

**Resolution no. 5 / 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 to cover, from other reserves, the negative reserves of RON 671,941,938 arising out of the cancellation on 28 October 2021 of the treasury shares acquired during 2020 through the eleventh buy-back programme, in accordance with the supporting materials and annexed to this resolution.

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. **5** is drafted on behalf of the shareholders today, 20 April 2022, in 3 original counterparts by:

Johan MEYER
Chairman

Ionuț IOANĂ
Meeting secretary

Radu ROPOTĂ
Technical secretary

Annex – The approval to cover, from other reserves, the negative reserves of RON 671,941,938 arising out of the cancellation on 28 October 2021 of the treasury shares acquired during 2020 through the eleventh buy-back programme, in accordance with the supporting materials and in the Shareholders’ Ordinary General Meeting of Fondul Proprietatea S.A. of 20 April 2022

Sole Director’s Proposal for the Coverage of the Negative Reserve incurred during the financial year ended 31 December 2021

Overview and accounting treatment

Fondul Proprietatea SA (“the Fund”) recognises the treasury shares (i.e. repurchases of own shares and/ or GDRs) at trade date as a deduction to shareholders’ equity (in an equity reserve account). Treasury shares are recorded at acquisition cost, including brokerage fees and other transaction costs directly related to their acquisition. The GDRs bought back by the Fund are accounted for exactly as the own ordinary shares repurchased, as a deduction to shareholders’ equity. This is the result of the application of substance over form principle, due to the fact that buy-back via GDRs is only a technical/ legal form of the transaction, the substance of the transaction being that the Fund buys back its own shares (in view of reducing the share capital by cancelling all treasury shares in the form of shares or GDRs equivalent), giving the same rights to both the holders of the Fund’s ordinary shares and to the holders of the Fund’s GDRs, to take part in the buy-back programmes carried out by the Fund.

Upon completion of all legal and regulatory requirements (i.e. registration of the share capital decrease with the Trade Registry being the last one, marking also the moment when the cancelation becomes effective), the treasury shares are cancelled and netted off against the share capital and other reserves.

At the cancellation date, only a reallocation between the equity accounts is booked, without any impact on profit or loss or an additional total shareholders’ equity decrease (as compared to the acquisition impact). A negative reserve (equity element) arises upon cancelation of the shares acquired in a buy-back programme, if the acquisition value (trade price and related costs) is higher than the nominal value. However, as mentioned before, this does not generate an additional shareholder’s equity decrease.

The accounting treatment applicable for the recording and cancellation of treasury shares is based on the provisions of the Financial Supervisory Authority Norm 39/ 2015, article 75.

Negative reserve incurred during 2021

The table below shows the changes in the negative reserves recorded during the year ended 31 December 2021:

	<i>Amounts in RON</i>
1 January 2021 (audited)	236,026,121
Coverage of the negative balance existing as at 31 December 2020 from other reserves, according to Resolution no.5 of 28 April 2021 Ordinary General Shareholders’ Meeting	(236,026,121)
Negative equity reserve arising on the cancellation of shares acquired during the 11 th buy-back programme (recorded on 25 October 2021) according to share capital decrease Resolution no. 3 of 28 April 2021 Extraordinary General Shareholders’ Meeting	671,941,938
31 December 2021 (audited)	<u><u>671,941,938</u></u>

The table below shows additional details on the calculation of the negative reserves booked during 2021:

<i>All amounts in RON</i>		11th buy-back programme
Period (trade dates)		1 Jan 2020 – 31 Dec 2020
Number of shares cancelled during 2021	(1)	797,961,287
Total acquisition cost at trade price (excluding transaction costs)	(2)	1,065,008,457
Total costs directly related to transactions, out of which:	(3)	21,873,350
• <i>Brokerage fees</i>		1,127,761
• <i>Financial Supervisory Authority fees</i>		8,261,096
• <i>Stock Exchanges' fees (Bucharest Stock Exchange and London Stock Exchange)</i>		1,200,151
• <i>Central Depository fees</i>		62,548
• <i>Legal advisory</i>		523,338
• <i>Other professional fees</i>		24,156
• <i>Distribution fees paid to the Sole Director in relation with the buy-backs performed</i>		10,674,300
Total buy-back cost impacting the equity of the Fund (trade price plus directly related transaction cost)	(4)=(2)+(3)	1,086,881,807
Correspondent Nominal Value ("NV") at the cancellation date (NV = RON 0.52 per share)	(5)=(1)*NV	414,939,869
Negative equity reserve arising on the cancellation of shares	(6)=(5)-(4)	(671,941,938)

Article 75 from the Financial Supervisory Authority Norm 39/ 2015 mentions that the negative balance arising out of the cancellation of equity instruments may be covered from the retained earnings and other equity elements, in accordance with the resolution of the General Shareholders Meeting.

Sole's Director Proposal for covering the negative reserve

Although there is not an explicit legal or regulatory requirement to cover the negative balance arising out of the cancellation of equity instruments, it is to be noted that the Financial Supervisory Authority Norm 39/2015 specifically details how to present it in the financial statements and, further on, the sources that may be used for covering it, in accordance with the resolution of the general meeting of shareholders. From this perspective, and by applying a prudentially regulatory approach, the Sole Director believes there are reasonable arguments supporting the idea that these reserves should be covered and thus proposes to shareholders the coverage of the negative equity reserves balance as at 31 December 2021 of RON 671,941,938 (as stated in the notes to the annual audited statutory IFRS financial statements and detailed in the table above) from the amounts allocated to other reserves specially for this purpose according to the decision of 28 April 2021 General Shareholders' Meeting.