

**Resolution no. 2 / 21 April 2023
of the Shareholders' Ordinary General Meeting of
FONDUL PROPRIETATEA S.A.**

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

Today, 21 April 2023, 12:00 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 “**INTERCONTINENTAL ATHÉNÉE PALACE BUCHAREST**” Hotel, Le Diplomate Salon, 1-3 Episcopiei Street, 1st District, Bucharest, zip code 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 28 February 2023 and subsequently republished on 8 March 2023 and in the Official Gazette of Romania, Part IV, number 984 of 1 March 2023 and no. 1144 of 9 March 2023 and in “Adevărul” newspaper number 8897 of 1 March 2023 and no. 8902 of 9 March 2023;
- 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 OGM, manifesting their vote 106 shareholders, which represents a number of 2,751,915,813 voting rights (i.e. 50.5804% of the total voting rights at the reference date 23 March 2023, i.e. 5,440,671,757; i.e. 44.2584% of the total number of shares in issue at the reference date 23 March 2023, i.e. 6,217,825,213),

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 230,576,692.62 incurred in 2022 financial year derived from the cancelation of treasury shares acquired during the 12th buy-back programme, in accordance with the supporting materials and as annexed to this resolution.

This item is approved with 2,747,142,786 votes, representing 99.8266% 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:

- 2,747,142,786 votes „for”;
- 300 votes „against”;
- 323,823 abstentions;
- 4,448,904 votes „not given”;
- 518,306 votes annulled from correspondence;
- no votes annulled in the OGM meeting.

- II. The approval of:

- (a) The date of **11 May 2023** 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;

The date of **12 May 2023** 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; and of

The date of **6 June 2023** 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 approved with 2,739,825,857 votes, representing 99.5607 % 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:

- 2,739,825,857 votes „for”;
- no votes „against”;
- 306,323 abstentions;
- 11,783,633 votes „not given”;
- 518,306 votes annulled from correspondence;
- no votes annulled in the OGM meeting.

This OGM Resolution no. **2** is drafted on behalf of the shareholders today, 21 April 2023, in 3 original counterparts by:

Johan MEYER
Chairman

Ionuț IOANCĂ
Meeting secretary

Radu ROPOTĂ
Technical secretary

Annex – The approval to cover, from other reserves, the negative reserves of RON 230,576,692.62 incurred in 2022 financial year derived from the cancelation of treasury shares acquired during the 12th buy-back programme, in accordance with the supporting materials and in the Shareholders’ Ordinary General Meeting of Fondul Proprietatea S.A. of 21 April 2023

Sole Director’s Proposal for the Coverage of the Negative Reserve incurred during the financial year ended 31 December 2022

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, also marking 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, Annex 1, article 75.

Negative reserve incurred during 2022

The table below shows the changes in the negative reserves recorded during the year ended 31 December 2022:

	<i>Amounts in RON</i>
1 January 2022 (audited)	671,941,938
Coverage of the negative balance existing as at 31 December 2021 from other reserves, according to Resolution no.5 of 20 April 2022 Ordinary General Shareholders’ Meeting	(671,941,938)
Negative equity reserve arising on the cancellation of shares acquired during the 12th buy-back program (recorded on 19 October 2022) according to share capital decrease Resolution no. 1 of 20 April 2022 Extraordinary General Shareholders’ Meeting	230,576,693
31 December 2022 (audited)	230,576,693

The table below shows additional details on the calculation of the negative reserves booked during 2022:

<i>All amounts in RON</i>		12th buy-back programme
Period (trade dates)		1 Jan 2021 – 31 Dec 2021
Number of shares cancelled during 2022	(1)	194,371,754
Total acquisition cost at trade price (excluding transaction costs)	(2)	328,053,515
Total costs directly related to transactions, out of which:	(3)	3,596,490
• <i>Brokerage fees</i>		65,694
• <i>Financial Supervisory Authority fees</i>		148,232
• <i>Stock Exchanges' fees (Bucharest Stock Exchange and London Stock Exchange)</i>		90,094
• <i>Central Depository fees</i>		21,000
• <i>Legal advisory</i>		-
• <i>Other professional fees</i>		4,961
• <i>Distribution fees paid to the Sole Director in relation with the buy-backs performed</i>		3,266,509
Total buy-back cost impacting the equity of the Fund (trade price plus directly related transaction cost)	(4)=(2)+(3)	331,650,005
Correspondent Nominal Value ("NV") at the cancellation date (NV = RON 0.52 per share)	(5)=(1)*NV	101,073,312
Negative equity reserve arising on the cancellation of shares	(6)=(5)-(4)	(230,576,693)

Article 75 of Annex 1 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 prudential 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 2022 of RON 230,576,693 (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 Resolution no.6 of the Shareholders' Ordinary General Meeting which was held on 20 April 2022.