

To: THE BOARD OF DIRECTORS

From: Financial Director, Mrs. Adriana Frangu
Chief of Financial Dept., Mrs. Daniela Moldoveanu

Subject: Supplementing the value of the contract no. 2022022309/38/101/25.02.2022

No.: 1343 /22.11.2022

Presentation of current situation

At the present date, the long-term **credit contract no. 2022022309/38/101/25.02.2022** in the amount of **98,429,274.37 RON** is ongoing, between Oil Terminal company, as Borrower and BCR, as lending bank. The loan was contracted to ensure the financing of works contract no. 40/103/25.02.2022, having as its object "Construction of a 55,000 m3 capacity tank in the South Storage Area".

The macroeconomic context after the signing of the contracts

After the signing of the contract mentioned above, the initial economic conditions on which the price of the works contract was based changed, respectively, the inflation increased above the level forecasted at the beginning of 2022 in the Framework Letter issued by the Ministry of Finance due to several crises:

- the post-COVID economic crisis caused increases in the construction total cost index determined by the increase in the price of materials and labor, equipment/goods and other independent equipment,
- the energy crisis that caused uncontrolled increases in the price of fuel, energy and natural gas that did not depend on the action/inaction of the contracting parties
- the crisis generated by the military conflict taking place in Ukraine, with an impact on the increase in the price of materials, equipment, public utilities, including energy, machinery, as well as independent equipment, and the impact on the increase in cost elements is reflected in the construction cost index total, the construction cost index for the cost of materials, unit value index

Regarding the value established for the achievement of the investment object, the change in the initial economic conditions could not be taken into account by the contracting parties at the time of: the start of the award procedure, the elaboration of the offer or the signing of the works contract.

Moreover, the tenderer could not determine, objectively, the correct extent of the contractual risk in the initial financial proposal, not knowing the factors that determined the change in the economic conditions.

Considering that there is a risk that during the tank construction period (2022-2023) for the financing source of the construction works to become insufficient, it will become necessary to supplement the initially contracted value, respectively the amount of 98,429,274.37 RON (including VAT).

Supplementing the credit contract

Based on the contractor's notification regarding the impossibility to support some of the prices based on which the initial offer was established, the contractual parties assessed the supporting documents and based on the

negotiation they determined that the price of the works contract can be updated with the amount of 14,591,983.27 to which the amount of 2,772,476.82 RON related to VAT is added.

Therefore, the credit contract no. 2022022309/38/101/25.02.2022 will be supplemented with the amount of 17,364,460.09 RON (14,591,983.27 RON additional loan + 2,772,476.82 RON amount for VAT).

Guarantee structure:

By OGSM Decision no. 20/26.09.2022, the ratification of the guarantee structure related to the credit contracted for the construction of a 55,000 m³ tank in the South Storage Area was approved, as follows:

I. Real estate mortgage on the future construction asset (respectively, 55,000 m³ tank) located in Constanta Municipality, South Storage Area

II. Real estate mortgage on the urban land below the tank, respectively, land located in Constanta, 2 Caraiman street, lot 1/1/1/2, Warehouse IV South Movila Sara, urban land with an area of 11,688 sqm, according to the cadastral measurement, registered with cadastral no. 256090.

III. Mortgage on current and future bank accounts opened by the company at the lending bank.

We propose maintaining the guarantee structure approved by OGSM no. 20/26.09.2022 because the company guarantees, mainly, with the future construction asset whose value is increased by the additional value requested, respectively by 17,364,460.09 RON.

Calculation of the share of tangible assets proposed as guarantees

Calculation of the share of tangible assets proposed as guarantees in total assets less receivables:

- Fixed assets at 31.10.2022	= 572,473,957 lei
- Receivables at 31.10.2022	= 36,563,757 lei
- Fixed assets less receivables	= 572,473,957 – 36,563,757 = 535,910,200 lei
- 20% of total assets less receivables	= 535,910,200 x 20% = 107,182,040 lei

- Value of the guarantee proposed = 98,288,826.89 lei, of which:

- Construction value = **97,305,659.21 lei** (82,713,675.94+14,591,983.27)

- Value of the land in an area of 11,688 sqm = **983,167.68 lei**

On 31.10.2022, the accounting value of the land located in Warehouse IV Movila Sara is in an amount of **983,167.68 lei** (11,688 sqm of land below the tank x 84.1177 lei/sqm of land value in the South Storage Area)

The share of tangible assets proposed as guarantee in total assets less receivables is 18.3% (98,288,826.89 /535,910,200) x100=18.3%

Therefore, on 31.10.2022, the fixed assets proposed as guarantees represent 18.3% and do not exceed 20% of the total fixed assets, less receivables.

According to the provisions of the Constitutive Act, art. 12 paragraph (4) letter p): *"the acts of acquisition, disposal, exchange or establishment as guarantee of some assets from the category of company's fixed assets, whose value does not exceed, individually or cumulatively, during a financial year, 20% of the total fixed assets, less receivables"*, will be concluded only after the prior approval of the **shareholders ordinary general assembly**.

The guarantee structure will be subject to the approval of the Board of Directors and, subsequently, the approval of the shareholders general assembly in accordance with the provisions of the Constitutive Act in force.

Considering the above, **please approve the following:**

- **the supplementation by 17,364,460.09 RON of the credit contract no. 2022022309/38/101/25.02.2022**
- **the maintenance of the guarantee structure approved by OGSM no. 20/26.09.2022**

- the empowerment of the general director, the financial director, the development director, the head of the legal litigation office and the head of the procurement office or the legal substitutes of the authorized persons to represent the company in relations with the bank, notary public and to sign on behalf and for the company, the credit contract, the additional documents to it, as well as any other documents necessary in the development of the contractual relationship with the bank for the loan granted

We mention that the signing of the additional documents to the credit contract, collateral security agreement, property security agreement as well as any other necessary documents shall be carried out after the approval of the GSM.

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Technical Director,
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Development Director,
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