

**Resolution no. 4 / 28 June 2019  
of the Shareholders' Extraordinary General Meeting of  
FONDUL PROPRIETATEA S.A.**

Headquarters: 78-80 Buzești Street, 7<sup>th</sup> floor, sector 1, Bucharest, Romania,  
Registered with the Trade Registry under number J40/21901/2005, fiscal registration code  
18253260

Today, 28 June 2019, 11:00 o'clock (Romanian time), the shareholders of Fondul Proprietatea S.A. (the "**Fund**") have met during the Shareholders' Extraordinary General Meeting ("**EGM**") of the Fund, at its first summoning, at "Radisson Blu" Hotel, 63-81 Calea Victoriei Street, Atlas Room, 1<sup>st</sup> District, Bucharest, 010065, Romania, the EGM 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..

Whereas:

- The convening notice of the EGM was published on the Fund's website ([www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)) on 16 May 2019, in the Official Gazette of Romania, Part IV, number 2058 of 16 May 2019 and in "Adevărul" newspaper number 8133 of 16 May 2019;
- The provisions of Companies' Law no. 31/1990, republished, with its subsequent amendments and supplementations (Companies' Law no. 31/1990);
- The provisions of Article 21 of CNVM Regulation no. 4/2010 on the registration with CNVM and the operation of the company "Fondul Proprietatea" S.A., as well as on trading the shares issued by this company;
- 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 (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).

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

- I. The approval of the new Investment Policy Statement, as described in the supporting documentation and annexed to this resolution.

This item is adopted with 3,674,204,873 votes, representing 99.8015% of the total votes held by the present or represented shareholders, in accordance with Article 14 (3) letter (a), second paragraph of the Constitutive Act corroborated with Article 115 (2), first paragraph of Companies' Law no. 31/1990.

The votes were recorded as follows:

- 3,674,204,873 votes „for”;
- 7,304,494 abstentions;
- 2,000 votes „not given”.

- II. In accordance with Article 176 paragraph (1) of Regulation no. 5/2018, the approval of **12 July 2019** as the *Ex – Date*, computed in accordance with the provisions of Article 2 paragraph (2) letter (l) of Regulation no. 5/2018, and **15 July 2019** as the **Registration Date**, computed in accordance with the provisions of Article 86 paragraph (1) of Issuers' Law.

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

This item is adopted with 3,681,511,367 votes, representing 100% of the total votes held by the present or represented shareholders, in accordance with Article 14 (3) letter (a), second paragraph of the Constitutive Act corroborated with Article 115 (2), first paragraph of Companies' Law no. 31/1990.

The votes were recorded as follows: 3,681,511,367 votes „for”.

- III. The approval of the empowerment, with authority to be substituted, of Johan Meyer to sign the shareholders' resolutions and the amended and restated form of the Constitutive Act, 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' resolutions, including formalities for publication and registration thereof with the Trade Registry or with any other public institution.

This item is adopted with 3,681,511,367 votes, representing 100% of the total votes held by the present or represented shareholders, in accordance with Article 14 (3) letter (a), second paragraph of the Constitutive Act corroborated with Article 115 (2), first paragraph of Companies' Law no. 31/1990.

The votes were recorded as follows: 3,681,511,367 votes „for”.

This decision is drafted and signed on behalf of the shareholders by:

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**Johan MEYER**  
Chairman

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**Mihai CHIȘU**  
Meeting secretary

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**Florian MUNTEANU**  
Meeting secretary

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**Valeria NISTOR**  
Technical secretary

*Annex – The New Investment Policy Statement as described in the supporting materials and approved in the Shareholders’ Extraordinary General Meeting of the Fund of 28 June 2019*

## **INVESTMENT POLICY STATEMENT OF FONDUL PROPRIETATEA SA**

### **I. PURPOSE OF THE INVESTMENT POLICY STATEMENT**

This investment policy statement (hereinafter referred to as the “**Investment Policy Statement**” or “**IPS**”) sets the prudential rules concerning the investment policy of Fondul Proprietatea S.A. (hereinafter referred to as “**Fondul Proprietatea**” or “**FP**”) and presents the investment goals, objectives and the decision-making process for selecting investments in accordance with the investment objectives.

