

**To:** BOARD OF DIRECTORS

**From:** Financial Director, Mrs. Adriana Frangu  
Head of Finance – Budgets Office, Mrs. Daniela Moldoveanu

**Subject:** The endorsement of a bank loan for the implementation of investment objectives

**No.** 1,753/13.12.2023

### The need to contract an investment loan

For the period 2024-2025, in accordance with the rectified Budget of Revenues and Expenditures for the year 2023, which includes the period 2024-2025, approved by the OGSM Resolution no.15/29.09.2023, the estimated value level of the own source of financing is in the total amount of 46.5 million lei, which is insufficient to ensure 1) the realization of investment objectives started in 2023 and continuing in 2024, 2) planned new investments, 3) modernizations, as well as repayments of installments related to investment loans.

Thus, the need arose to contract an investment loan to additionally start in 2024 the following objectives:

#### **Construction of tank 30P in Port Platform Section, capacity 10.000 cubic meters.**

Total estimated value of the investment, excluding VAT – **18,547,420.17 lei**

Location of the investment objective - Port Platform Section

Average duration of the investment objective - 12 months

Investment phasing :

- Year I (2024) – 12,983,194.12 lei

- Year II (2025) – 5,564,226.05 lei

Economic and financial impact - increasing the handling and storage capacity of chemical products, primarily methanol.

#### **Modernization of Tank T29S, current capacity 50,000 cubic meters.**

Total estimated investment value, excluding VAT - **60,653,241.03 lei**

Location of the investment objective - South Platform Section

Causes leading to the necessity of performing modernization works:

- The tank shows leaks at the lower part, according to the inspection report No. 612/09.06.2023, issued by the CIPM (Facilities Control and Environmental Protection) Service.
- The floating roof has four floats immersed with petroleum product.

The modernisation work consists of :

- changing the bunk and tank bed
- raising the tank with an additional lower boom
- changing the metal floating cover
- fitting new seals
- rebuilding of PSI (Fire Prevention and Extinguishing), electrical and steam installations
- rebuilding corrosion protection

Average duration of the investment objective - 12 months

Investment phasing :

- Year I (2024) - 42,457,268.72 lei

- Year II (2025) - 18,195,972.31 lei

Anticipated changes:

- Increase in operational safety of the tank
- Increase in the useful life by +20 years

Economic and financial impact - capacity increase by +7,000 cubic meters.

**Modernization of Tank T26S**, current capacity 31,500 cubic meters.

Total estimated investment value, excluding VAT - **41,755,269.08 lei**

Location of the investment objective- South Platform Section

Causes leading to the necessity of performing modernization works:

- Technical deterioration described in inspection reports No. 1332/26.11.2021 and No. 1246/12.2.2022 prepared by the CIPM Service
- The company's strategy to relocate activities from the North Platform Section to the South Platform Section
- Modernization works include:
  - Changing the elastic bed and tank bottom
  - Construction of a fixed metal roof
  - Construction of thermal insulation for the tank
  - Refurbishing fire protection, electrical, and steam installations
  - Refurbishing corrosion protection

Average duration of investment project realization - 12 months

Investment phasing:

- Year I (2024) - 29,228,688.36 lei
- Year II (2025) - 12,526,580.72 lei

Anticipated changes:

- Changing the purpose of this tank from crude oil to pitch.
- Increase in useful life by +20 years

Economic and financial impact - enables the company to meet the requirements of operating pitch even after the closure of the North Platform Section.

Considering the presented information, the total value of the investment loan amounting to **120,955,930.28 lei** (excluding VAT) will be utilized through successive disbursements over a period of 24 months starting from the year 2024, with a grace period of 24 months, and the repayment of installments will be carried out over the next 13 years.

It is noted that the estimated VAT of 22,981,626 lei will be paid by the company from its own revenues.

As of the current date, the company has four ongoing investment loan contracts:

- A loan of 26.77 million lei contracted in 2017 with a maturity date in 2027.
- A loan of 23.49 million lei contracted in 2018 with a maturity date in 2028.
- A loan of 30.70 million lei contracted in 2020 with a maturity date in 2030.
- A loan of 115.79 million lei contracted in 2022 with a maturity date in 2037.

We would like to mention that the company does not have any overdue installments or interest payments with the financing banks.

### **Regarding the investment loan,**

The financing for the three investment objectives will be ensured through external sources by entering into a long-term loan agreement in lei, excluding VAT, under the following conditions: a loan period of 15 years (long-term credit), a utilization period of 24 months, a grace period of 24 months, and repayment of the loan through monthly installments starting from the month following the expiration of the grace period.

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

- **Contracting a long-term investment loan in the amount of 120,955,930.28 lei (excluding VAT)**
- **Empowering the General Manager, Financial Director, Director of Development, Head of the Legal Disputes Office, and the Head of the Procurement Office or their rightful substitutes to**

**represent the company in dealings with the bank, notary public, and to sign, on behalf of the company, the credit agreements, real movable and immovable guarantee contracts, their addenda, as well as any other necessary documents in the execution of the contractual relationship with the bank for the granted loans.**

For the signing of the contracts, we request that both the Board of Directors' decision and the General Shareholders' Meeting resolution **empowering the General Manager, Financial Director, Director of Development, the Head of the Legal Litigation Office and the Head of the Acquisition Office or their legal substitutes to represent the company in its relations with the bank, notary public and to sign on behalf of and for the company, the movable and immovable real estate guarantee contract, the additional documents thereto, as well as any other documents necessary in the performance of the contractual relationship with the bank for the loan granted.**

After approval by the Board of Directors for contracting the long-term investment loan in lei, in accordance with the provisions of Article 12, paragraph (4), letter n) of the company Constitutive Act, the report will be submitted for approval by the General Shareholders' Meeting. Following this, the procedure for selecting the bank will be initiated in accordance with the company's internal procurement regulations.

General Director,  
Viorel Sorin Ciutoreanu

Financial Director,  
Adriana Frangu

Tehcnical Director,  
Emil Rohat

Development Director,  
Marieta Stasi

Head of Finance – Budgets Office,  
Daniela Moldoveanu

Head of Investment Office,  
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