

*Translation from Romanian*

Emblem of **JPA ROMANIA**

# VALUATION REPORT

Lands on 31.03.2019

**Client:**

Emblem of **Transelectrica**

ACCOUNTING

AUDIT

VALUATION

TAX

To: CNTEE Transelectrica SA

With respect to the valuation of lands belonging to CNTEE Transelectrica SA which Ownership Certificates were obtained for, we can provide you with the following aspects:

### Valuation object

The lands belonging to CNTEE Transelectrica SA were valued which Ownership Certificates were obtained for and are provided in the table below:

No.	Transmission branch (TB)	Building name	Inventory no.	Land area (m2)	Basic land value from the certificate annex as per Decisions 834/1991 & 107/2008 (Lei)
1	TB Bacau	Office of TB Bacau	T01TER0000023A	1,856.14	1,554,000.00
2	TB Bucharest	Office of TB Bucharest	T02TER0000007A	583.04	2,509.57
3	TB Cluj	Office of CERET Cluj	T03TER0TER002A	399.40	1,631.39
4		Office of TB Zalau	T03TER0TER008A	195.00	753.69
5		Office flats for substation Cluj Est	T03TER0TER009A	325.00	1,284.69
6		Operational centre of Vetis substation	T03TER1TER011A	800.35	13,000.00
7	ST Constanta	Office of SIT Tulcea	T04TER0000302Z	3,102.99	12,674.74
8		SCM storeroom	T04TER0000303Z	1,148.09	258,579.00
9		Intervention Centre Medgidia	T04TER0000301Z	197.63	642.33
10	TB Craiova	Administrative Office of TB Craiova	T0500000TER11A	1,974.21	7,803.90
11		CPM Office, Targu Jiu	T0500000TER12A	1,325.67	3,668.18
12	TB Sibiu	Central Office of Sibiu	T07TER3300005A	1,300.69	5,141.52
13		Mures CPM Office	T07TER2600006A	557.50	2,277.78
14		Central Office of Alba Iulia	T07TER0100001A	325.49	1,143.68
15		Office flats, Darste	T07TER0800002A	757.00	60,600.00
16	TB Timisoara	Sports base, Timisoara	T08TER0000013A	779.00	23,896.83
17		Test stand Semenic	T08TER0000017A	3,132.00	127,200.00
<b>TOTAL</b>					<b>2,076,807.30</b>

### Valuation purpose

The valuation purpose is to increase the share capital of CNTEE Transelectrica SA.

### Valuation kind

In accordance with the valuation purpose, the estimated value is fair and compliant with the **Asset valuation standards, 2018 edition** and with the minister of public finance's Order 2844/2016 approving the Accounting

Regulations complying with the International Financial Reporting Standards applicable to trading companies with chattels admitted for transaction on a regulated market.

### **Valuation date**

The date when the considered assumptions and the valuator-estimated values are deemed valid is 31.03.2019.

### **Valuation report date**

The valuation report was elaborated on 25.04.2019.

### **Exchange rate**

1 Euro = **4.7628** Lei

The **Client** of the valuation report is the **CNTEE Transelectrica SA** and such report cannot be used to another purpose or by a third party.

The **designated users** of this valuation are the Client, the Client's auditors and the state authorities with attributions in this domain. The report cannot be used to another purpose or by a third party.

**Report type:** the valuation report is detailed and narrative, elaborated according to SEV 103, Reporting (IVS 103) and it describes all the data, facts, reviews, calculations and relevant judgments used as base for the opinion on the indicated value reported, and no exclusion or deviation from the respective standard was required. The valuation report is provided in writing in two copies.

### **Defining the values**

For the purpose of this report the **fair value** is the price that might be cashed by selling an asset or paid for a debt transfer under a regulated transaction between market participants on the valuation date; SEV 300, Valuations for financial reporting (IVS 300), IFRS 13.

The fair value stands for the price that might be cashed by selling an asset under a regulated transaction on the main market (if any) or the most favourable one on the valuation date, under the current market terms (i.e. an output price), regardless whether such price is directly observable or is estimated using another valuation technique.

The following valuation report provides the results obtained and the base of the valuator's opinion. The report has been drawn up taking into account the specific instructions received.

### **Stating the valuation's conformity with SEV standards**

During the valuation we took into account the valuation standards applicable on the date of valuation report elaboration, which are the **Asset valuation standards, 2018 edition**, namely:

- Definitions and concepts from the valuation report are those from SEV 100, General Framework (IVS, General framework) and SEV 101, Terms of reference for valuation (IVS 101).
- The valuation mission is conducted in accordance with the provisions of SEV 102, Implementation (IVS 102), and the valuation report is elaborated in compliance with the requirements of SEV 103, Reporting (IVS 103) and SEV 104, Value types.
- The valuation report deals with lands, therefore the valuation process is also observing the provisions of SEV 230, Rights over real estate (IVS 230), GEV 630, Valuation of real estates, SEV 300, Valuations for financial reporting (IVS 300).

The methodology used for valuation is provided in the narrative part of this report. The values obtained are indicated in the report and its annex. The conclusions on value included in this report rely on the data provided by the owner.

### **Value certification**

We hereby certify to the extent of our knowledge and information the following:

- The facts provided in this report are accurate and true;
- The reported analyses, opinions and conclusions are only limited to the assumptions and provided limitative terms and they represent our professional impartial analyses, opinions and conclusions;
- There is no present or future interest in the property that forms the object of this report and no personal interest relating to stakeholders;
- There is no partiality relating to the property that forms the object of this report or relating to the parties involved in the valuation;
- The cooperation for this piece of work and the fee for it do not depend on reporting pre-determined results equal to the estimated value or on a conclusion beneficial to the client;
- The analyses, opinions and conclusions as well as this report have been executed in accordance with the valuation standards compulsory for ANEVAR members, 2018 edition, and other ANEVAR-elaborated standards and methodological guidelines strictly necessary in order to evaluate assets, and with the Ethical Code of the ANEVAR-licensed valuator;
- There has been no significant professional assistance provided to the person(s) signing this report;
- On the report date the valuator has complied with the ANEVAR requirements on the Compulsory continuous training programme;

### **Conclusions on value; valuator's opinion**

In our opinion on 31.03.2019 the fair value of lands belonging to CNTEE Transelectrica SA, which ownership certificates were obtained for, is of:

**11,883,300 Lei, representing 2,495,024 Euro**

The considerations for estimated values are:

- Each value has been expressed taking exclusively into account the assumptions, the limitative terms and appreciations expressed in this report;
- Estimated values takes into account the purpose of this valuation;
- The valuation is an opinion about a value;

With best regards,

JPA Romania

Through

Roberto Berca

ANEVAR-licensed valuator

Daniela Baideanu

## **STATEMENT OF CONFORMITY**

As elaborator of this report JPA ROMANIA declares the valuation report to have been achieved in accordance with the regulations of Valuation Standards compulsory for ANEVAR members, 2018 edition, the Ethical Code of ANEVAR-licensed valuers and the limitative terms included in this report. JPA ROMANIA has no particular relation with the client and no current or future interest in the assessed property. The results of this valuation report do not rely on the request to get to a certain value, coming from the client or from other persons with client-related interests, and the valuation retribution is not made for compliance with similar requests. Under such circumstances JPA ROMANIA as elaborator assumes responsibility for the data and conclusions provided in this valuation report.

**Date**  
**25.04.2019**

**JPA ROMANIA**

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## Chapter I

### TERMS OF REFERENCE FOR VALUATION

#### 1.1 Valuator ID and competence

This valuation report has been executed by **Co. JPA Audit & Consultanta SRL** (Licence no. 0084 of ANEVAR Corporative member). JPA ROMANIA is a trade mark of Co. JPA Audit & Consultanta SRL.

The company and the valutors representing it have got the experience, training and qualification as necessary to provide the assumed services.

The valuator can provide objective impartial valuation and the statements sustained in this report are true and accurate.

#### 1.2 Client's and designated users' identification

##### 1.2.1 Client

The National Power Grid Company Transelectrica SA with headquarters in Bucharest 1, Blvd. General Gheorghe Magheru 33, and in Blvd. Hristo Botev 16-18, Bucharest 3, working location in Bucharest 3, Str. Olteni 2-4, Platinum Centre Building was established under HGR 627/13.07.2000, being registered with the Chamber of Trade and Industry under no. J40/8060/2000, single (fiscal) registration number RO 13328043.

