

**Resolution no. 7 / 20 April 2022
of the Shareholders' Ordinary General Meeting of
FONDUL PROPRIETATEA S.A.**

Headquarters: 76-80 Buzești Street, 7th floor, sector 1, Bucharest, Romania,
Registered with the Trade Registry under number J40/21901/2005, fiscal registration code
18253260

Today, 20 April 2022, 2:00 PM (Romanian time), the shareholders of Fondul Proprietatea S.A. (the “**Fund**” or “**Fondul Proprietatea**”) have met during the Shareholders' Ordinary General Meeting (“**OGM**”) of the Fund, at its first summoning, at “ATHÉNÉE PALACE HILTON BUCHAREST” Hotel, Enescu Salon, 1-3 Episcopiei Street, Sector 1, Bucharest, 010292, Romania, the OGM being opened by its Chairman, namely Mr. Johan Meyer, in his capacity of permanent representative of Franklin Templeton International Services S.À R.L., a société à responsabilité limitée qualifying as an alternative investment fund manager under article 5 of the Luxembourg law of 12 July 2013 on alternative investment fund managers, authorized by the Commission de Surveillance du Secteur Financier under no. A00000154/21 November 2013, whose registered office is located at 8a, rue Albert Borschette, L-1246 Luxembourg, registered with the Luxembourg register of commerce and companies under number B36.979, registered with the Romanian Financial Supervisory Authority under number PJM07.1AFIASMDLUX0037/10 March 2016, in its capacity of alternative investment fund manager and sole director of Fondul Proprietatea S.A. (“**Sole Director**”).

Whereas:

- The convening notice of the OGM was published on the Fund's website (www.fondulproprietatea.ro) on 25 February 2022, in the Official Gazette of Romania, Part IV, number 901 of 2 March 2022 and in “Adevărul” newspaper number 8695 of 2 March 2022;
- The provisions of Companies' Law no. 31/1990, republished, with its subsequent amendments and supplementations (Companies' Law no. 31/1990);
- The provisions of Emergency Government Ordinance no. 32/2012 on undertakings for collective investment in transferable securities and investment management companies, as well as for the amendment and supplementation of Law no. 297/2004;
- The provisions of Regulation of the Financial Supervisory Authority no. 4/2013 regarding depositary receipts;
- The provisions of Law no. 24/2017 on issuers of financial instruments and market operations, with its subsequent amendments and supplementations (Issuers' Law);

- The provisions of Regulation of the Financial Supervisory Authority no. 5/2018 on issuers of financial instruments and market operations (Regulation no. 5/2018);
- The provisions of Law no. 243/2019 on alternative investment funds and for the amendment and completion of other legislation (Law no. 243/2019);
- The provisions of Regulation of the Financial Supervisory Authority no. 7/2020 on the authorization and operation of alternative investment funds (Regulation no. 7/2020);
- The provisions of COMMISSION IMPLEMENTING REGULATION (EU) 2018/1212 of 3 September 2018 laying down minimum requirements implementing the provisions of Directive 2007/36/EC of the European Parliament and of the Council as regards shareholder identification, the transmission of information and the facilitation of the exercise of shareholders rights (CE Regulation 1212/2018),

it is necessary to have a number of shareholders holding 25% of the total voting shares in order to meet the quorum conditions, in the present OGMS, manifesting their vote 73 shareholders, which represents a number of 3,525,298,831 voting rights (i.e. 56.9117% of the total voting rights at the reference date 24 March 2022, i.e. 6,194,326,989; i.e. 54.9780% of the total number of shares in issue at the reference date 24 March 2022, i.e. 6,412,196,967),

there are met the quorum for holding this meeting and the majority for shareholders to decide legally, under the legally required majority (according to art. 112 paragraph (1) of the Companies' Law no. 31/1990 and art. 14 I paragraph (1) of the Fund's Constitutive Act).

Following debates, the Fund's shareholders decide as follows.

- I. The approval of the 2021 remaining net accounting profit allocation, including the approval of the distribution of an annual gross dividend of RON 0.1250 per share from the 2021 net accounting profit, all in accordance with the supporting documentation and annexed to this resolution. If the 2021 net accounting profit allocation and the dividend distribution proposal above-mentioned are approved, the shareholders further approve that the payment of the above dividends to start on the Payment Date of this OGM (as defined at point 10 of this OGM) to the persons registered as shareholders of Fondul Proprietatea on the Registration Date (as defined at point 10 of this OGM). Unpaid shares and treasury shares do not constitute dividend entitlement.

This item is adopted with 3,525,131,231 votes, representing 99.9952% of the total votes held by the present or represented shareholders, in accordance with Article 14 (1), second paragraph of the Constitutive Act corroborated with Article 112 (1), second paragraph of Companies' Law no. 31/1990.

The votes were recorded as follows:

- 3,525,131,231 votes „for”;
- 0 votes „against”;
- 167,600 abstentions;
- 0 votes „not given”;
- 1,885,472 votes annulled.

