

**Resolution no. 3 / 4 April 2019
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, 4 April 2019, 12:00 o'clock (Romanian time), the shareholders of Fondul Proprietatea S.A. (the "**Fund**") have met during the Shareholders' Ordinary General Meeting ("**OGM**") of the Fund, at its first summoning, at "Radisson Blu" Hotel, 63-81 Calea Victoriei Street, Atlas Room, 1st District, Bucharest, 010065, 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 15 February 2019, in the Official Gazette of Romania, Part IV, number 726 of 18 February 2019 and in "Adevărul" newspaper number 8085 of 18 February 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 net profit allocation, and the approval of the value of the gross dividend of RON 0.0903 per share corresponding to the 2018 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 S.A. 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 3,149,049,099 votes representing 99.9779% 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: 3,149,049,099 votes "for" and 695,299 votes "against". There were no abstains registered and there were 455,257 votes „not given" which were annulled.

- II. In accordance with Article 176 paragraph (1) of Regulation no. 5/2018, the approval of:
 - (a) 7 June 2019 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 2019 as the Registration Date, computed in accordance with the provisions of Article 86 paragraph (1) of Issuers' Law;
 - (c) 1 July 2019 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 3,149,317,756 votes representing 99.9779% 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: 3,149,317,756 votes "for" and 695,299 votes "against". There were also registered: 3,600 abstains, 390,003 votes „not given" which were annulled.

- III. 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 3,149,317,756 votes representing 99.9779% 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: 3,149,317,756 votes "for" and 695,299 votes "against". There were also registered: 3,600 abstains, 390,003 votes „not given" which were annulled.

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

Johan MEYER
Chairman

Andrei NEGULESCU
Meeting secretary

Valeria NISTOR
Technical secretary

Annex – The proposal for the net profit allocation and value of the gross dividend corresponding to the 2018 financial year profit, as presented in the supporting materials and in the Shareholders’ Ordinary General Meeting of Fondul Proprietatea S.A. of 4 April 2019

Sole Director’s Proposal for Profit Allocation

Overview

Fondul Proprietatea S.A. (“**Fondul Proprietatea**” or the “**Fund**”) reported an audited net profit of RON 935,091,985 in the financial statements for the year ended 31 December 2018, 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 dividend income from portfolio companies, (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, but not less than RON 0.05 per share.

By applying the principles above-mentioned to the net profit for 2018, the calculation of the distributable amount would be as follows:

Audited Statement of Comprehensive Income for the Year ended 31 Dec 2018	Reported amounts (RON)	Distributable amount (RON)	Non- Distributable amount (RON)
Gross dividend income	776,233,923	776,233,923	
Net gain from equity investments at fair value through profit or loss	229,752,209		229,752,209
Interest income	9,759,337	9,759,337	
Other income, net	3,548,807		3,548,807
Reversal of impairment losses on receivables, net	181,374		181,374
Net foreign exchange loss	(594,477)	(594,477)	
Net operating income	1,018,881,173	785,398,783	233,482,390

Operating expenses	(73,294,555)	(73,294,555)	
Finance costs	(330,667)	(330,667)	
Profit before income tax	945,255,951	711,773,561	233,482,390
Income tax	(10,163,966)	(10,163,966)	
Profit for 2018	935,091,985	701,609,595	233,482,390

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 2018, an amount of RON 46,754,599, representing 5% of the 2018 profit (profit before current profit tax of RON 935,091,985), was transferred to the legal reserve.

Following the transfer of RON 46,754,599 from the 2018 profit, the legal reserve amounts RON 377,333,401, being 7.97% of the subscribed share capital of the Fund as at 31 December 2018 and 8.30% of the paid share capital of the Fund as at 31 December 2018.

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

Distributable profit (RON)	701,609,595
Less mandatory transfer to legal reserves (RON)	(46,754,599)
Proposed dividend (RON)	654,854,996
Number of shares in issue	9,101,963,266
Less unpaid shares	(363,812,350)
Less treasury shares in balance at 31 Dec 2018	(1,487,992,569)
Number of shares entitled to receive dividends¹	7,250,158,347
Proposed gross dividend per share (RON)	0.0903

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 2018 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 2018). 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 April 2019 Extraordinary General Shareholders' Meeting, the Fund's Sole Director proposes the cancellation of the 1,487,992,569 treasury shares repurchased

¹ Computed as at 31 December 2018 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.

through the ninth buy-back programme. The negative reserve that will arise when the cancellation of these shares will be recorded amounts to RON 640,744,712². For prudential reasons, the Fund's Sole Director recommends the allocation to other reserves of this amount, to be available for covering the negative reserves, as follows:

- RON 233,482,390 representing the non-distributable amount from 2018 audited profit (see the calculation in the table above)
- RON 407,262,322 from 2017 profit remained under unallocated retained earnings (part of the non-distributable component)

The actual coverage of this negative reserve using the said amount of RON 640,744,712 transferred to other reserves will be subject to shareholders' approval during the annual shareholders' meeting subsequent to the completion of all cancellation steps.

Sole's Director Proposal for profit allocation - summary

Considering all the above, the Sole Director's proposal for the allocation of the 2018 audited profit in amount of RON 935,091,985 is the following:

- RON 46,754,599 to legal reserves (mandatory transfer)
- RON 654,854,996 to dividends
- RON 233,482,390 to other reserves (to be used to cover the negative reserves that will arise from cancellation of shares acquired during the 9th buy-back programme)

Also, the Fund's Sole Director proposes that RON 407,262,322 from 2017 profit remained under unallocated retained earnings to be allocated to other reserves to be used to cover the negative reserves that will arise from cancellation of shares acquired during the 9th buy-back programme.

If the Fund's Sole Director proposals for the profit allocation included on the agenda of April 2019 Extraordinary General Shareholders' Meeting are approved by the shareholders, the remaining Fund's unallocated retained earnings will amount RON 4,835,737,038. More details are presented in the table below and the most significant amount of unallocated retained earnings is represented by the net unrealized fair value changes from portfolio holdings.

Retained earnings components	Audited balance as at 31 Dec 2018	Amounts proposed for allocation, subject for April 2019 GSM approval	Remaining unallocated balances
2016 unallocated profit	350,309,767	80,910,369 ¹	269,399,398
2017 unallocated profit	725,424,893	407,262,322 ²	318,162,571
Retained earnings resulted from transition to IFRS 9 starting with 1 January 2018	4,248,175,069 ³	-	4,248,175,069
Profit for the year ended 31 December 2018	935,091,985	935,091,985 ²	-

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 4 April 2019: www.fondulproprietatea.ro/Investor-Relations/GSM-information/GSM-documentation.

Total retained earnings	6,259,001,714	1,423,264,676	4,835,737,038
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¹ For further details on allocation proposal see the memo regarding the coverage of the negative reserves incurred during the financial year ended 31 December 2018, published on the Fund's website as supporting documentation for the annual General Shareholders Meeting held on 4 April 2019: [www.fondulproprietatea.ro/ Investor-Relations/GSM-information/GSM-documentation](http://www.fondulproprietatea.ro/Investor-Relations/GSM-information/GSM-documentation)

² See above the summary of the Sole Director's proposal for the profit allocation

³ 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.