE INVEST Branch decided to give up to the use of this thermal power plant and to supply the building with thermal energy from the main district heating network of the city through the execution of an installation for the connection of the singles home to the urban heating network.

Since 2007, after commissioning of Unit 2 and the merger between CNE INVEST and CNE PROD Branches, the number of staff has been reduced, no additional accommodation being necessary as compared to the total accommodation capacity of Campuses no. 1, 2 and 3, and the building in question was used only occasionally for short-term rental for accommodation of the staff assigned with building the Cernavoda-Constanta highway.

Thus, starting from 2008 until now, CNE Cernavoda continued to insure the building and its premises supervision, during the cold season the heating agent was delivered to the building's conservation limit and the rest of the installations (water, sewage, electricity, etc.) have been kept at minimum operating parameters.

## **II. Description of the asset proposed for sale. The opportunity to sell the asset**

Within the Technical-Economic Note included in the Annex to the present, drafted in accordance with the provisions of Order of the Ministry of Energy no. 115 / 14.02.2014, the asset proposed for sale, as well as the opportunity to sell, by open outcry auction, the „singles home” asset are described.

We consider it appropriate to sell the asset taking into account the following aspects, in particular:

- The accommodation facilities within the singles home have not been used for over 10 years;
- This asset no longer contributes to the core activity of the plant;
- Keeping this asset involves additional costs for the company (of about 350,000 lei annually).

## **III. Steps up to date**

- (i) By **Decision** of the **Board of Directors of SNN registered under no. 117 / 9.08.2017**, there was approved the initiation of the sale of the "Singles Home" property of the Nuclearelectrica - SA National Company, located in 14 Salciei street, Cernavoda city, Constanta County, consisting of the building, the adjacent land, the connection to the urban heating network, green-fields, with land register numbers 102024 and 102021 and cadastral numbers 125/1 and 125/2 (hereinafter

referred to as "**Singles Home**") in accordance with the provisions of "Working Methodology for the Organization and Development of Sales through an outcry open auction of the assets belonging to the economic operators, as well as of their subsidiaries, to which the Romanian State, by means of the Ministry of Economy - the Department of Energy is a single or majority shareholder ", as approved by Order no. 115 / 14.02.2014 of the assigned Minister for Energy.

(ii) By address no. 263340 / 22.11.2017, the Ministry of Energy through DGPAPSE issued an opinion on the technical opportunity to capitalize the asset considering that it does not affect the safe and stable operation of the National Electricity System.

(iii) Subsequently, by **Decision no. 142 / 13.08.2018 the Board of Directors:**

- 1) has approved that the "Singles Home" asset is available under Art. 13 paragraph 2 (a) of Law 346/2004 on the stimulation of the establishment and development of small and medium-sized enterprises;
- 2) has endorsed the Note on technical and economic substantiation regarding the opportunity of selling the asset;
- 3) has approved the sale by open outcry auction of the asset in accordance with the provisions of GEO 88/1997, as subsequently amended and completed by Law no. 99/1999, Law no. 137/2002 and by the Methodological Norms of Application, as approved by GD no. 577/2002, with the subsequent modifications and completions and taking into account the provisions of Law no. 346/2004, with the subsequent modifications and completions, according to the competitive bidding rule at a rising price and / or the rule of the Dutch auction with decreasing step in view of submitting to the approval of the Ordinary General Meeting of Shareholders;
- 4) has approved the undertaking by SNN of all necessary expenses for carrying out the process of selling the asset;
- 5) has approved the Report on the valuation of the real estate of „Singles Home” type drawn up in February 2018 by PFA David Constantin Madalin, ANEVAR member, as well as of the proposed market value, namely of 4,059,773 lei (equivalent to EUR 872,200 at the EUR exchange + 4,6552 lei);
- 6) has approved the offer for sale under the conditions mentioned in letter e) of Note no. 9958 / 08.08.2018;
- 7) has endorsed the Substantial Note on the company's proposal regarding the granting of special power of attorney to the ME-DE representative in the General Meeting of Shareholders in order to approve the sale, by open auction, of the „Singles Home” asset, to be found in the property of the company and is located in 14 Salciei street, Cernavoda city, Constanta county;
- 8) has approved the submission to D.G.P.A.P.S.E. of the file with the relevant documents regarding the sale proposal, elaborated according to the above-mentioned Methodology, in order to issue the special power of attorney to the ME-DE representative within the GMS for approval of the sale of the asset;

(iv) By means of the address no. 260444 / 4.03.2019, the Ministry of Energy, through DGPAPSE, informed us that on the basis of the Note drafted by the Ministry regarding the sale proposal, together with the documents annexed according to the afore-mentioned Methodology, the Minister of Energy approved the issue of a special mandate to the ME representative within the GMS, in order to approve the sale by open outcry auction.