**1.2.2 The designated users** of this valuation are the Client's auditors and state authorities with attributions in this domain.

##### 1.3 Object of the report

The valuation object pertains on the lands belonging to CNTEE Transelectrica SA which ownership certificates have been obtained for, being provided in the table below:

No.	Transmission branch (TB)	Building name	Inventory number	Land area (m2)	Ownership certificate (OC) series & no. as per HG 834/1991	Basic land value from the certificate annex as per Decisions 834/1991 & 107/2008 (Lei)
1	TB Bacau	TB Bacau Offices	T01TER0000023A	1,856.14	MO3 12125 / 18.11.2011	1,554,000.00
2	TB Bucharest	TB Bucharest Offices	T02TER0000007A	583.04	MO3 10384 / 07.08.2006	2,509.57
3	TB Cluj	Offices of CERET Cluj	T03TER0TER002A	399.40	MO3 9461/2004 (OC obtained by Electrica)	1,631.39
4		TB Zalau Offices	T03TER0TER008A	195.00	MO3 6057/2000 (OC obtained by Electrica)	753.69
5		Office flats, Cluj Est substation	T03TER0TER009A	325.00	MO3 10789 / 12.09.2007	1,284.69
6		Operational centre, Vetis substation	T03TER1TER011A	800.35	MO3 12893 / 26.06.2013	13,000.00
7		Offices of SIT Tulcea	T04TER0000302Z	3,102.99	MO3 10623 / 16.02.2007	12,674.74
8		CSM storeroom	T04TER0000303Z	1,148.09	MO3 11074 / 27.04.2013	258,579.00



9	TB Constanta	Intervention centre, Medgidia	T04TER0000301Z	197.63	MO3 10622 / 16.02.2007	642.33
10	TB Craiova	Administrative centre of TB Craiova	T0500000TER11A	1,974.21	MO3 10382 / 07.08.2006	7,803.90
11		Offices of CPM Targu Jiu	T0500000TER12A	1,325.67	MO3 10185 / 8.11.2005	3,668.18
12	TB Sibiu	Central offices, Sibiu	T07TER3300005A	1,300.69	MO3 10191 / 8.11.2005	5,141.52
13		Offices of CPM Mures	T07TER2600006A	557.50	MO3 5802 / 2000 (OC obtained by Electrica)	2,277.78
14		Offices of Alba Iulia Centre	T07TER0100001A	325.49	MO3 10194 / 8.11.2005	1,143.68
15		Office flats, Darste	T07TER0800002A	757.00	MO3 11285 / 19.11.2009	60,600.00
16	TB Timisoara	Sports base, Timisoara	T08TER0000013A	779.00	MO3 9616 / 2004 (OC obtained by Electrica)	23,896.83
17		Test stand Semenic	T08TER0000017A	3,132.00	MO3 13331 / 24.06.2015	127,200.00
<b>TOTAL</b>				<b>18,759.20</b>		<b>2,076,807.30</b>

#### 1.4 Valuation purpose

The valuation purpose is to increase the share capital of CNTEE Transelectrica SA.

#### 1.5 Value type

In accordance with the valuation purpose, the estimated value is the fair one, in compliance with the **Asset valuation standards, 2018 edition** and with the minister of public finance's Order 2844/2016 approving the Accounting Regulations complying with the International Financial Reporting Standards applicable to trading companies with chattels admitted for transaction on a regulated market.

#### Defining the values

Valuations might require using certain value types defined in by-laws, regulations, private contracts or another document. Although such value types can look similar with those defined in such standards, their application might require a different approach from the one described in the SEV, except when the respective document mentions unequivocally the SEV. Such value types will be construed and applied in accordance with the provisions from the source document. As examples of value types defined in other regulations are the different valuation bases defined in the International Financial Reporting Standards (IFRS) and other accounting ones.

The fair value is the price estimated for the transfer of one asset or of a debt between identified parties that are knowledgeable and determined which mirror such parties' interests.

Such fair value definition was replaced in the ANEVAR 2017 Asset Valuation Standards with the equitable value definition of SEV 104, Value types: the equitable value is the price estimated for the transfer of one asset or of a debt between identified parties that are knowledgeable and determined, which price mirrors such parties' interests.

The equitable value requires estimating the price which is fair for both identified specific parties, taking into account the benefits and shortcomings which each party can get from the transaction. On the other hand the

market value requires not taking into account any benefit or shortcoming which would not be achievable or borne by market participants.

The equitable value is a wider concept than the market value. Although in many cases the price which is fair for both parties will be equal to the one achievable on the market, there will be cases when estimating the equitable value will mean taking into account aspects which are not to be considered when estimating the market value, such as certain items of the synergy value resulting after combining the ownership rights.

### **SEV 300, Valuations for financial reporting**

Valuations performed in order to be included in financial accounts will be made so as to comply with the requirements of applicable Financial Reporting Standards. The principles provided in general standards (SEV 101, 102 and 103) also apply, except when they are amended, especially by a requirement from the relevant accounting standard or of this standard.

In accordance with the provisions of SEV 101, para 2(e), the value type will be clearly identified. Such value type examples required by accounting standards include the fair value, the net achievable value and the recoverable value. Their definition is found in the relevant accounting standards.

IFRS 13 defines the fair value as the price collectable for selling one asset or paid for a debt transfer under a regulated transaction between market participants on the valuation date.

To the purpose of the financial reporting there are more than 130 countries requesting or allowing the use of International Accounting Standards published by the International Accounting Standards Board (IASB). In addition the International Accounting Standards Board of the United States uses the same fair value definition for Topic 820.

The fair value represents either the requested value type or an option allowed for many types of assets or debts in accordance with IFRS. IFRS 13 Fair value assessment provides the following definition: "The fair value is the price collectable for selling one asset or paid for a debt transfer under a regulated transaction between market participants on the valuation date".

### **1.6 Valuation date; currency used**

The date when the considered assumptions and valuator-estimated values are considered value is 31.03.2019.

### **Exchange rate**

1 Euro = **4.7628** Lei

All values and calculations of this report are expressed in new Romanian Lei (RON). The final estimated value is expressed both in Lei and in Euro. A picture of the amounts in other currencies can be obtained by changing the sums given in Lei at the exchange rate of the foreign currency, applicable on the valuation date.

## Valuation report date

The valuation report was executed on 25.04.2019.

## 1.7 Documentation necessary in order to make the valuation

This valuation report has been elaborated using the Client-provided information while the fairness and accuracy of provided data pertains to the client responsibility. Any economic, technical or legal investigation will be necessarily delimited from the nature and quality of information provided by the client. The accuracy or integrity of received data is not in the valuator's responsibility.

With a view to estimate the fair value we have used the following information sources:

- The list of lands on 31.03.2019 and the client-provided accounting, technical and juridical data on lands
- Applicable legislative regulations on the report and valuation date
- [www.Analizeimobiliare.ro](http://www.Analizeimobiliare.ro) and other web pages of real estate ads

## 1.8 Valuation assumptions

This valuation report has been elaborated using the following general assumptions:

- In accordance with Romania's usages, the valuator-estimated values are valid on the report date and for another limited time interval afterwards, during which the specific market conditions do not undergo significant changes impacting the estimated opinions.
- Juridical aspects (legal description, ownership right) rely exclusively on the information and documents supplied by the owner/recipient; they will be provided without making additional check-ups or investigations. The ownership right is deemed valid and transferrable (in the civil circuit). The statements uttered by the valuator on the legal description of the property do not substitute the qualified juridical opinions of specialists. The valuation assumes no liability for the provided juridical description or for issues relating to juridical or proprietary considerations.
- The **valuator** assumes the properties are held with responsibility and they are competently managed.
- The information provided by third parties is considered reliable but not granted accuracy guarantee.
- All engineering studies are deemed accurate. The location plans and the illustrations in the report will be included only in order to help the reader view the property.
- The **valuator** assumes the property complies with all zone-setting, urban, environmental, use, local, regional or national regulations and restrictions for each utilisation when value is estimated unless the valuation report specifies otherwise.
- The **valuator** assumes all permits, licences, occupation certificates, approvals or other deeds requested by local, regional or national institutions have been or can be obtained or renewed for each utilisation used in value estimation, except when the valuation report does not detect, describe and consolidate non-conformity.
- The **valuator** assumes lands are used within the described property and there is no trespassing or infringement of such properties, unless the valuation report provides differently.
- Real estates are assessed using the relevant documents provided by the **Client** to the **Valuator** (land registry documents, location plan, ground surveys corresponding to the actual situation on site). The

valuator considers real the useful and built areas provided in the fore-mentioned documents, elaborated as per the actual situation on site and the **Client** has full responsibility for their accuracy.

