



Transelectrica®
Societate Administrată în Sistem Dualist

Compania Națională de Transport al Energiei Electrice
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NOTE

regarding the approval by the SGEA of the share capital increase of National Power Grid Company Transelectrica SA, with the value of the lands for which ownership certificates have been issued

1. General information

National Power Grid Company Transelectrica - SA carries out its activity based on the Company Bylaws approved by Government Decision no. 627/2000.

According to the provisions of GD no. 834/1991 regarding the establishment and evaluation of lands owned by state-owned companies and of Criteria no. 2665/1C/311/1992 issued by the Ministry of Finance and MLPAT, with later amendments and additions, National Power Grid Company Transelectrica SA has drawn up topo-cadastral documentation in order to obtain the ownership certificates for a number of 17 lands, according to annex 1 to this note.

Decision no. 107 of January 30, 2008 modifying art. 6 of Government Decision no. 834/1991 regarding the establishment and evaluation of lands owned by state-owned companies, as well as repealing some regulations in the field, stipulates that "the lands established in accordance with art.1 are valued at market value, based on the valuation reports drawn up, according to the standards in force, by authorised evaluators, certified according to the law, whose services will be purchased in accordance with the provisions of articles 38, 39 and 215 of Company Law no. 31/1990, with later amendments and additions".

Article 215 para. (1) and (3) of Company Law no. 31/1990, with later amendments and additions, provides:

(1) If the share capital increase is made through in-kind contributions, the general assembly that has decided so will propose to the judge-delegate the appointment of one or more experts for the evaluation of these contributions, according to art. 38 and 39.

(3) After the submission of the expert report, the general extraordinary assembly once again convened, taking into account the conclusions of the experts, may decide to increase the share capital.

According to art. 87 of Law no. 24/2017 regarding the issuers of financial instruments and market operations, the share capital increase through in-kind contributions is approved by the shareholders' general extraordinary assembly, in which shareholders representing at least 85% of the subscribed share capital, and with the shareholders' vote representing at least 3/4

of the voting rights. The assessment of the in-kind contribution is made by independent experts, in accordance with the provisions of art. 215 of Company Law no. 31/1990.

2. Justifications

By Decision no. 14/2011, item I.4 and the Decision of the Romanian Court of Accounts (CCR) no. 8/27.06.2017, item I.3, CCR has ordered measures to increase the share capital with the updated value of the lands for which National Power Grid Company Transelectrica SA obtained ownership certificates.

In order to fulfil the measure stipulated by the CCR Decisions, the Company drew up Note no. 42.693/14.11.2018 by which Transelectrica SA's SGEA, through Decision no. 16/2018, approved the increase in principle of National Power Grid Company Transelectrica SA's share capital with the in-kind contribution represented by the value of a number of 17 lands for which the Company has obtained ownership certificates and the submission to the Trade Register Office of Bucharest Tribunal of the proposal for the designation of JPA Audit & Consultanță SRL as an ANEVAR authorised evaluator to assess, under the law, the in-kind contribution, subject to the share capital increase.

Following the validation by the Trade Register Office of Bucharest Tribunal of the SGA proposal regarding expertise, JPA Audit & Consultanță SRL, as an authorised ANEVAR evaluator, drafted and submitted to the Company **Evaluation Report no. 21278/10.05.2019**, in which it is established, as of 31.03.2019, the fair value of the 17 lands for which the Company obtained ownership certificates, lands belonging to the Company: 11,883,300 lei, representing 2,495,024 euro.

In order to increase the Company's share capital, with the value from the ownership certificates for 17 lands, namely **11,883,300 lei**, Note no. 30.416/16.07.2019 (**Annex no. 1**) and Note no. 44.121/23.10.2019 (**Annex no. 2**) have been drawn up in order to obtain the approval of the Shareholders' General Assembly of the Company.

According to contract C3/2020, awarded through a competitive procedure to the company JPA Audit & Consultanță SRL, the reassessment was carried out for all the lands owned by the Company, including the 17 lands for which the Company has obtained ownership certificates, subject to the share capital increase.

The value of the 17 lands for which the Company has obtained ownership certificates is **13,378,945.56 lei**, according to the revaluation report as of 31.12.2019, according to the Annex.

On 20.08.2019, 11.10.2019, 14.10.2019 and 27.11.2019, the quorum required for the extraordinary meeting of the Shareholders' General Assembly, with the agenda specified in the notice of call, was not met. According to the provisions of art. 87 para. (2) of Law no. 24/2017, regarding the issuers of financial instruments and market operations, as well as of art. 113 letter f), art. 117 para. (8) and art. 212 para. (1) of Company Law no. 31/1990, republished, with later amendments and additions, the capital increase, subject to approval in accordance with the agenda specified in the notice of call, requires, in regard to the quorum, the shareholders' participation representing at least 85% of the subscribed share capital.

According to the provisions of art. 219 of Company Law no. 31/1990, with later amendments and additions, the decision of the general assembly regarding the share capital increase shall take effect only to the extent that it is applied within an year since its adoption.

3. Proposals

In view of the above, in applying the provisions of art. 113 letter f), art. 87 of Law no. 24/2017, regarding the issuers of financial instruments and market operations, as well as of art. 212 para. (1) of Company Law no. 31/1990, republished, with later amendments and additions, and in accordance with the provisions of art. 14 para. (2) letter d) of National Power Grid Company's updated Articles of association, we submit for approval by the Shareholders' General Extraordinary Assembly:

- the increase in principle of National Power Grid Company Transelectrica SA's share capital with the in-kind contribution represented by the value of a number of 17 lands for which the Company has obtained ownership certificates;
- the submission to the Trade Register Office of Bucharest Tribunal of the proposal for the designation of JPA Audit & Consultanță SRL as an ANEVAR authorised evaluator to assess, under the law, the in-kind contribution, subject to the share capital increase.

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