II. The approval of:

- (a) The date of **2 June 2022** as the *Ex – Date*, in accordance with Article 176 paragraph (1), computed with the provisions of Article 2 paragraph (2) letter (l) of Regulation no. 5/2018; and of

The date of **3 June 2022** as the **Registration Date**, in accordance with Article 176 paragraph (1) of Regulation no. 5/2018, computed with the provisions of Article 87 paragraph (1) of Issuers’ Law.

The date of **27 June 2022** as the **Payment Date**, in accordance with Article 178 paragraph (2) of Regulation no. 5/2018, computed with the provisions of Article 87 paragraph (2) of Issuers’ Law.

As they are not applicable to this OGM, the shareholders do not decide on the other aspects provided by Article 176 paragraph (1) of Regulation no. 5/2018 such as date of the guaranteed participation.

- (b) The empowerment, with authority to be substituted, of Johan Meyer to sign the shareholders’ resolutions, as well as any other documents in connection therewith, and to carry out all procedures and formalities set out by law for the purpose of implementing the shareholders’ resolution, including formalities for publication and registration thereof with the Trade Registry or with any other public institution.

This item is adopted with 3,525,131,431 votes, representing 99.9953% of the total votes held by the present or represented shareholders, in accordance with Article 14 (1), second paragraph of the Constitutive Act corroborated with Article 112 (1), second paragraph of Companies’ Law no. 31/1990.

The votes were recorded as follows:

- 3,525,131,431 votes „for”;
- 0 votes „against”;
- 167,400 abstentions;
- 0 votes „not given”;
- 1,885,472 votes annulled.

This OGM decision no. **7** is drafted on behalf of the shareholders today, 20 April 2022, in 3 original counterparts by:

Johan MEYER
Chairman

Ionuț IOANCĂ
Meeting secretary

Radu ROPOTĂ
Technical secretary

Annex – The proposal for the 2021 remaining net accounting profit allocation, including the approval of the distribution of an annual gross dividend of RON 0.1250 per share from the 2021 net accounting profit, as presented in the supporting materials and in the Shareholders’ Ordinary General Meeting of Fondul Proprietatea S.A. of 20 April 2022

Sole Director’s Proposal for Profit Allocation

Overview

Fondul Proprietatea S.A. (“**Fondul Proprietatea**” or the “**Fund**”) reported an audited net profit of RON 5,012,644,707 in the financial statements for the year ended 31 December 2021, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (“**IFRS**”) and applying the Financial Supervisory Authority’s (“**FSA**”) Norm no. 39/28 December 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated and supervised by the FSA – Financial Investments and Instruments Sector (“**Norm 39/2015**”).

According to Article 29 of the Romanian Accounting Law (“**Law 82/1991**”) and to Article 23 (1) from Norm 39/2015, the annual financial statements must be published together with the proposal to allocate the profit or cover the losses.

Accounting profit and distributable amount

Based on the Fund’s Annual Cash Distribution Policy (published on the Fund’s website), the distributable amounts are intended to be set at the level of 100% of the sum of (i) the Fund’s annual dividend income from portfolio companies, except special cash distributions, (ii) plus interest on cash balances, (iii) less expenses and taxation and (iv) less compulsory allocations to reserves according to the regulations in force, in each case for that year.

By applying the principles above-mentioned to the net profit for 2021, the calculation of the distributable amount would be as follows:

Audited Statement of Comprehensive Income for the Year ended 31 Dec 2021	Reported amounts, out of which: (RON)	Distributable amounts (RON)	Distributable amounts under exceptional conditions (RON)
Gross dividend income, <i>out of which:</i>	655,137,209	402,806,827	252,330,382
- <i>annual dividend distributions from portfolio companies</i>	402,806,827	402,806,827	
- <i>special dividends received from portfolio companies</i>	252,330,382		252,330,382
Net gain from equity investments at fair value through profit or loss	4,455,723,508		4,455,723,508
Interest income	13,706,414	13,706,414	
Other income, net	5,560,078		5,560,078
Net loss from other financial instruments at fair value through profit or loss	(4,489,102)		(4,489,102)
Net foreign exchange loss	(170,427)	(170,427)	

Net operating income	5,125,467,680	416,342,814	4,709,124,866
Operating expenses	(106,588,223)	(106,588,223)	
Finance costs	(91,250)	(91,250)	
Profit before income tax	5,018,788,207	309,663,341	4,709,124,866
Withholding tax on the dividend income	(6,143,500)	(6,143,500)	
Profit for 2021	5,012,644,707	303,519,841	4,709,124,866

However, the Annual Cash Distribution Policy does not limit additional cash distribution that can be recommended by the Sole Director, subject to available annual profits and/ or other distributable equity elements (e.g. retained earnings), financing sources, regulatory and corporate approvals and depending on the discount level, in accordance with the IPS and the Discount Control Mechanism.