- The valuator assumes there are no hidden or invisible aspects of the property, subsoil or constructive structures, which could result in changing the property value. The estimated value relies on the assumption there are no dangerous materials on or within such properties that might impact the property value, except when the valuation report did not detect, provide and consolidate non-conformity. The valuator has no quality, qualification and obligation to detect such substances and assumes no responsibility for such instances or for any technical operation required in order to detect and remove them. We have not been informed about contaminating agents to be on site; we made no additional investigation to determine the occurrence of contaminator agents.
- The valuator assumes fully what is provided in the report and will keep confidential the report information.
- The valuator's provision is strictly limited to the clauses of the concluded contract; they do not include the obligation to provide further consultancy or court deposition relating to the property in question.
- The value expressed as an opinion in this report represents the amount to be paid fully on the valuation date assuming a transaction without taking into account particular payments (instalments, leasing etc.).
- In case of lands under indivisible share, the estimated value refers to the undivided land quota deemed free.

#### **1.10 Special valuation assumptions**

- The valuator relied exclusively on the documents mentioned in the report and its annexes. The valuator does not know if there are other documents that might have material impact over the estimated values.
- The valuation report is valid under the economic, fiscal, juridical and political terms of its elaboration date. Whenever such terms change, the report conclusions might lose their validity.

#### **1.11 Restrictions of use, dissemination or publication**

- The valuator fully assumes what has been provided in the report and will keep confidential the report information.
- All the client supplied information relating to the object of this valuation will be considered confidential, except when they are not data currently deemed public.
- This valuation report cannot be partially or fully included in a published document, letter or statement not even as reference in any form without the valuator's written agreement on the form it might appear.
- This report can be used only for the specified purpose. We do not accept any responsibility if it is transmitted to a third party either for the declared purpose or for another, under any circumstances.

#### **1.12 Stating the SEV conformity**

During valuation we took into account the valuation standards applicable on the valuation report elaboration date, namely the **Asset valuation standards, 2018 edition**, namely:

- Definitions and concepts from the valuation report are those from SEV 100, General Framework (IVS, General framework) and SEV 101, Terms of reference for valuation (IVS 101).

- The valuation mission is conducted in accordance with the provisions of SEV 102, Implementation (IVS 102), and the valuation report is elaborated in compliance with the requirements of SEV 103, Reporting (IVS 103) and SEV 104, Value types.
- The valuation report deals with lands, therefore the valuation process is also observing the provisions of SEV 230, Rights over real estate (IVS 230), GEV 630, Valuation of real estates, SEV 300, Valuations for financial reporting (IVS 300).

### **1.13 Report description**

The valuation report provides the results obtained and the foundation of the valuator's opinion.

The valuation report is detailed and narrative, elaborated according to SEV 103, Reporting (IVS 103) and it describes all the data, facts, reviews, calculations and relevant judgments used as base for the opinion on the indicated value reported, and no exclusion or deviation from the respective standard was required. The valuation report is provided in writing in two copies, in Romanian.

### **1.14 Valuation report date**

The valuation report was executed on 25.04.2019.

## **Chapter II**

### **DATA PROVISION**

#### **2.1 Lands identification; juridical description**

##### **Company presentation**

Transelectrica was established according to Governmental Ordinance 627/July 31, 2000 after splitting up the former National Electricity Company (CONEL) into four independent entities: Transelectrica, Electrica, Hidroelectrica and Termoelectrica for electricity transmission and dispatch, distribution and generation.

Thus transmission and system services were completely separated from generation, distribution and supply activities. In technical terms the power system is uniform managed by a single operator, which is Transelectrica.

Beginning with 29 August 2006 Transelectrica was listed on the Bucharest Stock Exchange. Transelectrica performs its activities in accordance with the Energy Law and the secondary legislation, mainly the licences of the Transmission System Operator, the Electricity Transmission Grid Code, the Commercial and Metering Codes.

The main business is electricity transmission and dispatch, as the Company performs the functions of transmission and system operator of the National Power System.

The National Power Grid Company Transelectrica SA has eight territorial transmission branches and five offices of the system operator (power dispatcher) subordinated to it as follows:

- Transmission Branch Bacau, Str. Oituz 41, Bacau City;
- Transmission Branch Bucharest, Sos. Stefan cel Mare 1A, Bucharest 1;
- Transmission Branch Cluj, Str. Memorandumui 27, Cluj City;
- Transmission Branch Constanta, Str. Alexandru Lapusneanu 195A, Bl. LAV1, ground floor, Constanta City;
- Transmission Branch Craiova, Str. Brestei 5, Craiova City;
- Transmission Branch Pitesti, Str. Fratii Golesti 25B, Pitesti City;
- Transmission Branch Sibiu, Str. Corneliu Coposu 3, Sibiu City;
- Transmission Branch Timisoara, Str. Piata Romanilor 11, Timisoara City;
- National Power Dispatcher, Blvd. Hristo Botev 16-18, Bucharest 3;
- Territorial Power Dispatcher Bacau, Str. Oituz 41, Bacau City;
- Territorial Power Dispatcher Bucharest, Blvd. Hristo Botev 16-18, Bucharest 3;
- Territorial Power Dispatcher Craiova, Str. Nicolae Titulescu 1, Craiova City;
- Territorial Power Dispatcher Timisoara, Str. Piata Romanilor 11, Timisoara City;
- Territorial Power Dispatcher Cluj, Str. Taberei 1, Cluj City;

Transmission branches and the system operator are entities with no legal personality that organise and manage their own accounting books up to the check-up balance level.

The information about the juridical situation of lands is provided in the table below:

[...]

We do not know whether there are other information / documents about the ownership right valid on the valuation date in addition to those provided in the table above.

Juridical aspects (legal description, ownership right) rely exclusively on the information and documents supplied by the owner/recipient and are provided without making additional check-ups or investigations. The ownership right is deemed valid and transferrable (in the civil circuit). The statements uttered by the valuator on the legal description of the property do not substitute the qualified juridical opinions of specialists. The valuation assumes no liability for the provided juridical description or for issues relating to juridical or proprietary considerations.

We have no information about possible disputes underway or about their stage. For valuation purposes lands are considered free of burdens and marketable.

## **2.2 Location data**

### **Transmission Branch BACAU**

The land of **1856 m<sup>2</sup>** area is located in **Bacau City, Str. Oituz 41**. The access on land is provided by an alley from Str. Oituz, but the land plot has no direct opening to Oituz Street. There are the following utilities available: water network, drain, electricity network, natural gas network.

[Map and photo can be found in the pdf document]

### **Transmission Branch BUCHAREST**

The land of **583.04 m<sup>2</sup>** area is located in **Sos. Stefan cel Mare 1A, Bucharest 1**. It provides the following utilities: water network-drain, electricity network, heat network, natural gas network.

[Map and photo can be found in the pdf document]

### **Transmission Branch CLUJ**

The land of **399.4 m<sup>2</sup>** area is located in **Str. Taberei 20, Cluj Napoca City**. There are constructions on it. The following utilities are available: water network-drain, electricity network, heat network, natural gas network.

[Map and photo can be found in the pdf document]

The land of **195 m<sup>2</sup>** area is located in **Blvd. Mihai Viteazul 79, Zalau Town**. There are constructions on it. The following utilities are available: water network-drain, electricity network, heat network.

[Map and photo can be found in the pdf document]

The land of **325 m<sup>2</sup>** area is located in **Blvd. Muncii 18, Cluj Napoca City**. There are constructions on it. The following utilities are available: water network-drain, electricity network, heat network, natural gas network.

[Map and photo can be found in the pdf document]

The land of **800.35 m<sup>2</sup>** area is located in **Str. Ratu Mare, number less, Satu Mare City**. There are constructions on it. The following utilities are available: water network-drain, electricity network, heat network.

