

**Note approving the establishment of a partnership
for
the development of 38 ha of land located in the North Platform Section, body A and body B**

General presentation

Oil Terminal S.A. is a joint stock company, established as an effect of Law no. 15/1990 on the reorganization of state economic units as autonomous regii and commercial companies, of Government Decision no. 1200/1990 on the establishment of joint stock companies in industry, subject to the provisions of Law no. 31/1990 on commercial companies and the provisions of Government Emergency Ordinance no. 109/2011 on corporate governance of public enterprises, as amended and supplemented by Law no. 111./2016 and the Implementing Rules approved by Government Decision no.722/2016.

Oil Terminal S.A. is a Romanian legal entity based in Constanta with the legal form of a joint stock company. The company carries out its activity in accordance with the Romanian laws being registered at the Trade Register under number J13/512/1991.

Oil Terminal S.A. is a company listed on the Bucharest Stock Exchange since 30.01.1998, being registered in category I under the symbol OIL and subject to all the provisions of the capital market legislation with activities defined by the Law no.238/2004 on oil.

Oil Terminal S.A. carries out activities defined by Law no.238/2004 on oil, being the holder of a concession oil agreement, approved by Government Decision no. 886/2002, signed with the National Agency for Mineral Resources Bucharest on the concession of the exploitation of reservoirs, pipelines for the transport of oil and oil products, pumping installations and other installations and equipment related to them.

The company is managed on a unitary basis by the Board of Directors (BoD) appointed by the Ordinary General Meeting of Shareholders.

Oil Terminal S.A. is engaged in the provision of services related to the reception, loading, unloading, storage and conditioning of crude oil, petroleum, petrochemical and liquid chemical products for import, export and transit and its main services are the following:

- o receiving, storing, packaging and shipping of crude oil, crude oil, petroleum, petrochemical and liquid chemical products for import, export and transit;
- o carrying out technical tests and analyses in its own laboratories for the products handled;
- o carrying out technical tests and analyses in own laboratories for third parties;
- o carrying out repairs and maintenance for the installations and machinery in the company's possession;
- o renting own goods;
- o wholesale of waste and scrap.

Oil Terminal S.A. has a storage capacity of about 1.5 million cubic meters and is the largest seaway operator in the port of Constanta.

Oil Terminal S.A. owns three platform sections (North, South, Port). Each platform section, depending on its specificity, is equipped with :

- o o tanks with capacities between 1.000 m³ and 50.000 m³, equipped with protection belts, with fixed or floating covers, with automatic measuring and fire extinguishing installations;
- o o loading/unloading facilities for petroleum, petrochemical and liquid chemical products

consisting of railway ramps, with a total length of about 30 km and a cumulative capacity of about 20,000 tonnes/24 hours;

- o diesel loading facilities in tankers equipped with volumetric metering systems;
- o transport pipelines with diameters between 100 mm and 1000 mm for transfers within the depot sections, linking the depots and connecting the depots with the maritime docks where oil tankers operate;
- pump houses that can achieve flow rates between 100 and 2,500 m³/h;
- fire-fighting installations consisting of pipelines to each tank, pump houses, fire-fighting materials specific to each product, fire brigade equipped with fire-fighting machines;
- a thermal power station for the supply of technological steam;
- RENAR-accredited laboratories, equipped with equipment for carrying out specific physical-chemical tests;
- waste water collection and treatment facilities;
- facilities for handling CF tanks at the unloading ramps, an operation that is carried out with own locomotives and personnel, accredited and authorized by the Romanian Railway Authority.

The Port Platform Section of Oil Terminal S.A., is located in Pier 4 of the Port of Constanta, berths 69-79. It has in operation 7 operational berths, 6 of which have depths of 12.80 m and length of 325 meters (berths 69-76), and berth 79 has a depth of 17.50 m and length of 393 meters, allowing the operation of ships with a capacity of up to 150,000 dwt.

The company understands to take advantage of all opportunities that arise to meet customer requirements, to improve the economic situation and business climate in its field of activity. Thus, Oil Terminal ensures and undertakes the most appropriate actions in order to fulfil all its socio-economic responsibilities to the best of its ability, in accordance with the law, so that its activities and results best serve the interests of its customers, employees and shareholders, as well as the interests of other stakeholders in the proper functioning of the company.

The entire activity of the company is subordinated to the major purpose as specified in the company's Memorandum of Association, namely to ensure fair and equitable earnings by:

- to carry out profitable activities;
- to earn revenue and profit by providing services to customers in connection with the import, export and transit of crude oil, petroleum products, petrochemicals and liquid chemicals;
- developing efficient, effective, cost-effective, cost-reduction-oriented management.