The IPS provides criteria against which investment results will be measured and serves as a review document to monitor, evaluate and compare the performance of the Alternative Investment Fund Manager (the “**Fund Manager**”) on a regular basis.

The IPS shall be reviewed when needed by the Fund Manager together with the Board of Nominees, in accordance with the provisions of FP’s Constitutive Act and the applicable legal provisions.

The IPS is set forth within the legal framework established by Title VII of **Law 247/2005** on property and justice reform, as amended and any related and ancillary legislation in force, and, in accordance with FP’s Constitutive Act, the Extraordinary General Shareholders’ Meeting is responsible for approval of the IPS.

### **II. ROLES, RESPONSIBILITIES AND PROCEDURES**

**A. Fund Manager.** The Fund Manager is appointed by the General Shareholders Meeting and performs its activity based on a Management Agreement entered into between Fondul Proprietatea and the Fund Manager (hereinafter referred to as the “**IMA**”).

The Fund Manager has the power to make all decisions concerning the investments to be made by Fondul Proprietatea, in accordance with the restrictions provided in this IPS, the Constitutive Act of Fondul Proprietatea, the IMA and applicable laws and regulations.

**B. Board of Nominees.** The Board of Nominees monitors the activity of the Fund Manager and represents the shareholders in relation to the Fund Manager. The exact roles and responsibilities of the Board of Nominees are detailed in the Constitutive Act of Fondul Proprietatea.

**C. General Shareholders Meeting.** The General Shareholders Meeting is the supreme corporate body of Fondul Proprietatea. Certain transactions performed by Fondul Proprietatea require the prior approval of the General Shareholders Meeting, in accordance with the Constitutive Act and the applicable legislation.

### III. INVESTMENT OBJECTIVES AND PERFORMANCE OBJECTIVES

#### A. Investment objective

FP's investment objective is the maximization of returns to shareholders and the increase of the net asset value per share, through investments predominantly in Romanian equities and equity linked securities, subject to legislation and regulations in force.

#### B. Performance Objectives

##### a. Discount Objective

The discount between the closing price for each Trading Day on the Bucharest Stock Exchange (the “**Trading Day**”) of the shares issued by FP and the latest reported NAV per Share should be equal to or lower than 15% in at least two thirds of the Trading Days during the Reporting Period (as defined in the IMA) (the “**Discount Objective**”).

##### b. NAV Objective

The Fund Manager should achieve a level of Adjusted NAV per Share (as defined below) higher than the reported NAV as at the end of the previous Reporting Period (term used herein as defined in the IMA) (the “**NAV Objective**”). For the avoidance of doubt, the term “*Previous Reporting Period*”, when applied to a first Reporting Period under the IMA, is to be understood as being the last Reporting Period derived from either the current or the previous IMA.

The adjusted NAV (the “**Adjusted NAV**”) for a given date will be calculated as the sum of:

- (i) the reported NAV as at the end of the Reporting Period;
- (ii) any distributions to shareholders, being either dividend or non-dividend ones (i.e. in this last case following reductions of the par value of the shares and distribution of the decreasing amount to the shareholders), implemented after the end of the previous Reporting Period, and
- (iii) any Distribution Fee (as defined in the IMA) and any transaction and/or distribution costs relating to either dividend or non-dividend distributions including buy-backs of shares and/or Global Depositary Receipts (“GDRs”) and/or depositary interests executed, through daily acquisitions or public tenders, after the end of the previous Reporting Period.

The Adjusted NAV per Share will be equal to the Adjusted NAV divided by the total number of the Fund's paid shares, less treasury shares (FP ordinary shares bought back) and less equivalent in FP ordinary shares of FP GDRs acquired and not yet converted into FP ordinary shares, on the last day of the Reporting Period (the “**Adjusted NAV per Share**”).