[Map and photo can be found in the pdf document]

### **Transmission Branch CONSTANTA**

The land of **3102.99 m<sup>2</sup>** area is located in **Str. Prelungirea Taberei, Tulcea in Tulcea County**. There are constructions on it. The following utilities are available: water network-drain, electricity network.

[Map and phot can be found in the pdf document]

The land of **1148 m<sup>2</sup>** area is located in **Str. Varful cu Dor 6, Constanta City**. There are constructions on it. The following utilities are available: water network-drain, electricity network.

[Map and photos can be found in the pdf document]

The land of **198 m<sup>2</sup>** area is located in **Medgidia Town, Constanta County**, in the industrial area. There are constructions on it. The following utilities are available: water network-drain, electricity network.

[Maps and photo can be found in the pdf document]

### **Transmission Branch CRAIOVA**

The land of **1934.75 m<sup>2</sup>** area is located in **Str. Brestei 5, Craiova City, Dolj County**. There are constructions on it. The following utilities are available: water network-drain, electricity network, heat network (one's own plant), natural gas network.

[Map and photos can be found in the pdf document]



The land of **1310.17 m<sup>2</sup>** area is located in **Str. George Cosbuc 22, Targu Jiu City, Gorj County**. There are constructions on it. The following utilities are available: water network-drain, electricity network, heat network (one's own plant), natural gas network.

[Map and photos can be found in the pdf document]

### **Transmission Branch SIBIU**

The land of **1300.69 m<sup>2</sup>** area is located in **Blvd. Corneliu Coposu 3, Sibiu City**. There are constructions on it. The following utilities are available: water network-drain, electricity network, heat network (one's own plant), natural gas network

[Map and photo can be found in the pdf document]

The land of **557.5 m<sup>2</sup>** area is located in **Str. Elba 3 (former Tamas Enro 3), Targu Mures City**. There are constructions on it. The following utilities are available: water network-drain, electricity network.

[Map and photo can be found in the pdf document]

The land of **325.49 m<sup>2</sup>** area is located in **Blvd. Ferdinand 83, Alba Iulia City**. There are constructions on it. The following utilities are available: water network-drain, electricity network, natural gas network.

[Maps and photo can be found in the pdf document]

The land of **757 m<sup>2</sup>** area is located in **Str. Garii Darste 2A, Brasov City**. There are constructions on it. The following utilities are available: water network-drain, electricity network.

[Map and photos can be found in the pdf document]

### **Transmission Branch TIMISOARA**

The land of **779 m<sup>2</sup>** area is located in **Blvd. V. Parvan 5A, Timisoara City**. There are two tennis lawns on it. It has no utilities, but they can be found nearby.

[Map and photo can be found in the pdf document]

The land of **3132 m<sup>2</sup>** area is located in **Valiug Village, Caras Severin County**. There are constructions on it. The following utilities are available: electricity network.

[Maps and photo can be found in the pdf document]

## **2.3 The best utilisation**

The determination of the best utilisation of the constructed property has the purpose to detect the use that will provide the greatest value, thus enabling a selection of comparable properties with a view to set the market value of the property to be evaluated.

The best utilisation is defined as the probable reasonable legal use of a free plot of land or constructed property which is physically possible, properly founded, financially feasible and determining the greatest value.

The best utilisation is analysed in the two following cases:

- The best utilisation of the free land or deemed to be free;

Moreover to be likely reasonable the CMBU of the free deemed land should comply with four implicit criteria. Thus the CMBU has to be:

- Legally permitted
- Physically possible
- Financially feasible
- Maximum productive (leading to the greatest value of the land (deemed) free or of the constructed property)

The best use of a property is determined after applying the four criteria and when the various alternative uses have been eliminated. The remaining use which complies with all four criteria is the best one.

The assessed lands have mixed utilisation as most are located near transformer substations and the structures built on them are meant for offices, shops, office flats etc.

The lands owned by CN Transelectrica that are subject to valuation provide constructions with office space, located within buildings held together with other companies split from the former RENEL. Residential spaces are also dwelling places in buildings held together with other companies detached from the former RENEL. The properties are subjected to specific utilisation and security rules and restrictions.

### **The best utilisation of the land deemed free**

We have gathered on the market information about the unoccupied lands situated in the area of localities where lands are found, in order to provide the best utilisation of the land deemed free.

According to the market study we have analysed the utilisations deemed probable and reasonable based on their compliance with the 4 criteria of the best utilisation of the land deemed free, while taking into account the specific features of the area and the land characteristics (shape and size).

In order to establish the best utilisation we have considered the possible property utilisations according to the following criteria: legally permitted, physically possible, financially feasible and maximum productive, thus getting the mixed use as the best utilisation for the land deemed free.

Taking into account the assessed lands are fully or partially taken up by constructed structures we evaluated them by assuming constructions are possible thereon.

In case of the evaluated property, taking into account the existing restrictions and the absence of any other market indications or factors that could lead to the conclusion a different utilisation might maximise the value of the appraised item **the current utilisation was presupposed to be the best one.**

## **2.4 Analysing the real estate market**

In Romania the volume of real estate investments in the first quarter 2018 was estimated to only 35 million Euro under three transactions, a significantly lower value than that recorded in Q1 of 2017 (143 million Euro). Nevertheless there is a series of transactions in various negotiation stages, which will be likely concluded in the remaining 2018.

The greatest transaction of the year was the purchase of the Festival Shopping Centre project of Sibiu City by NEPI Rockcastle against 21 million Euros. This is the second acquisition in Sibiu of the south-African holding after purchasing an existing asset, Sibiu Shopping City in 2015.

The most notable transaction of office space was Hagag purchasing two historical buildings on Victoriei Blvd, Main Street in Bucharest City, which they intend to turn into office buildings. The transaction value is estimated to about 10 million Euros.

The other transaction concluded in Q1 2018 was the purchase of Magnolia Brasov by a local investor from Miller Developments. The 7,500 m<sup>2</sup> trading centre opened in 2006 was sold for only 4 million Euros.

The macro economic forecast of Romania is further positive, despite recent concerns. The country was high in EU in 2017 (with GDP growth estimated at 6.9%) and estimations are to hold the same position in 2018, with GDP growth estimated at over 5.0%.

### **Specific real estate market**

#### **Industrial space market**

##### ***Offer***

The stock of such spaces exceeded the threshold of 3 million square metres, reaching to 3.12 million by mid-2018. In the first semester only a little above 100,000 m<sup>2</sup> was delivered. About 450,000 m<sup>2</sup> are expected to be completed in the second part of the year, as more than half of the planned projects or under construction are located in Bucharest (54%). Besides the Capital City Timisoara, Cluj and Ploiesti will draw the greatest volume

of deliveries. Almost 90% of the current stock of industrial and logistic spaces is focused in Bucharest and other five cities: Timisoara, Cluj, Ploiesti, Brasov and Pitesti.

### ***Demand***

[Illustration of the structure of demand H1 2016 – H1 2018 (m2)  
...]

The demand of logistic and industrial space was about 120,000 m<sup>2</sup> in Romania in the first part of the year and was represented by new transactions to a great extent. The Capital City remained the most demanded destination, taking into account about 53% of leases were registered here. In the first half of this year demand came especially from companies belonging in the logistic, e-commerce and distribution sectors, representing about 73% of the total.

### ***Leases***

The unoccupied share of industrial spaces kept low, at about 4%. Reference rents for class A units range between 3.75 and 4.25 Euro/m<sup>2</sup>/month. In case of units above 5,000 m<sup>2</sup> rents are lower and can reach to 3.5-3.6 Euro/m<sup>2</sup>/month. The service charge covering the property tax, insurance policy, guard, technical maintenance and landscape of outer space varies between 0.6 and 0.9 Euro/m<sup>2</sup>/month.

### ***Forecasts***

A temperate market development has been noticed both in terms of constructions and of signed transactions. We may probably assist to consolidations of great retailers in parallel to transfer of tenants to their own developments; all these operations have been examined carefully, planned on time and correlated with the consumption indicators and with future growth estimations for the respective businesses. The demand shows balanced sound pace, as the industrial sector provides an attractive potential in the following 2-3 years.

