

MEMORANDUM

Re. The approval of distribution of proceeds from the initial public offering of S.P.E.E.H. Hidroelectrica S.A. (“Hidroelectrica”)

The initial public offering (the “**IPO**”, “**Offering**” or “**Offer**”) by Fondul Proprietatea S.A. (“**Fondul**”) of the existing ordinary shares (the “**Shares**”) in SOCIETATEA DE PRODUCERE A ENERGIEI ELECTRICE IN HIDROCENTRALE “HIDROELECTRICA” S.A. (“**Hidroelectrica**” or the “**Company**”) was closed on 4 July 2023 and settled on 10 July 2023.

The Offer has been priced at RON 104 per Share (the “**Offer Price**”). The Offer comprised 78,007,110 Shares sold by Fondul, excluding any Over-Allotment Option (as defined below), which resulted in gross proceeds received by Fondul of RON 8,064,301,072.

Fondul has granted the Stabilisation Agent (as defined in the Offering prospectus) an option (the “**Over-Allotment Option**”), representing up to 11,701,067 Shares, exercisable within 30 calendar days following the Shares’ admission and start of trading on the Bucharest Stock Exchange, which took place on 12 July 2023 (the “**Stabilisation Period**”). If the Over-Allotment Option is exercised in full, the number of Shares sold by Fondul will increase to 89,708,177 and consequently Fondul will receive additional gross proceeds of RON 1,216,910,968.

Further to the Fund’s Extraordinary General Shareholders’ Meeting Resolution no. 3 made on 15 November 2022, the Sole Director of Fondul hereby proposes to shareholders for their approval a gross cash distribution of RON 8,064,301,072 or RON 1.4942¹ per share (rounded), which is the equivalent of the gross proceeds received by Fondul in relation to the Shares sold within the IPO (excluding any Over-Allotment Option).

The Over-Allotment Option will be exercisable in whole or in part, upon notice by the Stabilisation Agent (as defined in the Offering prospectus), at any time during the Stabilisation Period. At the end of the Stabilisation Period, Fondul will determine the total IPO costs and the gross proceeds (if any) resulted from any exercise of the Over-Allotment Option.

¹ The RON amount per Fondul share was determined based on the number of eligible shares as at 30 June 2023. The final number of eligible shares and total RON distribution amount will be determined on the record date, which is subject to shareholders approval.

Any proceeds which may arise from any exercise of the Over-Allotment Option will be proposed for distribution to the Fund's shareholders as an additional special dividend in a future General Shareholders Meeting to be held in 2023.

The IPO related costs will be covered from other cash balances available to Fondul.

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Franklin Templeton International Services S.À R.L., acting as Sole Director and Alternative Investment Fund Manager of FONDUL PROPRIETATEA S.A.

Johan MEYER
Permanent Representative