

Notes 1, 2 and 3 - EGMS

- 1. Approval of the initiation of the share capital increase operation of OMV Petrom by in kind contribution of the Romanian State, represented by the Ministry of Energy, as a result of obtaining the land ownership certificates**
- 2. Approval of the notification of the Romanian State, represented by the Ministry of Energy, as per the article 4.2.2, letter b of Privatization Agreement no. 5/2004 and the article 13 (1), letter b of Law 555/2004**
- 3. Ratification of the appointment of the independent expert valuator, Darian DRS SA**

I. Background and status of LOCs obtaining process

Former State-owned companies may obtain ownership of plots of land received in administration or use from the Romanian State and that are necessary to carry out their activity. Such land ownership certificates (“**LOCs**”) are issued based on the Government Decision no. 834/1991 („**GD 834/1991**”) and of the Criteria no. 2665/1992 for the determination and evaluation of land (“**Criteria 2665/1992**”).

According to Law no. 555/2004 regarding the privatization of SNP Petrom S.A. (“**Law 555/2004**”), Petrom Privatization Agreement no. 5/2004 (“**Privatization Agreement**”), as well as Law no. 137/2002 regarding certain measures for the acceleration of the privatization (“**Law 137/2002**”) and to other relevant legal provisions regarding privatizations, OMV Petrom is required to increase its share capital with the value of the LOCs that were issued in its favor.

Likewise, the land share capital increase has to be implemented by OMV Petrom according to:

- (i) Law 555/2004, as *special law* approving the Privatization Agreement and
- (ii) *General laws*, including Law 137/2002 to the extent Law 555/2004 has not derogated therefrom.

Law 555/2004 and the Privatization Agreement provides for two land share capital increases (“**LSCI**”):

- (i) First LSCI was finalized in 2006;
- (ii) Second LSCI is conditional upon obtaining all LOCs possible to be obtained, a process which involved both OMV Petrom, as well as public authorities; Although extensive effort has been made, the process of obtaining LOCs has been prolonged due to high complexity and a very large number of land plots.

Moreover, in accordance with article 12 of Law 137/2002, in case land ownership certificates are issued after privatization, the share capital shall be increased by virtue of law (*de jure*) with the value of the relevant land plots that will be considered contribution in kind of the Romanian State in exchange for which additional shares will be issued in its favor. Such share capital increase with the value of the land plots for which land ownership certificates were issued shall be implemented without adding a share premium (i.e. new shares will be issued at nominal value). Consequently, the existing shareholders will be also entitled to subscribe new shares based on their preference rights at a subscription price equal with nominal value, without adding a share premium.

In accordance with article 4.2.2, letter b of Privatization Agreement and the article 13 (1), letter b of Law 555/2004, OMV Petrom shall notify the Romanian State after all LOCs have been obtained. Last remaining LOCs possible to be obtained have been obtained beginning of March 2022.

Details and status of the LOCs obtaining process related to the plots of land received by OMV Petrom in administration or usage from the Romanian State and explanations on non-eligible categories of plots of land are presented herein below.