Source: [www.arenaconstruct.ro](http://www.arenaconstruct.ro)

### ***Competitive offer***

Offer on the real estate market means the amount of one kind of property available for sale or lease at different prices on a given market in a certain period of time. The offer for a certain property at a given time, price and place provides the scarcity degree of such property.

The main variation of land prices is triggered by the location of properties, the area, utilities, property access, street opening, utilisation etc.

### ***Offers***

Sale offers for lands with main characteristics resembling those of the properties subjected to valuation were studied for each property, and offers included in market comparisons were verified by direct talks with the owners / the owners' representatives. The following has been selected:

## Bacau

Comparison items	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
<b>Sale price</b>	<b>180,000</b>	<b>96,300</b>	<b>210,000</b>	<b>222,500</b>	<b>111,280</b>
<b>Land area</b>	<b>700</b>	<b>535</b>	<b>1,170</b>	<b>1,500</b>	<b>535</b>
<b>Price (offer/sale) (Euro/m2)</b>	<b>257</b>	<b>180</b>	<b>179</b>	<b>148</b>	<b>208</b>
<b>Type of comparable</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>
<b>Ownership right transmitted</b>	absolute right	absolute	absolute	absolute	absolute
<b>Legal restrictions of use</b>	none	none	none	none	none
<b>Financing terms</b>	cash	cash	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased	unbiased	unbiased
<b>Expenses needed right after purchase</b>	none	none	none	none	none
<b>Payment terms</b>	current	current	current	current	current
<b>Location</b>	Str. 9 Mai	Area of Stadionului Str.	Arena Mall area	Digu Bamat Selgros	Purely downtown BACAU, near the Paediatric Clinic
<b>Area</b>	700	535	1170	1500	535
<b>Topography</b>	flat	flat	flat	flat	flat
<b>Shape</b>	regular	regular	Non-regular	regular	regular
<b>Access</b>	Access from the main street	Secondary asphalted street	Secondary asphalted street	0	Access from the main street
<b>Street opening</b>	4 m	18 m	2 openings	25 m	20
<b>Utilities</b>	All utilities	All utilities	All utilities	All utilities	All utilities
<b>Utilisation / zone-setting</b>	mixed	mixed	mixed	mixed	mixed
<b>Non real estate components</b>	no	no	no	no	no

[Photo can be found in the pdf document]

## Bucharest

Comparison items	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>	<b>295,000</b>	<b>994,500</b>	<b>577,500</b>
<b>Land area</b>	<b>250</b>	<b>1,170</b>	<b>770</b>
<b>Price (offer/sale) (Euro/m2)</b>	<b>1,180</b>	<b>850</b>	<b>750</b>
<b>Type of comparable</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute
<b>Legal restrictions of use</b>	no	no	no
<b>Financing terms</b>	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none
<b>Payment terms</b>	current	current	current
<b>Location</b>	Dorobanti - Floreasca area, behind the Perla Building	Dorobanti - Eminescu - Tunari area	Stefan cel Mare area of Bucharest
<b>Urbanism</b>	<b>POT 45%, land utilisation coefficient CUT 1.3 + 0.27, height regime RH S + P + 2E + M</b>	<b>Sub-zone M1 (POT 50%, CUT 2, H max = 13 m)</b>	<b>C.U.T – 1.3 + 0.6</b>
<b>Area</b>	250	1170	770
<b>Topography</b>	flat	flat	flat
<b>Shape</b>	Exclusive, regular shape	Exclusive, regular shape	Exclusive, regular shape
<b>Access</b>	Secondary asphalted street	Secondary asphalted street	Secondary asphalted street
<b>Street opening</b>	15	16	0
<b>Utilities</b>	Water, drain, gas, electricity	Water, drain, gas, electricity	Water, drain, gas, electricity
<b>Economic characteristics</b>	none	none	none
<b>Utilisation / zone-setting</b>	mixed	mixed	mixed
<b>Non real estate components</b>	none	none	none

[Photo can be found in the pdf document]

## Cluj Napoca, Taberei Street

Comparison items	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>	<b>115,000</b>	<b>185,000</b>	<b>120,000</b>
<b>Land area</b>	<b>660</b>	<b>1,069</b>	<b>1,000</b>
<b>Price (offer/sale) (Euro/m2)</b>	<b>174</b>	<b>173</b>	<b>120</b>
<b>Comparable type</b>	<b>transaction</b>	<b>offer</b>	<b>transaction</b>
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none
<b>Financing terms</b>	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none
<b>Payment terms</b>	current	current	current
<b>Location</b>	Grigorescu area	Grigorescu area	Grigorescu area
<b>Area</b>	660	1069	1000
<b>Topography</b>	flat	flat	Partial slope
<b>Shape</b>	Compact ground	Compact ground	Compact ground
<b>Access</b>	Secondary asphalted street	Secondary asphalted street	Secondary asphalted street
<b>Street opening</b>	17 m	about 15 m	16 m
<b>Utilities</b>	yes	yes	yes
<b>Economic characteristics</b>	none	none	none
<b>Utilisation / zone-setting</b>	mixed	mixed	mixed
<b>Non real estate components</b>	none	none	none

[Photo can be found in the pdf file]

## Zalau

Comparison items	Comparable 1	Comparable 2	Comparable 3
Sale price	14,700	15,500	42,000
Land area	700	750	1,000
Price (offer/sale) (Euro/m2)	21	21	42
Comparable type	offer	offer	offer
Ownership right transmitted	Absolute right	absolute	absolute
Legal utilisation restrictions	none	none	none
Financing terms	cash	cash	cash
Sale terms	unbiased	unbiased	unbiased
Expenses needed right after sale	none	none	none
Payment terms	current	current	current
Location	Sarmas area, Str. Ghiocelior	Fabricii Str., Zalau	City centre
Urbanism	0	0	0
Area	700	750	1000
Topography	flat	flat	flat
Shape	Compact ground, exclusive	Compact ground, exclusive	Compact ground, exclusive
Access	Main asphalted street	Main asphalted street	Main asphalted street
Street opening	about 10 m	15 m	18.5 m
Utilities	yes	yes	yes

[Photo can be found in the pdf file]



## Cluj Napoca, Blvd. Muncii

Comparison items	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>	32,500	63,360	24,800
<b>Land area</b>	400	576	400
<b>Price (offer/sale) (Euro/m2)</b>	81	110	62
<b>Comparable type</b>	transaction	offer	offer
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none
<b>Financing terms</b>	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none
<b>Payment terms</b>	current	current	current
<b>Location</b>	Iris, Cluj Napoca	Iris, Cluj Napoca	Iris, Cluj Napoca
<b>Urbanism</b>	0	0	0
<b>Area</b>	400	576	400
<b>Topography</b>	flat	flat	Partial flat
<b>Shape</b>	0	0	0
<b>Access</b>	0	0	Secondary street
<b>Street opening</b>	22 m	25 m	0
<b>Utilities</b>	yes	yes	yes
<b>Utilisation / zone-setting</b>	mixed	mixed	mixed

[Photo can be found in the pdf file]

## Satu Mare

Comparison items	Ground to assess	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>		<b>128,000</b>	<b>10,000</b>	<b>43,500</b>
<b>Land area</b>	<b>800</b>	<b>16,000</b>	<b>1,400</b>	<b>5,800</b>
<b>Price (offer/sale) (Euro/m2)</b>		<b>8</b>	<b>7</b>	<b>8</b>
<b>Comparable type</b>		<b>offer</b>	<b>offer</b>	<b>offer</b>
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none	none
<b>Financing terms</b>	cash	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none	none
<b>Payment terms</b>	current	current	current	current
<b>Location</b>	Vetis	Vetis, Satu Mare	Vetis, Satu Mare	Vetis, Satu Mare
<b>Urbanism</b>	0	0	0	0
<b>Area</b>	800	16000	1400	5800
<b>Topography</b>	flat	flat	flat	flat
<b>Shape</b>	regular	regular	regular	regular
<b>Access</b>	Secondary asphalted street	paved road	paved road	Asphalted road
<b>Street opening</b>	No, access by servant road	yes	yes	yes
<b>Utilities</b>	Water, drain, electricity networks	100 m away	In the connection stage	In the area
<b>Economic characteristics</b>	none	none	none	none
<b>Utilisation / zone-setting</b>	Commercial, industrial	Intra-city, constructible, mixed	Intra-city, constructible, mixed	Intra-city, constructible, mixed
<b>Non real estate components</b>	none	nu	nu	nu