We specify that the market value proposed by the Value in the Valuation Report drafted on February 2018 is still valid, taking into account the stagnation of the real estate market in the Cernavoda area, as well as the fact that the asset has not been modified in any way, in which case another valuation report being unnecessary, as in this respect the value submitted two opinions, the first on 15.11.2018 and the second one on 18.03.2019.

The starting price of the outcry open auction is of 4,148,532 lei, as compared to the value of EUR 872,200, as established by the Valuation Report and the NBR EUR exchange rate as of 19.03.2019 (EUR 1 = 4,7564 lei).

In order to carry out the sale of the asset by public auction, the company will prepare all the necessary documents provided by the applicable legal framework.

### **III. Proposal**

As compared to those above-mentioned and taking into account the following:

- (i) Art. 15 par. 1 of the Law no. 137/2002 provides for the right of the companies in which the state is a majority shareholder to sell the social assets to any other interested individual or legal person;
- (ii) Art. 15 par. 4 of the Law no. 137/2002 stipulates that the sale having as object the assets of the company should be approved by the general shareholders' meeting based on the mandate granted by the public institution involved;
- (iii) The provisions of art. 105 par. 1, art. 105 – 108, art. 109 par. 1 and 2 and art. 110 of the Government Emergency Ordinance no. 577/2002 on the approval of Methodological Norms for application of GEO no. 88/1997 on the privatization of commercial companies, with subsequent amendments and completions, and of Law no. 137/2002 on some measures for acceleration of privatization;
- (iv) the provisions of art. 13 par. 2 letter l) of the Articles of Incorporation, we request the General Meeting of Shareholders to approve the following operations:

The approval of the sale of the asset "Building block of flats BATCH 2 + BATCH 1", consisting of the building, adjacent land, the connection to the heating network, parking facilities, sports field, green spaces, located in 14 Salciei Street, Cernavoda city, Constanta County, belonging to the Nuclearelectrica National Company SA, under the following conditions:

- a. the starting price of the outcry open auction, according to the competitive bidding rule, respectively, at the upward price, taking into account the auction step, of the "Singles Home" asset, composed of the building, adjacent land, connection to the heating network, parking lots, sports ground, green spaces, located in 14 Salciei street, Cernavoda city, Constanta county, is of 4.148.532 lei of which the value of the land is of 66.589 lei without VAT;
- b. the bidding step will not be less than 5% of the starting price of the auction (i.e. between 5-15% according to art. 58 of the Methodological Norms for the application of Government Emergency Ordinance no. 88/1997 on the privatization of commercial companies, with subsequent amendments and completions, and of Law no. 137/2002 on some measures for acceleration of privatization, with subsequent amendments and completions, as approved by GD no. 577/2002);
- c. tender guarantee: 207,426 lei, representing 5% of the starting price of the auction;

- d. tender fee: 2,650 lei, plus VAT;
- e. presentation file counter value: 500 lei, plus VAT;
- f. direct access fee to asset data and information: 200 lei, plus VAT;
- g. the auction commission structure - as proposed by the Society, will be made up of 7 members, as follows: 4 representatives from the Nuclearelectrica National Company SA, 2 representatives from DGPAPSE, and 1 representative from the specialized directorate within the ME; The Commission will be appointed by decision of the General Manager of Nuclearelectrica National Company SA.
- h. payment method: full or in installments for a period of minimum 3 years, with max. advance payment of 20% if there are to be applied the provisions of art. 12 par. (1) of the Law no. 346/2004 on the stimulation of the establishment and development of small and medium enterprises, with subsequent amendments and completions as well as the provisions of art. 114 corroborated with art. 100 and art. 101, namely the application of interest and the request for collateral of the Methodological Norms for the application of Government Emergency Ordinance no. 88/1997 on the privatization of commercial companies, with subsequent amendments and completions, and of Law no. 137/2002 on some measures for acceleration of privatization, with subsequent amendments and completions, as approved by GD no. 577/2002); if the buyer does not comply with the provisions of art. 12 par. (1) of the Law no. 346/2004, the price will be paid in full. The term up to which the asset's value can be paid: for full payment - 30 days from the signing of the sale-purchase agreement by both parties. Failure to comply with the payment term leads to the loss of the participation guarantee, while the auction is legally canceled at that time.
- i. Advertising on the sale offer will be made under the conditions set by the executive management after approval of the sale of the asset by the General Meeting of Shareholders.
- j. The person empowered to sign the sale-purchase agreement on behalf of the economic operator is the General Manager of the Company.