Oil Terminal S.A. has as a permanent major objective the adaptation to the requirements of environmental legislation and the substantial involvement in corrective/preventive activities for the elimination/prevention of environmental aspects with negative impact on the environment and environmental factors (water, air, soil, subsoil). Monitoring of environmental factors: water, air, soil, groundwater, is currently carried out in accordance with the requirements of the Environmental Permits. The storage structure of volatile products has been reorganised to reduce the discomfort of the population and action has been taken to reduce emissions of volatile organic compounds through investment/modernisation works on storage facilities. In this context, **an essential measure is the relocation of the North depot, which currently remains located inside the city, making it difficult to operate safely, while creating environmental problems. The greening of the North Depot is a priority,**

but as we do not have sufficient financial resources of our own, we believe that this objective can be achieved through a partnership.

Medium and long-term perspectives

In order to achieve its mission, vision and development objectives in the medium and long term, Oil Terminal S.A. intends to constantly adapt and orient its investment strategy, in relation to the resources allocated by the Income and Expenditure Budget, by implementing investment projects that satisfy the following lines of action:

- expansion and increase of storage/loading/unloading capacities for crude oil, petroleum, chemical and petrochemical products, as well as other finished products and liquid raw materials for import, export and transit in line with market demands and customer requirements on all transport routes (sea, inland waterway, rail and road), in order to increase and diversify the existing portfolio of services and provide new services oriented and adapted to the requirements of customers and the domestic and international market, as well as in the context of the prospective transfer of all technological operations from the North Platform Section to the South Platform Section;
- modernization, re-engineering and automation of machinery, equipment and technological installations of the oil terminal in order to increase work productivity, reduce operating times, improve the working environment to increase safety and security of workers at work, protect the customer's property, reduce technological and utility consumption, etc;
- improvement and monitoring of environmental aspects (soil, subsoil, water, air) by upgrading and ensuring that all technological installations are always in optimum operating condition, laying pipelines above ground in the platform sections as well as on the bundle of connecting pipelines, and replacing existing tank covers with the "dome + floating cover" system, where these technologies can be applied, in order to reduce/eliminate the problems of quantitative and environmental balances and compliance with environmental and SEVESO regulations;
- strengthening and increasing the emergency response capacity (PSI, civil protection) by upgrading/rehabilitating/refurbishing and ensuring that the installations/means of containment, fire-fighting, rescue of people and material goods are always in optimum working order;

A first step in the implementation of its own development strategy to transfer to the south depot the capacities currently existing in the north depot (located inside the Constanta municipality) was to access in 2022 a long-term bank loan in lei to finance the construction of a 55,000 cubic meters capacity reservoir in the south depot. This tank will be used by Oil Terminal for the operation of crude oil and petroleum products and will be connected to the national transport system and to Oil Terminal S.A.'s oil berths located in Port Constanta.

Considering that the company's own sources of financing for investments are insufficient compared to the company's needs, in conjunction with the state's dividend policy of the last few years, which has been to distribute 90% of the dividends to shareholders, the company is resorting to long-term bank loans in order to be able to support the minimum necessary investments.

Identifying financial alternatives to finance investments

A potential source of revenue to finance investments is the sale of assets that are no longer suitable for the business. One of the assets that could generate significant sources of own funding is the land related to the Warehouse 2 North.

Thus, the next step in the implementation of the development strategy is to identify solutions to develop the land in the North 2 warehouse. The company has published a report to the BVB and ASF inviting potential investors interested in implementing a partnership for the development of the 38 ha of land located in the North Platform Section, body A and body B, considering the following possible development directions in this area:

- **investments in the residential sector:** construction of housing estates, including green housing by integrating innovative technologies for green energy production from renewable resources (solar energy);
- **investments in the public-private sector through the construction** of hotels, office space for both the private and public sector, retail and logistic spaces, integrated building solution systems consisting of office, commercial and condominium housing, conference halls, performance and mass sports halls, recreational spaces, green spaces, parking lots
- **investments in the sector of electricity production from renewable sources:**
 - construction of photovoltaic park;
 - solutions for the integration of innovative technologies for the production of green energy from renewable resources (solar energy) in the urban development of the building which will be the subject of a possible investment.

Thus, the company has publicly and transparently declared its intention to identify possible investors interested in forming, at their own expense, partnerships with the company in order to develop projects that would enhance the value of the Oil Terminal land and create added value for its partners (shareholders, community, etc.).

They have expressed their intention:

- Iulius Real Estate which states in the documents submitted that all expenses related to the development (including decontamination) will be borne by the investor.
- Prime Kapital in whose proposal they request the company to fulfil at its own cost all the obligations imposed by the authorities in order to green the land and subsequently hand it over to the partner. This submission could not be considered, as Oil Terminal did not have such funds available.

By the EGSM Decision no. 1 of 02.03.2023 it was approved to start negotiations with Iulius Real Estate S.R.L. in order to set up a partnership for the development of the 38 ha land located in the North Platform Section, body A and body B and it was approved to mandate the Board of Directors to negotiate the legal conditions and to formulate the final proposal on the way to realize the partnership, proposal that will be submitted for approval to a subsequent EGSM.