[Photo can be found in the pdf file]

## Tulcea

Comparison items	Ground to assess	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>		<b>175,000</b>	<b>131,000</b>	<b>61,000</b>
<b>Land area</b>	<b>3,103</b>	<b>4,722</b>	<b>3,735</b>	<b>1,774</b>
<b>Price (offer/sale) (Euro/m2)</b>		<b>35</b>	<b>35</b>	<b>34</b>
<b>Comparable type</b>		<b>offer</b>	<b>offer</b>	<b>offer</b>
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none	none
<b>Financing terms</b>	cash	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none	none
<b>Payment terms</b>	current	current	current	current
<b>Location</b>	Str. Prelungirea Taberei, Tulcea	Str. Isaccei	Str. Isaccei area	Western area
<b>Urbanism</b>	0	similar	similar	similar
<b>Area</b>	3,103	4722	3735	1774
<b>Topography</b>	flat	flat	flat	flat
<b>Shape</b>	Undivided share	Regular, exclusive	Regular, exclusive	Regular, exclusive
<b>Access</b>	Secondary asphalted street	Secondary asphalted street	Secondary un-asphalted street	Secondary asphalted street
<b>Street opening</b>		5 m	50	51
<b>Utilities</b>	<b>Water, drain, electricity networks</b>	<b>Existing utilities</b> In the area: electricity, water, drain, heat, gas	yes	Water, drain, electricity networks
<b>Economic characteristics</b>	none	none	none	none
<b>Utilisation / zone-setting</b>	Commercial, industrial	industrial	Commercial, industrial	Commercial, industrial
<b>Non real estate components</b>	none	no	no	no

[Photo can be found in the pdf file]

## Constanta

Comparison items	Comparable 1	Comparable 2	Comparable 3	Comparable 4
<b>Sale price</b>	131,400	1,260,000	150,000	100,000
<b>Land area</b>	1,800	18,000	2,000	2,000
<b>Price (offer/sale) (Euro/m2)</b>	73	70	75	50
<b>Comparable type</b>	offer	offer	offer	offer
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none	none
<b>Financing terms</b>	cash	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none	none
<b>Payment terms</b>	current	current	current	current
<b>Location</b>	CHPP area	CHPP area	CHPP area	CHPP area
<b>Urbanism</b>	Maximum building height: 20 m	similar	similar	similar
<b>Area</b>	1800	18000	2000	2000
<b>Topography</b>	flat	flat	flat	flat
<b>Shape</b>	regular	regular	regular	regular
<b>Access</b>	Secondary asphalted street	Secondary asphalted street	Secondary asphalted street	Secondary asphalted street
<b>Street opening</b>	2 street fronts: (54 m & 36 m), both asphalted	200 m	45 m	30 m, two street fronts
<b>Utilities</b>	Water, drain, gas, electricity	Water, drain, gas, electricity	Water, drain, gas, electricity	Water, drain, gas, electricity
<b>Economic characteristics</b>	none	none	none	none
<b>Utilisation / zone-setting</b>	industrial	industrial	industrial	industrial
<b>Non real estate components</b>	none	none	none	none

[Photo can be found in the pdf file]

## Medgidia

Comparison items	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>	25,000	10,000	30,000
<b>Land area</b>	2,500	1,000	2,000
<b>Price (offer/sale) (Euro/m2)</b>	10	10	15
<b>Comparable type</b>	offer	offer	offer
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none
<b>Financing terms</b>	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	Demolition costs	none	none
<b>Payment terms</b>	current	current	current
<b>Location</b>	Nisipari	Outlets Medgidia Satu Nou	Balta Old Canal area
<b>Urbanism</b>	0	similar	0
<b>Area</b>	2500	1000	2000
<b>Topography</b>	flat	flat	flat
<b>Shape</b>	Regular, exclusive	Regular, exculsive	Regular, exclusive
<b>Access</b>	Secondary street	Main street	Secondary street
<b>Street opening</b>	about 20 m	20 m	about 20 m
<b>Utilities</b>	yes	Electricity, water	yes
<b>Economic characteristics</b>	none	none	none
<b>Utilisation / zone-setting</b>	mixed	Commercial, industrial	residential
<b>Non real estate components</b>	none	none	none

## Craiova

Comparison items	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
<b>Sale price</b>	<b>87,000</b>	<b>138,000</b>	<b>230,000</b>	<b>67,000</b>	<b>120,000</b>
<b>Land area</b>	<b>290</b>	<b>422</b>	<b>783</b>	<b>227</b>	<b>406</b>
<b>Price (offer/sale) (Euro/m2)</b>	<b>300</b>	<b>327</b>	<b>294</b>	<b>295</b>	<b>296</b>
<b>Comparable type</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none	none	none
<b>Financing terms</b>	cash	cash	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	Structure that can be demolished	none	Structure that can be demolished
<b>Payment terms</b>	current	current	current	current	current
<b>Location</b>	Craiovita Noua, Craiova	Central	1 Mai, Craiova	Str. Pastorului	Central
<b>Urbanism</b>				70 m <sup>2</sup> constructible area	
<b>Area</b>	290	422	783	227	406
<b>Topography</b>	flat	flat	flat	flat	flat
<b>Shape</b>	regular	regular	regular	regular	regular
<b>Access</b>	Main street, asphalted road	Main street, asphalted road	Main street, asphalted road	Secondary street	Secondary street
<b>Utilities</b>	yes	yes	yes	yes	yes
<b>Economic characteristics</b>	none	none	none	none	none
<b>Utilisation / zone-setting</b>	mixed	mixed	mixed	mixed	mixed
<b>Non real estate components</b>	none	none	none	none	none

[Photo can be found in the pdf file]

## Targu Jiu

Comparison items	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>	<b>26,257</b>	<b>133,920</b>	<b>19,500</b>
<b>Land area</b>	<b>365</b>	<b>2,232</b>	<b>265</b>
<b>Price (offer/sale) (Euro/m2)</b>	<b>72</b>	<b>60</b>	<b>74</b>
<b>Comparable type</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none
<b>Financing terms</b>	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none
<b>Payment terms</b>	current	current	current
<b>Location</b>	Str. Jiului	Aleea Solidaritatii	Str. Victoriei
<b>Area</b>	365	2232	265
<b>Topography</b>	flat	flat	flat
<b>Shape</b>	regular	regular	regular
<b>Access</b>	Main street, asphalted road	Main street, asphalted road	Servant road
<b>Utilities</b>	yes	yes	yes
<b>Economic characteristics</b>	none	none	none
<b>Utilisation / zone-setting</b>	mixed	mixed	mixed
<b>Non real estate components</b>	Almost finished construction	0	0

[Photo can be found in the pdf file]

## Sibiu

Comparison items	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>	1,632,375	325,500	170,000
<b>Land area</b>	4,353	1,085	667
<b>Price (offer/sale) (Euro/m2)</b>	375	300	255
<b>Comparable type</b>	offer	offer	offer
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none
<b>Financing terms</b>	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	Construction on site, 120 m2	none	none
<b>Payment terms</b>	current	current	current
<b>Location</b>	CENTRAL area	Str. Marasti	Blvd. Vasile Milea area
<b>Urbanism</b>	similar	similar	similar
<b>Area</b>	4353	1085	667
<b>Topography</b>	flat	flat	flat
<b>Shape</b>	regular	regular	regular
<b>Access</b>	Main street, asphalted road	Secondary street, asphalted road	Secondary street, asphalted road
<b>Street opening</b>	82.7 m	11 m	21 m
<b>Utilities</b>	Water, drain, gas, electricity	Water, drain, gas, electricity	Water, drain, gas, electricity
<b>Economic characteristics</b>	none	none	none
<b>Utilisation / zone-setting</b>	Residential, commercial	Residential, commercial	Residential, commercial
<b>Non real estate components</b>	none	none	none

[Photo can be found in the pdf file]