**Cosmin Ghita**  
**Chief Executive Officer**

**Dan Laurentiu Tudor**  
**Deputy Chief Executive Officer**

**Adrian Dumitriu**  
**Chief Financial Officer**



## TECHNICAL AND ECONOMIC SUBSTANTIATION NOTE\*

Regarding the usefulness of selling, by an open tender procedure of the asset "Hostel" owned by Societatea Nationala "Nuclearelectrica" SA, located at address: No. 14, Salciei Street, Cernavoda, Constanta County, composed of a building, the related land, the installation for connecting to the district heating network, parking lots, sports field, green areas, Land Book numbers 102024 and 102021 and cadastral numbers 125/1 and 125/2.

### **1. COMPANY IDENTIFICATION DATA**

**Name:** Societatea Nationala "Nuclearelectrica" – SA

**Registered office:** Bucharest, No. 65, POLONA Street, district 1, 010494, PO box 22-102, Bucharest, Romania, telephone: 021.203.82.00, fax: 021.316.94.00, e-mail: [office@nuclearelectrica.ro](mailto:office@nuclearelectrica.ro).

**Trade Register registration number:** J/40/7403/27.07.1998

**Sole Registration Number:** RO10874881

**Total share capital:** 3,015,138,510 thousand RON.

**Nominal share value:** 10 RON / nominal share

#### **Shareholding structure:**

Shareholder	Number of shares	Value (thousand RON)	Percentage (%)
TOTAL, <i>out of which:</i>	301,513,851	3,015,139	100
Ministry of Energy	248,736,619	2,487,366	82.49
Fondul Proprietatea	22,520,279	225,202	7.47

Other natural-person and legal-entity shareholders	25,368,851	253,689	10.04
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**Main scope of activity:** Production of electricity - code 3511.

## **2. USEFULNESS OF THE SALE PROPOSAL**

We deem it as useful to request the sale of the asset: "Hostel" given the following:

- a. Within CNE Cernavoda, economic excellence aims to increase the economic efficiency by reducing operational costs, optimizing the structure of the company assets and improving the allocation of resources, in order to maximize the added value obtained within the nuclear plant;
- b. The accommodation premises from the Hostels have not been used for over 10 years; therefore, they no longer contribute to the basic activity of the plant and represent a source of additional costs for the branch. The expenses generated by the maintenance of the asset are approximately **354,588 RON/year** as follows:
  - local taxes= 21,827 RON/year,
  - security = 154,900.80 RON/year
  - utilities, maintenance, repairs, insurance = 36,953.17 RON/year
 The annual amortization expenses are 140,907.12 RON
- c. The interest shown by the City Hall of Cernavoda for purchasing the Hostel, as shown in memorandum no. AUTORITATI\_CNE17-347/23.06.2017.

## **3. PRESENTATION OF THE ASSET PROPOSED FOR SALE**

**Name:** "Hostel" composed of building, related land, installation for connecting to the district heating network, parking lots, sports field, green areas.

**Address:** No. 14, Salciei Street, Cernavoda, Constanta County

### **3.1. General data of the asset**

- **Block of apartments with 4 floors**, 87 rooms, built area = 634.50 m<sup>2</sup>, total area = 3,172.50 sq m, inventory number 10373.
- **Land related to the asset** in total area of 862.94 m<sup>2</sup>, built area 634.50 m<sup>2</sup>, free area 228.44 sq m, inventory number 2111\_18.  
Cadastral number 125/1 – land book number 102021 (for land PLOT 2, area = 336.0 sq m and a building on a built area of = 276.30 sq m)



Cadastral number 125/2 – land book number 102024 (for land PLOT 1, area = 526.87 sq m and a building with an area of = 344.65 sq m).