In the analysis of the practical modalities of the association between Oil Terminal and the Developer, two fundamental premises were taken into account: 1. Oil Terminal remains the owner of the land on which the Project is to be developed and 2. The Developer will be the owner of the buildings (above and below ground) to be built within the Project.

In order to determine the right to be established in favour of the Developer for the realization of the Project, the relevant provisions contained in Law no. 50/1991 on the authorization of construction works were analyzed. According to the provisions of Art. 1 para. (1) of Law no. 50/1991, "*The execution of construction works is allowed only on the basis of a construction or demolition permit, issued under the conditions of this law, at the request of the holder of a real right on a property - land and/or buildings - identified by cadastral number, unless the law provides otherwise.*" In view of the real right required to be

constituted in favour of the Developer in order to carry out the proposed Project, the modality of association between Oil Terminal and the Developer was further analysed.

Thus, on the basis of the aforementioned Decision, the parties negotiated the conditions for the establishment of the partnership materialized in an Association Agreement and a Superficies Contract which complies with the provisions of art. 693 para. (1) of the Civil Code, which can be consulted at the company's registered office after signing an NDA. The main elements of the negotiation are presented in the attached material. We believe that the implementation of this partnership will lead to the profitability of the land and to obtain a constant income, in the medium and long term, which will ensure the development of the other activities related to the main object of activity of the company, so that Oil Terminal will be able to diversify its services and contribute to the increase of the coverage of the needs of the local and regional community, in a sustainable and responsible way. At the same time, it will meet the environmental obligations concerning this land, improve the quality of life of the population and create new jobs with a strong economic impact on both the local and national budget through direct and indirect taxes and duties to be paid.

Therefore, we request the following for the GSM of 01(04) September 2023:

1. Approval of the establishment of a partnership between Oil Terminal S.A. and Iulius Real Estate S.R.L. ("the Developer") for the purpose of carrying out an urban regeneration and development project at the Developer's cost with the following main elements:

a. Form of Collaboration

a.1. Association Agreement to start the PUZ phase of project permitting, improvement or extinguishment of environmental obligations with respect to the Land at the developer's cost, decommissioning of existing infrastructure on the land for the implementation of an urban regeneration and development project at the developer's cost under the Superficies Contract.

a.2. Contract for the creation of a right of superficies in favour of the Developer, the Developer acquiring the a right of superficies over the Lands.

b. The object of the Superficies Contract: The land owned by OIL TERMINAL S.A. in the area of 254.261 sqm registered in CF 215416 UAT Constanta, cadastral number 215416 and the land in the area of 129.335 sqm registered in CF 215382 UAT Constanta, cadastral number 215382.

c. Superficies Tax : 2.000.000 EURO/year for the entire surface of the Lands payable in the amount and at the terms negotiated between the parties. A superficies tax shall be paid in the amount and at the times negotiated and shall be indexed in accordance with the negotiated provisions contained in the Superficies Contract.

d. Duration of the Superficies Contract: The contract is concluded for a period of 99 years with the possibility of extension in accordance with the applicable legal provisions.

e. Duration of the Association The association will be valid for the duration of the Superficies Contract.

f. Project Functions Developed Directly by the Developer/Functions Developed by Other Entities:

f.1. The following functions within the Project will be developed directly by - Developer: Retail, Office, Residential, Entertainment, Park, Botanical Garden, Fresh Market , Related parking

f.2. The following functions may be developed, at the Developer's decision, with or directly by public or private institutional partners: University/university campus, Aquarium, Hotel, Related parking, SPA

After approval of the Zoning Urban Plan, the Developer will be able to decide on the development of the previously foreseen functions.

- 2. The empowerment of the General Director, the Financial Director, the Development Director, the Head of the Legal Litigation Office or their legal substitutes to represent the company in its relations with the developer, notary public and to sign on behalf of and for the company the Association Agreement and the Superficies Contract, the additional acts to them, as well as any other documents necessary to carry out the contractual relationship with the developer for the implementation of the project.**
- 3. The empowerment of the administrative and executive management to take the necessary steps to carry out any conduct or obligations arising from the Association Agreement and/or the Superficies Contract, including but not limited to: granting of any approval, agreement, power of attorney would be required by the Developer in the permitting process of the Investment Project, performance of any obligation undertaken to the Developer, demolition of existing buildings and their removal from the land register of the Project Lands, surrender of the Project Lands to the Developer, signing of agreements/contracts of any kind with any utility providers or local authorities for the performance of the steps to which the Developer is entitled under the negotiated terms, collaborating with the Developer in providing the Developer with any support in relation to any deeds, documents or agreements that are or may be required in the development of the Project, carrying out any dismemberments or alienations of the Lands, representing the Company before any central or local authorities and any public or private entities in relation to the development of the Project.**

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