Status of Land Ownership Certificates ("LOCs") obtaining process as of 08.03.2022 related to plots of land received by OMV Petrom in administration or usage from the Romanian State		
Land plots categories	hectares	p%
Total plots of land in the administration / use of the Company at the set-up date, out of which:	7,520.03	100.00%
A. Plots of land for which valid LOCs have been obtained, out of which:	5,345.27	71.08%
A.1. Included in the share capital	3,963.43	52.70%
A.1.1. Included in share capital before privatization	2,455.57	32.65%
A.1.2. Included in share capital after privatization (according to art. 13 paragraph (1) letter b of Law 555/2004)	1,507.85	20.05%
A.2. Not included in the share capital (will be included in the share capital increase according to art. 13 letter b of Law 555/2004)	1,379.15	18.34%
A.3. Surfaces reduced following final decisions issued by Court, from LOCs not included in the share capital	1.11	0.01%
A.4. Surfaces of land for which two LOCs were obtained (two documents for the same plot of land), from LOCs not included in the share capital	1.58	0.02%
B. Plots of land for which OMV Petrom continues the efforts to obtain LOCs	-	-
C. Plots of land for which administrative means of obtaining LOCs have been exhausted by OMV Petrom, out of which:	51.42	0.68%
C.1. Plots of land subject to restitution process by local authorities as per property laws	19.24	0.26%
C.2. Plots of land that are public or private property of communes/cities/counties	23.34	0.31%
C.3. Plots of land located in areas which have not fallen under cooperativization	0.47	0.01%
C.4. Plots of land owned by other private owners	2.61	0.03%
C.5. Plots of land with documentations not approved by authorities / minutes with neighbours with refusal to sign	5.76	0.08%
D. Plots of land which do not fulfil the conditions for applying the provisions of GD 834/1991 and Criteria 2665/1992, out of which:	2,108.60	28.04%
D.1. Plots of land for which no valid documents certifying that the plots have been received in usage/ administration were identified (related to active objectives and production facilities) ²⁾	107.48	1.43%
D.2. Plots of land which are no longer necessary for the production process, being related to inactive objectives (inactive wells and other objectives and facilities, including abandoned and abandonable wells) ^{1) 2)} , out of which:	1,494.89	19.88%
D.2.1 Plots of land related to abandonable objectives ²⁾	326.00	4.34%
D.2.2 Plots of land related to decommissioned and abandoned objectives ²⁾	1,168.89	15.54%
D.3. Plots of land used on the basis of contracts of use concluded with the owners of the respective plots	278.03	3.70%
D.4. Plots of land related to oil & gas fields which OMV Petrom has renounced to / transferred	202.12	2.69%
D.5. Plots of land for which other owners were identified (natural or legal persons) and for which OMV Petrom obtained ownership under various forms (purchase agreements, Court decisions with paid expropriation, exchange contracts etc.)	26.08	0.35%
E. Differences resulted from topo-cadastral measurements	14.74	0.20%

¹⁾ Including 50 documentations submitted to Ministry of Economy in 2014 and taken over by the Ministry of Energy in 2015, non-eligible for obtaining LOCs as they currently relate to objectives that are abandoned / abandonable.

²⁾ Based on status of objectives (wells and facilities) as of January 5, 2022.

Herein below we present the **relevant details for the non-eligibility of the lands by categories.**

The relevant legislation does not set out in detail the conditions regarding the land for which (former) state-owned companies would be entitled to obtain LOCs, these conditions and the related procedure being briefly set out in GD 834/1991 and Criteria 2665/1992.

At the same time, both Law 555/2004 and the Privatization Agreement make express reference to GD 834/1991, as follows:

Art. 1.2 of Privatization Agreement - *“Land Pending Clarification means the aggregate of all pieces of land used by the Company and in relation to which the Company is entitled to receive certificates evidencing its ownership right, in accordance with Government Decision No. 834/1991, and in relation to which, as at the Signing Date, no share capital increase has been carried out as required under the Privatisation Legislation.”*

Art. 2 q) of Law 555/2004 - *“land pending clarification means the aggregate of all pieces of land used by the company and in relation to which the company is entitled to receive certificates evidencing its ownership right, in accordance with Government Decision No. 834/1991 for the determination and evaluation of land owned by state-owned companies, with subsequent amendments and completions, and in relation to which, as at the signing date of the contract, no share capital increase has been carried out as required under the privatization legislation.*

According to GD 834/1991 and Criteria 2665/1992, (former) state owned companies have the right to obtain land ownership certificates if certain conditions are cumulatively met (e.g. the existence of a valid title of administration / use, the condition that these lands are necessary for these companies to carry out activities according to their object of activity, the condition that these lands are not part of the public/private domain of the Romanian State or of an administrative-territorial unit, etc.).