Documents that certify the ownership, based on which the assets were registered:

- Sale-purchase contract no.1502 / May 24, 2002 for Plot 1 of land with A = 526.87 sq m and a building C1 Hostel GF+4, built area = 344.65 mp.
- Sale-purchase contract no. 381 / June 17, 2002 for Plot 2 of land with A = 336.07 sq m and a building C1 Hostel GF+4, built area = 276.30 mp.
- **Installation for connecting to the district heating network - block Plot 1 + Plot 2, inventory number 10375.**

This investment was made in order to connect the building to the district heating network of Cernavoda City, in order to supply the asset with thermal energy, and was received by reception minutes upon the completion of works no.52/January 25, 2007 Final reception minutes no. 62/May 22, 2008.

- **Parking lots, sports field, green area at block Plot 2 + Plot 1 - Salciei Street, inventory number 10374**

This investment was made on a land in area of 2,340.00 sq m, provided by the Local Council of Cernavoda based on Association Contract no. 80/October 28, 2002 and Addendum no. 1/2012 to contract no. .80/2002, concluded

between the Local Council and SNN-SA. The investment was received by Reception minutes upon the completion of works no. 31/September 18, 2003 and Final reception minutes no.41/December 08, 2004, and the fittings are commonly used by the two associates.

### 3.2. Data regarding the patrimonial situation of the asset

Name	Address	Book value as of December 31, 2017 (RON)	Net value as of December 31, 2017 (RON)	Legal status	Destination
Block of apartments PLOT 2 + PLOT 1 (Hostel)  Inventory number 10373	Salciei Street, no. 14, Cernavoda	2,052,409.22	1,897,510.34	Owned by SNN  Free of charges	Hostel for accommodating the employees of CNE Cernavoda.



Hostel Land Inventory number 2111_18	Salciei Street, no. 14, Cernavoda	113,565	113,565	Owned by SNN Free of charges	
Installation for connecting to the district heating network Block PLOT 2 + PLOT 1, Salciei Street, no. 14, Cernavoda Inventory number 10375	Salciei Street, no. 14, Cernavoda	104,475.83	94,642.79	Owned by SNN Free of charges	
Parking lots, sports field, green area at block PLOT2 + PLOT1, Salciei Street Inventory number 10374	Salciei Street, no. 14, Cernavoda	385,395.64	268,313.37	Owned by SNN Free of charges	Under common use with the City of Cernavoda according to Addendum 1/2012 to Association Contract no. 80/October 28, 2002 registered at the Local Council of Cernavoda under no. 12230/October 23, 10.2002

The book value represents the value reassessed as of December 31, 2015, the date on which the last reassessment of group 1 - Buildings took place, as the Company used the reassessment method.

The weight of the asset proposed for sale in the total assets is 0.0356% (2,374,031.50/6,667,535,000).

**3.3. Activities within the asset:** accommodation premises - used for accommodating the employees of CNE Cernavoda.

**3.4. Products manufactured within the asset:** no manufacture activities are performed within the asset.

**3.5. Utilities serving the asset:** electricity, thermal energy, water and sewerage networks

**3.6. Access ways:** Access to the main streets of the city

**3.7. Vicinities:** North - Public domain;

South - Salciei Street;

East - Public domain;

West - Public domain.

**3.8. Environment obligations** – The company obtained from the Ministry of Environment – Environment Protection National Agency of Constanta – memorandum no. 5577/October 26, 2017 registered at CNE under no. 581/November 10, 2017, which states that it is not necessary to set environment obligations in order to sell the aforementioned assets.

**3.9. Current legal status of the asset:**

The asset represented by the block of apartments PLOT 2 + PLOT 1 (Hostel) is owned by SNN CNE Cernavoda and is free of charges.

Hostel Land, Salciei Street, no. 14, Cernavoda, total area of 862.94 m<sup>2</sup> is owned by SNN CNE Cernavoda and is free of charges.

Installation for connecting to the district heating network Block PLOT 2 + PLOT 1, Salciei Street, no. 14, Cernavoda, is owned by SNN CNE Cernavoda and is free of charges.

Parking lots, sports field, green area at block PLOT2 + PLOT1, Salciei Street no. 14, is part of asset "Hostel" and are built on the land with an area of 2340 sq m, subject to association contract no. 80/October 28, 2007 concluded with the City Hall of Cernavoda, valid until July 31, 2022 .

**3.10. Inclusion of the land value in the share capital:** The land with an area of 862.94 m<sup>2</sup> is not included in the share capital.

