

**Resolution no. 3 / 28 April 2020
of the Shareholders' Ordinary General Meeting of
FONDUL PROPRIETATEA S.A.**

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

Today, 28 April 2020, 12:00 o'clock (Romanian time), was adopted the current resolution of the Shareholders' Ordinary General Meeting ("OGM") of Fondul Proprietatea S.A. (the "**Fund**" or "**Fondul Proprietatea**"), at its first summoning, held at Fondul Proprietatea headquarters 78-80 Buzesti Street, 7th floor, Bucharest 1st district, postal code 011017, 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 2 March 2020, in the Official Gazette of Romania, Part IV, number 814 of 2 March 2020 and in "Adevărul" newspaper number 8291 of 2 March 2020;
- 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);
- 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. 5/2020 for taking certain measures referring to the carry out of general meetings of issuers during the state of emergency caused by COVID-19,

there are met the quorum for holding this meeting and the majority required 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).

Thus, it was decided as follows:

- I. The approval of the net profit allocation, and the approval of the value of the gross dividend of RON 0.0642 per share corresponding to the 2019 financial year profit, all in accordance with the supporting documentation, and as described in the annex herein. If net profit and dividend allocation proposal above-mentioned are approved, the shareholders further approve that the payment of the dividends to start on the Payment Date of this OGM (as defined at point 7 of this OGM) to the persons registered as shareholders of Fondul Proprietatea on the Registration Date (as defined at point 7 of this OGM). Unpaid shares and treasury shares do not constitute dividend entitlement.

This item is adopted with 3,182,792,286 votes, representing 99.9638% of the validly casted votes, 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 casted votes were recorded as follows: 3,182,792,286 votes "for" and 1,152,529 votes "against". There were not registered any abstains, annulled votes nor votes „not given”.

- II. In accordance with Article 176 paragraph (1) of Regulation no. 5/2018, the approval of:
 - (a) **9 June 2020** as the *Ex – Date*, computed in accordance with the provisions of Article 2 paragraph (2) letter (1) of Regulation no. 5/2018;
 - (b) **10 June 2020** as the **Registration Date**, computed in accordance with the provisions of Article 86 paragraph (1) of Issuers' Law;
 - (c) **1 July 2020** as the **Payment Date**, computed in accordance with the provisions of Article 178 paragraph (2) of Regulation no. 5/2018.

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.

This item is adopted with 3,182,944,815 votes, representing 99.9686% of the validly casted votes, 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 casted votes were recorded as follows: 3,182,944,815 votes "for" and 1,000,000 votes "against". There were not registered any abstains, annulled votes nor votes „not given”.

- III. The approval of 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 3,182,944,815 votes, representing 100% of the validly casted votes, 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 casted votes were recorded as follows: 3,182,944,815 votes "for" and no votes "against". There were also registered: 1,000,000 abstains and no annuled votes nor votes „not given”.

This decision is drafted on behalf of the shareholders today, 28 April 2020, by:

Johan MEYER
Chairman

Valeria NISTOR
Technical secretary

Annex – The proposal for the net profit allocation and value of the gross dividend corresponding to the 2019 financial year profit, as presented in the supporting materials and in the Shareholders’ Ordinary General Meeting of Fondul Proprietatea S.A. of 28 April 2020

Sole Director’s Proposal for Profit Allocation

Overview

Fondul Proprietatea S.A. (“**Fondul Proprietatea**” or the “**Fund**”) reported an audited net profit of RON 3,129,870,912 in the financial statements for the year ended 31 December 2019, 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 2019, the calculation of the distributable amount would be as follows:

Audited Statement of Comprehensive Income for the Year ended 31 Dec 2019	Reported amounts (RON)	Distributable amount (RON)	Non-Distributable amount (RON)
Gross dividend income, <i>out of which:</i>	942,894,907	683,553,662	259,341,245
- <i>annual dividend distributions from portfolio companies</i>	683,553,662	683,553,662	
- <i>special dividends received from portfolio companies</i>	259,341,245		259,341,245
Net gain from equity investments at fair value through profit or loss	2,270,241,487		2,270,241,487
Interest income	9,867,055	9,867,055	
Other income	4,025,356		4,025,356
Net loss from other financial instruments at fair value through profit or loss	(86,949)		(86,949)
Impairment losses on receivables, net	(10,345,916)	(10,345,916)	
Net foreign exchange loss	(510,220)	(510,220)	
Net operating income	3,216,085,720	682,564,581	2,533,521,139
Operating expenses	(75,879,626)	(75,879,626)	
Finance costs	(437,667)	(437,667)	
Profit before income tax	3,139,768,427	606,247,288	2,533,521,139