### **C. General principles for achieving the objectives**

The Board of Nominees and the General Shareholders Meeting will review the performance of the Fund Manager, on an annual basis, for the period of time established as the Reporting Period (as defined and further detailed in the IMA).

A Discount Control Mechanism (“DCM”) will be applied by the Fund Manager, as set out below, in order to seek to meet the Discount Objective.

In the absence of investment opportunities offering better returns for shareholders, or if the discount to NAV per share is wider than 15% for more than 50% of the Trading Days in any 3 month financial quarter, the Fund Manager will use all or a significant part of the proceeds from annual dividends, additional special cash distributions performed by portfolio companies and the cash inflows from the disposal of portfolio companies to implement discount management techniques to apply the DCM, that may include (but are not limited to) the following:

- recommendation of buy-back programs of FP’s shares and GDRs and/or depositary interests corresponding to shares of the Fund to shareholders for approval, subject to compliance with the Constitutive Act and all applicable legislation.
- dividend distributions, subject to Annual Cash Distribution Policy.
- reduction of the nominal value of shares, accompanied by cash distribution to shareholders, subject to the compliance with all applicable corporate and regulatory approvals. • execution of buy-back programs via (i) trading on the regular market on which FP’s shares or GDRs and/or depositary interests corresponding to shares of the Fund are listed and/or (ii) public tender offers, in each case subject to available liquidity, compliance with the Constitutive Act and all applicable legislation, and receipt of all necessary regulatory approvals.
- increasing investor demand for the shares and GDRs, with the aim of increasing the market price, by:
  - maintaining a transparent Annual Cash Distribution Policy;
  - increasing the share of listed companies in the portfolio and their transparency;
  - building good communication through active investor relations efforts; and
  - supporting initiatives to make the Romanian capital market more attractive and accessible for domestic and international investors.

In order to achieve the objectives in the IPS, the Fund Manager should pay attention to:

- clarity of the Fund Manager's investment strategy and how it contributes to achieving the main investment objectives;
- active engagement with the portfolio companies in order to increase their value, and
- constructive communication and interaction with investors and the Board of Nominees.

#### **D. Risk management**

The Fund Manager is responsible for proper balancing of risk and expected returns.

The Fund Manager should implement appropriate tools and processes in order to monitor operational and investment risks and to respond to developments in a timely fashion.

#### **IV. INVESTMENT LIMITS AND RESTRICTIONS**

The investment policy will observe the prudential limits of investments provided for by the applicable laws and regulations in force and the Constitutive Act of FP.

Under normal market conditions, the Fund should have at least 80% of its net assets invested in Romanian equity and equity-linked securities.

Investments limits, include but are not limited to the following:

- up to 10% of its assets invested in listed shares or money market instruments issued by one single issuer, except of the government securities;
- up to 20% of its assets invested in unlisted securities or money market instruments except of the government securities and bonds and other cases permitted by law\*;
- up to 10% of assets invested in bank deposits with one single bank;
- up to 10% of assets invested in financial instruments issued by entities belonging to the same group of companies;
- up to 10% of assets invested in UCITS units or other collective investment scheme units;
- exposure to the counterparty risk in a transaction with derivatives traded out of the regulated markets may not exceed 10% of assets, irrespective of the counterparty of the transaction, while the global exposure of derivatives may not exceed 15% of the total allocation of net assets;
- not less than 20% of assets investments in listed securities, UCITS units or other collective investment scheme units (meeting certain conditions) and newly issued securities

*\* Shares received from Romanian State on the basis of Law No. 247/2005 are exempted from the general rules on allocation. Where the Fund acquires further securities in the same issuer as securities received from Romanian State, the general rules on allocation shall apply to the newly acquired securities only.*

*For the calculation of the ownership limit for securities not admitted to trade, shall be excluded from the value of assets not admitted to trade the value of securities not admitted to trade owed from the Romanian State on the basis of Law No. 247/2005. Therefore, any part of the current Fondul Proprietatea Portfolio (as it has been set up, on securities not admitted to trade owed from the Romanian State on the basis of Law No. 247/2005 and including the modifications made by GEO No. 81/2007) shall be exempted from the general rules on allocation. However, any new acquisition made by the Fund shall observe the general rules on allocation. Until decrease of its participation in the relevant listed issuers, the Fund is prohibited to acquire further securities in the same issuer as securities received from Romanian State, except for the exercise of the subscription rights related to the Fund's preference rights where the excess of the relevant investment limit should not last for more than 120 calendar days.*

All investment restrictions are available on Fondul Proprietatea website, Investment Policy Statement Section.