Category C.1. Plots of land subject to restitution process by local authorities as per property laws

Several plots of land were the subject of a restitution process after the fall of the communist regime in Romania. The private owners (former owners / their heirs) of the land plots obtained ownership titles based on Law no. 10/2001 regarding the legal regime of some buildings abusively taken over between March 6, 1945 - December 22, 1989 or based on Law no. 18/1991 regarding the land fund.

For such lands that are already owned by third parties, according to GD 834/1991 and Criteria 2665/1992, the conditions for the preparation by the company and the finalization / approval by the relevant authorities of the GD 834 documentation in order to obtain LOC are not met.

Category C.2. Plots of land that are public or private property of communes/cities/counties

Art. 3 of GD 834/1991 expressly indicates that the lands that are publicly owned are outside its scope. Thus, OMV Petrom is not entitled to obtain land ownership certificates for land that is publicly owned.

Also, Government Emergency Ordinance No. 88/1997 regarding the privatization of companies ("**GEO 88/1997**") refers to both public and private domains as impediments for obtaining the ownership certificates. Pursuant to GEO 88/1997, the company shall not be entitled to obtain the ownership certificates for land plots which pertain to the public or private property of the Romanian State or of an administrative-territorial unit.

This section includes plots of land for which the company has information that they are part of the public domain, including those from the national forest fund managed by the Romsilva National Forests Authority or from the public or private domain of communes / cities / counties. For such lands, according to GD 834/1991 and Criteria 2665/1992, the conditions for preparing by the company and finalizing / approval by the relevant authorities of the GD 834 documentation in order to obtain LOC are not met.

Category C.3. Plots of land located in areas which have not fallen under cooperativization

This section includes plots of land that are located in communes that have never been subject to cooperativization and thus private owners have never lost ownership of these plots of land. This information was corroborated with the lack of documents of administration or lack of complete documents of administration (in which expropriated persons are not clearly indicated).

For such lands, according to GD 834/1991 and Criteria 2665/1992, the conditions for preparing by the company and finalizing / approving by the relevant authorities of the GD 834 documentation in order to obtain LOC are not met.

Category C.4. Plots of land owned by other private owners

Regarding these plots of land, OMV Petrom has obtained information that they are owned by private third parties.

For such lands that are owned by third parties, according to GD 834/1991 and Criteria 2665/1992, the conditions for the preparation by the company and the finalization / approval by the relevant authorities of the GD 834 documentation in order to obtain LOC are not met.

Category C.5. Plots of land with documentations not approved by authorities / minutes with neighbours with refusal to sign

According to GD 834/1991 and Criteria 2665/1992, the GD 834 documentation prepared by the contractor for topo-cadastral services go through an extensive process of verification / approval / reception / signing by the relevant authorities / persons before being submitted to the relevant ministry in order to issue the land ownership certificate.

Regarding the signing of the neighborhood minute, the provisions of Criteria 2665/1992 in the Annex: Preparation of topographic documentation, chapter 3: Topographic measurements, 9. Topographic operations: “*recognition of the surface territorial limits [...], in the presence of the neighbours of the state owned company and its recording in a minute*” is corroborated with the provisions of art. 84 of Regulation 700/2014 for approval, reception and registration in the records of cadaster and land book. Thus, during the process of preparing the GD 834 documentation, the neighbours owners are also notified / convened in order to recognize the boundary of the surface and to sign the neighborhood minute. There are situations in which the owners refuse to sign the neighborhood minute and this is recorded in the neighborhood minute, in which case the GD 834 documentation cannot be completed.

Insofar as the necessary conditions are not met from the perspective of the neighborhood minute or the necessary approvals are not obtained from the cadastral offices / county councils involved in the process (the documentations being rejected), the GD 834 documentation cannot be finalized or submitted to the relevant ministry for the issuance of LOC (the relevant ministry being the last authority involved in the process and the issuer of the LOC).

Category D.1. Plots of land for which no valid documents certifying that the plots have been received in usage/ administration were identified (related to active objectives and production facilities)

This section includes plots of land for which OMV Petrom has not identified any documents regarding receipt in administration / use or for which it has not identified complete documents for administration right. In the absence of such a title of administration / use or its completeness, the company is not entitled to request / obtain a land ownership certificate.