## Targu Mures

Comparison items	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>	<b>300,000</b>	<b>300,000</b>	<b>150,000</b>
<b>Land area</b>	<b>1,200</b>	<b>2,000</b>	<b>800</b>
<b>Price (offer/sale) (Euro/m2)</b>	<b>250</b>	<b>150</b>	<b>188</b>
<b>Comparable type</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none
<b>Financing terms</b>	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none
<b>Payment terms</b>	current	current	current
<b>Location</b>	Central area	Sighisoara road	Kaufland area
<b>Area</b>	1200	2000	800
<b>Topography</b>	flat	flat	flat
<b>Shape</b>	regular	regular	regular
<b>Access</b>	Main street, asphalted road	Main street, asphalted road	Main street, asphalted road
<b>Street opening</b>	40 m	91 m	
<b>Utilities</b>	In the area	In the area	yes
<b>Economic characteristics</b>	none	none	none
<b>Utilisation / zone-setting</b>	mixed	mixed	mixed
<b>Non real estate components</b>	none	none	none

[Photo can be found in the pdf file]

## Alba Iulia

Comparison items	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>	<b>24,000</b>	<b>185,000</b>	<b>120,000</b>
<b>Land area</b>	<b>500</b>	<b>500</b>	<b>450</b>
<b>Price (offer/sale) (Euro/m2)</b>	<b>48</b>	<b>60</b>	<b>49</b>
<b>Comparable type</b>	<b>transaction</b>	<b>offer</b>	<b>transaction</b>
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none
<b>Financing terms</b>	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none
<b>Payment terms</b>	current	current	current
<b>Location</b>	Cetate, Izvorului area	Cetate area	Cetate area
<b>Urbanism</b>	similar	similar	similar
<b>Area</b>	500	500	450
<b>Topography</b>	flat	flat	flat
<b>Shape</b>	regular	regular	regular
<b>Access</b>	Secondary street	Secondary street	Secondary street
<b>Street opening</b>	20 m	22 m	15 m
<b>Utilities</b>	In the area	At 30 m from the ground	At 50 m from the ground
<b>Economic characteristics</b>	none	none	none
<b>Utilisation / zone-setting</b>	mixed	mixed	mixed
<b>Non real estate components</b>	none	none	none

[Photo can be found in the pdf file]

## Brasov

Comparison items	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>	160,200	121,160	257,180
<b>Land area</b>	3,300	3,054	7,348
<b>Price (offer/sale) (Euro/m2)</b>	49	40	35
<b>Comparable type</b>	offer	offer	offer
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none
<b>Financing terms</b>	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none
<b>Payment terms</b>	current	current	current
<b>Location</b>	Bucharest Road-Darste area, access from Bucharest Road	outskirts area	Str. Timisul Sec
<b>Urbanism</b>	similar	similar	similar
<b>Area</b>	3300	3054	7348
<b>Topography</b>	flat	flat	flat
<b>Shape</b>	regular	regular	regular
<b>Access</b>	Secondary road from Bucharest Road	Secondary road	Secondary road from Bucharest Road
<b>Street opening</b>	30 m	16 m	63 m
<b>Utilities</b>	Electricity, water and possible drain	Water, drain, gas, electricity, three phase current	In the area
<b>Economic characteristics</b>	none	none	none
<b>Utilisation / zone-setting</b>	mixed	mixed	mixed
<b>Non real estate components</b>	none	none	none

[Photo can be found in the pdf file]

## Timisoara

Comparison items	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
<b>Sale price</b>	<b>550,000</b>	<b>148,810</b>	<b>120,000</b>	<b>150,000</b>	<b>130,000</b>
<b>Land area</b>	<b>2,135</b>	<b>647</b>	<b>500</b>	<b>1,000</b>	<b>750</b>
<b>Price (offer/sale) (Euro/m2)</b>	<b>258</b>	<b>230</b>	<b>240</b>	<b>150</b>	<b>173</b>
<b>Comparable type</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none	none	none
<b>Financing terms</b>	cash	cash	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	Construction on ground, 720 m2	none	House that can be demolished	none	none
<b>Payment terms</b>	current	current	current	current	current
<b>Location</b>	Elisabetin area	Student complex area	Fabric area	Brancoveanu area	Bogdanestilor area
<b>Urbanism</b>	Maximum building height: 20 m	similar	similar	similar	
<b>Area</b>	2135	647	500	1000	750
<b>Topography</b>	flat	flat	flat	flat	flat
<b>Shape</b>	regular	regular	regular	regular	regular
<b>Access</b>	asphalted street	asphalted street	asphalted street	asphalted street	asphalted street
<b>Street opening</b>	22 m	15.31 m	30 m, two fronts	18 m	19 m
<b>Utilities</b>	Water, drain, gas, electricity	Water, drain, gas, electricity	All utilities, transformer point near the ground	Water, drain, gas, electricity	Water, drain, gas, electricity
<b>Economic characteristics</b>	none	none	none	none	none
<b>Utilisation / zone-setting</b>	Commercial, residential	Commercial, residential	Commercial, residential	Commercial, residential	Commercial, residential
<b>Non real estate components</b>	none	none	none	none	

[Photo can be found in the pdf file]

## Valiug, Caras Severin

Comparison items	Ground to assess	Comparable 1	Comparable 2	Comparable 3
<b>Sale price</b>	<b>56,308</b>	<b>21,000</b>	<b>23,000</b>	<b>23,500</b>
<b>Land area</b>	<b>2,011</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Price (offer/sale) (Euro/m2)</b>	<b>28</b>	<b>21</b>	<b>23</b>	<b>24</b>
<b>Comparable type</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>	<b>offer</b>
<b>Ownership right transmitted</b>	Absolute right	absolute	absolute	absolute
<b>Legal utilisation restrictions</b>	none	none	none	none
<b>Financing terms</b>	cash	cash	cash	cash
<b>Sale terms</b>	unbiased	unbiased	unbiased	unbiased
<b>Expenses needed right after sale</b>	none	none	none	none
<b>Payment terms</b>	current	current	current	current
<b>Location</b>	Lake area	Semenic resort	Valiug	Valiug, 5 min away of Breazova Lake
<b>Area</b>	2011	1000	1000	1000
<b>Topography</b>	flat	slope	flat	slope
<b>Shape</b>	regular	regular	regular	regular
<b>Access</b>	Main street	Main street	Secondary street	Own access road
<b>Utilities</b>	In the area	In the area	In the area	Water, electricity, drain
<b>Economic characteristics</b>	none	none	none	none
<b>Utilisation / zone-setting</b>	mixed	mixed	mixed	Commercial, residential
<b>Non real estate components</b>	Full resort project	none	none	none

[Photo can be found in the pdf file]

## **Solvent demand**

This means the amount of a certain property type which interest is shown for purchase or lease at different prices on a given market and within a certain time interval.

Since offer is slowly adjusting to the demand level and type on the real estate market, property values got a trend to vary directly with demand changes, thus being influenced by current demand.

## **Market balance; projections**

Taking into account the information on the market one can state it is stationary for the time being.

At present the number of real estate transactions of this kind is little in the areas with the assessed properties. Thus taking into account the current market conditions we can state prices for such kind of property will keep constant.

## Chapter III

### VALUATION APPROACH AND CALCULATION METHODOLOGY

#### 3.1 Completed stages

Valuation approach modes

The following stages were carried on to assess the real estate properties:

- The Asset Valuation Standards, 2018 edition, were studied and applied;
- Examination of technical documentations;
- Talks with the owner;
- Physical identification and location of the objective;

The valuation approach consists in surveying the local real estate market using public information such as:

- Specific real estate sites, [www.imobiliare.ro](http://www.imobiliare.ro), [www.analizeimobiliare.ro](http://www.analizeimobiliare.ro), [www.olx.ro](http://www.olx.ro);
- Specific mass-media or not, such as: newspapers, magazines etc.;
- Brokers on the real estate market;

#### 3.2 Valuation method

##### MARKET APPROACH - Direct comparison method

###### Land assessment

The market approach, known also as direct or sale comparison in the real estate valuation domain is a process by which an indication is obtained on the value of the real estate property in question, by making a comparative analysis of similar properties that have been recently sold or are offered for sale or contracted.

The market approach can be used to assess the free land or considered free for the valuation purpose.

The market approach for land assessment involves direct comparison of the evaluated land with similar plots which information is available for from recent market transactions. Although sales are the most important the analysis of offered prices for similar grounds can provide relevant information on the market.