## **V. ADDITIONAL GUIDELINES**

Subject to applicable legal provisions in force and the FP Constitutive Act, all decisions regarding sector and security selection, portfolio construction, timing of buy or sell transactions and choice of venue and structure of transaction are delegated to the Fund Manager.

Subject to the applicable legal provisions and FP's Constitutive Act, the Fund Manager on behalf of the Fund, may buy, sell, exchange, exercise all rights, has a good and valid title to sell and transfer any rights and to enter into conditional contractual liabilities. This includes, without limitation, the power to enter into derivatives and to negotiate and execute loan agreements, repurchase agreements and/ or securities lending agreements, to purchase GDRs or depositary interests corresponding to shares of the Fund in accordance with the legal applicable provisions in force and FP's Constitutive Act, also taking into account the cases when a prior approval of the Extraordinary General Shareholders Meeting is needed.

Transactions which involve a broker acting as a "principal", where the broker is also the investment manager (or an affiliate of such investment manager) who makes the transaction (or an affiliate of such investment manager) are not permitted. Transactions should be executed at the lowest possible cost (including commissions, efficiency of execution and the impact of the market) and best execution should be provided at all times.



### **Cash allocation**

Cash allocation is made by the Fund Manager, based on market conditions. It should be aimed at reducing risks to the Portfolio.

### **Valuation**

Valuation of assets shall be made in accordance with the legislation and regulations in force and in accordance with the internal regulations of Fondul Proprietatea.

## **VI. LIMITATIONS OF MANAGEMENT**

The Fund Manager assumes the management over the Customer and its entire Portfolio, subject to the terms of the IPS and the IMA.

The Fund Manager is subject to the limitations set out by this IPS, the Constitutive Act of Fondul Proprietatea and the existing applicable legal provisions in force.

The Fund Manager can delegate the management of the portfolio and the administrative activities according to legislation and regulations in force and the limitations included in the IMA and the Constitutive Act.

## **VII. LIQUIDITY**

The Fund Manager shall maintain adequate liquidity in order to at least meet the following requirements:

- cover the operating and tax expenses of FP;
- cover the capital expenditure requirements for the on-going activities of FP;
- ensure appropriate funds for dividend or return of capital payments and share and/or GDR buy-backs (where such actions have been approved by shareholders).

## **VIII. TIME HORIZON**

The duration of Fondul Proprietatea is not limited in time.

## **IX. TAX CONSIDERATIONS**

The FP is established as a commercial undertaking and is subject to corporate tax in accordance with the Romanian Fiscal Code. In managing the investment portfolio and seeking to achieve the objectives, the Fund Manager shall have due regard to the potential impact of tax legislation and regulations.

## **X. CONSTRAINTS**

The FP shall not invest in any other type of asset class, except those specifically mentioned in the applicable legislation and the Constitutive Act. The use of derivatives is permitted subject to the limitations contained in applicable legislation in force.

Short selling of securities is prohibited. Borrowing is allowed only in accordance with the applicable legislation and regulations and FP's Constitutive Act.

## **XI. POLICY REVIEW**

The IPS shall be reviewed on an annual basis or as required by the applicable law by the Fund Manager and Board of Nominees in order to ensure that it remains consistent with overall objectives of FP.

Any changes to the investment policy proposed by the Fund Manager and/or the Board of Nominees shall be approved by the Extraordinary General Shareholders Meeting, with observance of investment limits provided in the applicable legislation in force.