For such lands without administration documents or without complete documents, according to GD 834/1991 and Criteria 2665/1992, the conditions for the preparation by the company and the finalization / approval by the relevant authorities of the GD 834 documentation in order to obtain LOC are not met.

Category D.2. Plots of land which are no longer necessary for the production process, being related to inactive objectives (inactive wells and other objectives and facilities, including abandoned and abandonable wells), out of which:

D.2.1 Plots of land related to abandonable objectives

D.2.2 Plots of land related to decommissioned and abandoned objectives

According to art. 1 of GD 834/1991 and Criteria 2665/1992, (former) state-owned companies are entitled to obtain land ownership certificates for plots of land provided that certain main conditions are met, including the condition that these lands be necessary in order to carry out the activity according to their object of activity. This section includes plots of land for objectives that are no longer required for the production process and are decommissioned.

Art. 1 of GD 834/1991 provides the following: *"The lands in the patrimony of the state owned commercial companies that at the date of their set up are necessary to carry out the activity according to their object of activity [...]."*

The main activity of OMV Petrom is the exploration and exploitation of oil and gas fields.

The necessity test is not met for the lands where no exploration and exploitation operations are carried out, respectively related to the wells / objectives / facilities abandoned and abandonable / decommissioned of OMV Petrom, as the company does not need those lands for its economic activity.

Since the lands related to these decommissioned objectives (abandoned and abandonable wells, respectively facilities and other decommissioned objectives) are not necessary for carrying out the economic activity by reference to the provisions of art. 1 of GD 834/1991 and of Criteria 2665/1992 results that the conditions for the preparation by the company and the finalization / approval by the relevant authorities of the GD 834 documentation in order to obtain LOC are not met.

Category D.3. Plots of land used on the basis of contracts of use concluded with the owners of the respective plots

Regarding these plots of land, OMV Petrom has obtained information that these are owned by third parties, private individuals or legal entities or even City Halls and has concluded use contracts for the respective lands.

For such lands that are owned by third parties, according to GD 834/1991 and Criteria 2665/1992, the conditions for the preparation by the company and the finalization / approval by the relevant authorities of the GD 834 documentation in order to obtain LOC are not met.

Category D.4. Plots of land related to oil & gas fields which OMV Petrom has renounced to / transferred

This category represents lands related to the petroleum objectives located on the perimeters of oil and gas fields, exploration / exploitation of which OMV Petrom has renounced to or has transferred in accordance with National Agency for Mineral Resources ("ANRM") approvals (transfer orders, decisions etc.).

Since the perimeter has been renounced to / transferred, the transferor can no longer carry out commercial activity, can no longer carry out exploration / exploitation works on the respective perimeter by reference to Petroleum Law no. 238/2004 (eventually, only abandonment / cleaning of the environment / closure of the well).

As the lands relates to these wells / objectives allocated to the oil and gas fields to which OMV Petrom has renounced to / transferred are not necessary for carrying out the economic activity, by reference of the provisions of GD 834/1991 and Criteria 2665/1992, it results that the conditions are not met for the company

to prepare and to finalize / approve by the relevant authorities the GD 834 documentation of in order to obtain LOC.

Category D.5. Plots of land for which other owners were identified (natural or legal persons) and for which OMV Petrom obtained ownership under various forms (purchase agreements, Court decisions with paid expropriation, exchange contracts etc.)

For these lands OMV Petrom is already the owner, the property being acquired by other methods than by obtaining a LOC (e.g. sale-purchase contract).

For such lands that are already owned by OMV Petrom, according to GD 834/1991 and Criteria 2665/1992, the conditions for the preparation by the company and the finalization / approval by the relevant authorities of the GD 834 documentation in order to obtain LOC are not met.

Regarding the category A.3. Surfaces reduced following final decisions issued by Court, from LOCs not included in the share capital, this represents lands for which the company obtained LOCs, and subsequently they were partially or totally annulled in court in favor of third parties.