Considering the high level of 2021 accounting profit (the highest accounting profit ever), the existing cash balance and that the Fund's Sole Director estimates a high level of future cash position based on the cash flow forecasting for the next period (estimated to be generated by a combination of disposals and dividend income), the Fund's Sole Director considers that the exceptional conditions are met and proposes to shareholders the distribution of a gross dividend per share of RON 0.1250 from **2021 accounting profit** calculated as follows:

- RON 303,519,841 from 2021 distributable amount calculated based on the Fund's Annual Cash Distribution Policy (see table above)
- RON 473,512,956 from 2021 distributable amounts under exceptional conditions calculated based on the Fund's Annual Cash Distribution Policy (see table above)

The table below details the calculation of the gross dividend per share:

Total Proposed dividend (RON)	(1)	<u>777,032,797</u>
Number of issued paid shares as at 1 Feb 2022		6,412,196,967
Less treasury shares in balance as at 1 Feb 2022		(195,934,595)
Number of shares entitled to receive dividends¹	(2)	<u>6,216,262,372</u>
Proposed gross dividend per share (RON)	(3)=(1)÷(2)	0.1250

The total dividend amount payable to shareholders (respectively the approved gross dividend per share multiplied by the number of shares entitled to receive dividends) if the dividend proposal is approved by the general shareholders meeting may be different compared to the amount stated above due to the fact that between 1 February 2022 and the record date of the distribution, additional treasury shares will be acquired by the Fund under the current buy-back programme. These treasury shares are not entitled to cash distribution and consequently will be deducted from the number of shares included in the distribution calculation above (i.e. the balance as at 1 February 2022). Any difference arising in the total distribution amount will remain available to the Fund under the retained earnings caption.

Under point 2 of the agenda of 20 April 2022 Extraordinary General Shareholders' Meeting, the Fund's Sole Director proposes the cancellation of the 194,371,754 treasury shares repurchased through the twelfth buy-back programme. The estimated negative reserve that would arise when the cancellation of these shares

¹ Computed as the number of the fully paid shares less treasury shares as at 1 February 2022, the date when the Ministry of Public Finance transferred RON 189,182,422 to the Fund, as payment for all unpaid shares.

would be recorded amounts to RON 230,576,693². For prudential reasons, the Fund's Sole Director recommends that RON 230,576,693 from 2021 accounting profit to be allocated to other reserves in order to be available for covering the negative reserves (see point 7 of the agenda of 20 April 2022 Ordinary General Shareholders' Meeting). The actual coverage of this negative reserve using the said amount of RON 230,576,693 transferred to other reserves will be subject to shareholders' approval during the annual shareholders' meeting subsequent to the completion of all cancellation steps.

Also, as required by the Companies' Law no. 31/1990, a minimum 5% of the profit for the year must be transferred to the legal reserve until the reserve equals 20% of the issued share capital. As at 31 December 2021, only an amount of RON 133,041,538 representing 3% of the 2021 profit before income tax was necessary to be transferred to the legal reserve so that the legal reserve to reach the threshold of 20% of the issued share capital.

Sole's Director Proposal for profit allocation - summary

Considering all the above, the Sole Director's proposal for the allocation of the 2021 audited profit in amount of RON 5,012,644,707 is the following:

- RON 133,041,538 to legal reserves (mandatory transfer);
- RON 777,032,797 to dividends;
- RON 230,576,693 to other reserves (to be used to cover the negative reserves estimated to arise from cancellation of shares acquired during the 12th buy-back programme);
- RON 3,871,993,679 unallocated profit that remains available to the Fund's shareholders.

If the Fund's Sole Director proposals for 2021 profit allocation included on the agenda of 20 April 2022 General Shareholders' Meeting are approved by the shareholders, the remaining balance of Fund's unallocated retained earnings will be as follows:

Retained earnings components	Audited balance as at 31 Dec 2021	Amounts proposed for allocation, subject for 20 April 2022 GSM approval	Remaining unallocated balances
2017 unallocated profit	1,817,797	-	1,817,797
Retained earnings resulted from transition to IFRS 9 starting with 1 January 2018	4,248,175,069 ¹	-	4,248,175,069
2019 unallocated profit	958,267,688	-	958,267,688
Profit for the year ended 2021	5,012,644,707	(1,140,651,028)	3,871,993,679
Total retained earnings	10,220,905,261		9,080,254,233

¹As result of the adoption of IFRS 9, as at 1 January 2018, the fair value reserve on available for sale financial assets net of the related deferred tax in total amount of RON 4,248,175,069 was transferred to retained earnings. For further details on this accounting policy change see the Fund's statutory financial statements for the year ended 31 December 2018.

² For further details see the memo regarding the share capital decrease published on the Fund's website as supporting documentation for the annual General Shareholders Meeting held on 20 April 2022: www.fondulproprietatea.ro/Investor-Relations/GSM-information/GSM-documentation.