Income tax	(9,897,515)	(9,897,515)	
Profit for 2019	3,129,870,912	596,349,773	2,533,521,139

In accordance with the requirements of the Companies' Law no. 31/1990 ("Law 31/1990"), the Fund is obliged to transfer at least 5% of the profit to the legal reserves until those reserves reach a value equivalent to 20% of the share capital of the Fund. As at 31 December 2019, an amount of RON 156,493,546, representing 5% of the 2019 profit (profit before current profit tax of RON 3,129,870,912), was transferred to the legal reserve.

Following the transfer of RON 156,493,546 from the 2019 profit, the legal reserve amounts RON 533,826,946, being 13.48% of the subscribed share capital of the Fund as at 31 December 2019 and 14.16% of the paid share capital of the Fund as at 31 December 2019.

Considering the above, the Fund's Sole Director proposes to shareholders the following dividend per share distribution:

Distributable profit (RON)		596,349,773
Less mandatory transfer to legal reserves (RON)		(156,493,546)
Proposed dividend (RON)	(1)	439,856,227
Number of shares in issue		7,613,970,697
Less unpaid shares		(363,812,350)
Less treasury shares in balance as at 31 Dec 2019		(403,812,443)
Number of shares entitled to receive dividends¹	(2)	6,846,345,904
Proposed gross dividend per share (RON)	(3)=(1)÷(2)	0.0642

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 31 December 2019 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 31 December 2019). 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 28 April 2020 Extraordinary General Shareholders' Meeting, the Fund's Sole Director proposes the cancellation of the 403,812,443 treasury shares repurchased through the tenth buy-back programme. The estimated negative reserve that would arise when the cancellation of these shares would be recorded amounts to RON 236,026,121². For prudential reasons, the Fund's Sole Director recommends that RON 236,026,121 from the non-distributable amount of 2019 audited profit (see the calculation in the table above) to be allocated to other reserves in order to be available for covering the negative reserves.

The actual coverage of this negative reserve using the said amount of RON 236,026,121 transferred to other reserves will be subject to shareholders' approval during the annual shareholders' meeting subsequent to the completion of all cancellation steps.

¹ Computed as at 31 December 2019 as the number of the fully paid shares less treasury shares; unpaid shares along with treasury shares do not constitute dividend entitlement as per Article 67 (2) and Article 105 (1) of Law 31/1990.

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 28 April 2020: www.fondulproprietaea.ro/Investor-Relations/GSM-information/GSM-documentation.

Sole's Director Proposal for profit allocation - summary

Considering all the above, the Sole Director's proposal for the allocation of the 2019 audited profit in amount of RON 3,129,870,912 is the following:

- RON 156,493,546 to legal reserves (mandatory transfer);
- RON 439,856,227 to dividends;
- RON 236,026,121 to other reserves (to be used to cover the negative reserves estimated to arise from cancellation of shares acquired during the 10th buy-back programme);
- RON 2,297,495,018 unallocated profit that remains available to the Fund's shareholders.

If the Fund's Sole Director proposals for the profit allocation included on the agenda of 28 April 2020 General Shareholders' Meeting are approved by the shareholders, the remaining Fund's unallocated retained earnings will amount RON 7,145,768,243. More details are presented in the table below and the most significant amount of unallocated retained earnings is represented by the net unrealised fair value changes from portfolio holdings.

Retained earnings components	Audited balance as at 31 Dec 2019	Amounts proposed for allocation, subject for April 2020 GSM approval	Remaining unallocated balances
2016 unallocated profit	269,399,398	-	269,399,398
2017 unallocated profit	318,162,571	-	318,162,571
Retained earnings resulted from transition to IFRS 9 starting with 1 January 2018	4,248,175,069 ²	-	4,248,175,069
2018 unallocated profit	12,536,187	-	12,536,187
Profit for the year ended 31 December 2019	3,129,870,912	832,375,894 ¹	2,297,495,018
Total retained earnings	7,978,144,137	832,375,894	7,145,768,243

¹ See above the summary of the Sole Director's proposal for the profit allocation

² As 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.