This category is highlighted separately, having relevance especially to the implementation of the increase and to justify the respective differences of surfaces between the surfaces mentioned in the LOC and the surfaces considered when increasing the share capital.

Thus, these LOCs reduced by final judgment continue to produce the legal effects provided by law on the remaining land surfaces following the reduction of the initial surface by court decisions and only the areas thus reduced should be taken into account in the context of the increase of the share capital operation.

Regarding the category A.4. Surfaces of land for which two LOCs were obtained (two documents for the same plot of land), from LOCs not included in the share capital, this category is highlighted separately, having relevance especially to the implementation of the share capital increase and to justify the respective differences of surfaces between the surfaces mentioned in the LOCs and the surfaces considered for increase the share capital.

By an expert report issued by a company specialized in topo-cadastral services (legal entity authorized by the National Agency for Cadastre and Land Registration), it was certified that:

- (i) there are full overlaps between the land surfaces related to the certain objectives included in two distinct LOCs or
- (ii) the land surface related to certain objective is included twice in the same LOC as two different positions, being doubled in the calculation of the total land surface mentioned in the certificate.

The effects are the same in both situations from (i) to (ii) in the sense that these surfaces of land should be taken into account and included only once in the share capital increase.

II. Independent expert valuator

In accordance with the applicable law, in case of share capital increase with contribution in kind, the general meeting of shareholders will decide on the appointment of an independent expert valuator for the valuation of the lands.

In order to speed up the implementation of the land share capital increase, in parallel with the efforts for obtaining the last remaining LOCs, OMV Petrom finalized in 2021 a procurement procedure for the selection of the independent expert valuator at the end of which Darian DRS SA (*authorized by The National Association of Authorized Romanian Valuers as corporate member*) was declared winner and subsequently appointed by the Bucharest Trade Registry to evaluate the land plots for the in kind contribution.

The procurement procedure was performed in accordance with the provisions of the Sectorial Law no. 99/2016, as a below threshold procedure, specifically a competitive tender process, organized as per the Company's internal regulation on procurement, by observing the public procurement principles.

III. Proposal for approval

In consideration of the above, **OMV Petrom's Executive Board proposes to the Extraordinary General Meeting of Shareholders ("EGMS") of 27 April 2022 (first convening)/28 April 2022 (second convening)** to approve, as follows:

1. *Approval of the initiation of the share capital increase operation of OMV Petrom by in kind contribution of the Romanian State, represented by the Ministry of Energy, as a result of obtaining a number of 1,944 land ownership certificates (total area of land plots to be included in the share capital being of 1,379.15 hectares), by reference to the land ownership certificates obtaining status and the situation of non-eligible land plots that do not fulfil the conditions provided for by GD 834/1991 and Criteria 2665/1992 and for which land ownership certificates cannot be obtained, as detailed and presented in the supporting materials.*
2. *Approval of the notification of the Romanian State, represented by the Ministry of Energy, as per the article 4.2.2, letter b of Privatization Agreement no. 5/2004 and the article 13 (1), letter b of Law 555/2004 on SNP Petrom SA privatization, given that all land ownership certificates possible to be obtained have been obtained by OMV Petrom, by reference to the land ownership certificates obtaining status and the situation of non-eligible land plots that do not fulfil the conditions provided for by GD 834/1991 and Criteria 2665/1992 and for which land ownership certificates cannot be obtained, as detailed and presented in the supporting materials.*
3. *Ratification of the appointment of the independent expert valuator, Darian DRS SA, selected by the Company following a competitive tender process and appointed by the Trade Registry Office of Bucharest Tribunal to evaluate the land plots for the in kind contribution, as detailed and presented in the supporting materials.*

The above proposal was approved by the Executive Board and by the Supervisory Board in view of its submitting for approval to the EGMS of OMV Petrom S.A. of 27 April 2022 (first convening)/28 April 2022 (second convening).

Alina Popa

*Member of the Executive Board
Chief Financial Officer
OMV Petrom S.A.*