The comparative analysis under this market approach focuses on similarities and differences found between the compared properties and the subject property, which impact the latter. They are called comparison items and can include: differences between the transmitted property rights, purchasers' and sellers' motivations, financing terms, market conditions on sale date, sizes, property locations, physical characteristics and, in case properties are producing revenues, the economic characteristics as well.

One of the techniques used in case of direct comparisons is the quantitative analysis of sales comparison by data pairs, being the most utilised technique for land assessment when comparable sales/offers are available. This method is applied by analysing, comparing and adjusting the sales and other data for similar plots with a

view to find out a value gauge for the land under valuation. The comparison takes into account the resemblances and differences between plots, established using certain comparison items.

Comparison items are the specific property and transaction features which determine the differences between the prices paid for the real estate property.

The market comparison method in land assessment begins from comparisons reduced to a square metre of land.

Comparison items applied to lands are as follows:

- Ownership rights over the land
- Legal utilisation restrictions
- Financial terms
- Sale terms, which show the motivation of transaction participants
- Expenses required right after the purchase
- Market terms, which show the market changes on the transaction date
- Location
- Area
- Topography
- Shape
- Access
- Street opening and lateral sides ratio
- Zone-setting
- Utilities
- Economic characteristics
- Utilisation
- Non real estate components

Prices were used for comparable plots and the transactions / offers performed on the closest date to the valuation were taken into account according to the ads for land sale offers in the area published on specific sites.

Sale offers were studied for properties with main characteristics similar to the lands subjected to sale in order to assess the land and the offers included in the market comparison analysis were checked by direct talks with the owners / owners' representatives. We have identified sale offers for lands with similar features in the area, which are provided in the annexes.

The calculations made to estimate the fair value using the fore-mentioned method are found in the **Annex**.



## Chapter IV CONCLUSIONS

### Analysis of results

A significant estimated value can be sustained by studying the entire valuation process using three criteria:

- Adequacy
- Information quantity and quality
- Accuracy

**Adequacy** refers to the market preference for certain approaches in specific circumstances and for the wholeness degree associated to the analysis and results of comparable information.

The **information quantity and quality** is studied in order to determine whether the result obtained is truthful enough for the market. Market information necessarily mirrors past events. A valuator should also refer to data when he/she estimates the value that actually represents the present value of future property profits.

The accuracy of valuation is gauged by the valuator's confidence in the information accuracy, in the result of calculations from each approach, in the adjustments made for the sale prices of each comparable property etc.

The market approach uses market data of the respective date or recent ones. We have studied the zone setting, the active land market and enough land offers were detected in the area; the information source has been the internet in the main, namely the specific sites. Given the complexity degree of the property, comparable offers might require additional adjustments in order to tailor them to the evaluated property size, but such adjustments were not identified.

In this case taking into account the provided data and the current market conditions the resulting value of the market approach is considered the most adequate one, sufficient and accurate to estimate the fair land value.

### Conclusions

In our opinion the fair value on 31.03.2019 of lands belonging to CNTEE Transelectrica SA which ownership certificates were obtained for is of

**11,883,300 Lei, representing 2,495,024 Euro**

The considerations of estimated values are as follows:

- Each value has been expressed taking exclusively into account the assumptions, the limitative terms and appreciations expressed in this report;
- Estimated values take into account the purpose of this valuation;
- Valuation is an opinion about a value;

## **Chapter V**

### **VALUATOR's PRESENTATION**

This report has been drawn up by JPA ROMANIA, member of JPA INTERNATIONAL, an international network of independent companies having offices in 51 countries.

JPA ROMANIA has specialised in financial accounting audit, consultancy on tax and charges, accounting and valuation.

Our purpose is to provide flexible professional solutions to our clients, delivered efficiently in due time. Our strength is the fast efficient professional response when managing the received requests. Integrity is a condition for our activity, recognised in practice by our clients.

Ever since 1992 our company has been providing a fresh approach tailored both to clients' demands and to the professional community. The company had recorded rising trend and constituted its stable client portfolio from various domains of activity. This is due to our commitment for quality, which company members observe in all professional activities as the company has implemented the quality management system ISO 9001:2015.

JPA ROMANIA dedicates a great part of its activities to the valuation of businesses, of tangible and non-tangible assets and of real estates, performed for various purposes such as company mergers, acquisitions or splitting, loan securing, property transfers, setting the taxation amount, registration in financial statements etc. The company has got qualified personnel with rich valuation experience, being ANEVAR member with licence no. 0084. Its specialists have acquired relevant experience in the domain and have constituted a multi-disciplinary team of experts and ANEVAR members, with EI, EPI, EBM and VE-EPI specialities.

The experience of JPA ROMANIA extends into various activity domains such as bank services, tourism, chemistry & petro chemistry, power engineering, machine building, wood/furniture, light and food industry, transports and agriculture.

JPA ROMANIA is member of professional organisations recognised in Romania: ANEVAR, CECCAR, and Auditors' Chamber etc. Also our company is agreed by ASF and the Ministry of Economy to perform valuations.

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## **Annexes**

- Legal documentation
- Calculation form
- Comparable offers

## Annex of lands which ownership certificates were obtained for

31.03.2019

No	Branch	Name / location	TB total as per certificate	Information about the area			ID, location	Estimated value on 31.03.2019	
				Total (as per land register)	Area of which			Address	Fair value
					exclusive	undivided share	Lei		
1	TB Bacau	TB Bacau offices	1,856.00	1,856.00	1,856.00		Str. Oituz 41, Bacau	1,325,964	278,400
2	TB Bucharest	TB Bucharest offices	583.04	583.04	277.35	305.69	Sos. Stefan cel Mare 1A, Bucharest 1	2,785,233	584,789
3	TB Cluj	Offices of CERET Cluj	399.40	399.40	222.00	177.40	Str. Taberei 20, Cluj Napoca	266,317	55,916
4	TB Cluj	TB Zalau offices	195	195	116.00	79.00	Blvd. Mihai Viteazul 79, Zalau	15,789	3,315
5	TB Cluj	Office flats, Cluj Est substation	325.00	325.00	325.00		Blvd. Muncii 18, Cluj Napoca	131,572	27,625
6	TB Cluj	Operational centre, Vetis substation	800.00	800.35	800.35		Numberless Str. Radu Mare, Satu Mare	22,871	4,802
7	TB Constanta	Offices of SIT Tulcea	3,102.99	3,102.99	0.00	3,102.99	Str. Prelungirea Taberei, Tulcea	413,811	86,884
8	TB Constanta	SCM storeroom	1,148.09	1,148.00	1,148.00		Str. Varful cu Dor 6, Constanta	371,803	78,064
9	TB Constanta	Intervention Centre, Medgidia	198.00	198.00		197.63	Medgidia Town, Constanta	7,544	1,584
10	TB Craiova	Administrative office of TB Craiova	1,974.21	1,934.75	1,934.75		Str. Brestei 5, Craiova City, Dolj County	2,865,810	601,707
11	TB Craiova	CPM Office, Targu Jiu	1,325.67	1,310.17	1,310.17		Str. George Cosbuc 22, Tg. Jiu, Gorj County	393,126	82,541
12	TB Sibiu	Central office, Sibiu	1,300.69	1,300.69	602.00	698.69	Blvd. Coposu 3, Sibiu	1,685,021	353,788
13	TB Sibiu	CPM Office, Mures	557.50	557.50	0.00	557.50	Str. Elba 3 (ex Tamas Erno 3), Targu Mures	424,842	89,200
14	TB Sibiu	Centre Office, Alba Iulia	325.49	325.49	179.00	146.49	Str. Ferdinand 83, Alba Iulia	63,560	13,345
15	TB Sibiu	Office flats, Darste	757.00	757.00	757.00		Str. Garii Darste 2A, Brasov	151,428	31,794
16	TB Timisoara	Sports base, Timisoara	779.00	779.00	652.00	127.00	Blvd. V. Parvan 5A, Timisoara	690,101	144,894
17	TB Timisoara	Test stand, Semenic	3,132.00	3,132.00	3,132.00		Village Valiug, Caras Severin	268,508	56,376
<b>TOTAL</b>								<b>11,883,300</b>	<b>2,495,024</b>

