

**Resolution no. [...] / 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), 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 "Radisson Blu" Hotel, 63-81 Calea Victoriei Street, Atlas Room, 1st District, Bucharest, 010065, Romania, the OGM being opened by its Chairman, namely Mr. [...], 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),

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 the negative reserves incurred in 2019 financial year derived from the cancellation of treasury shares, in accordance with the supporting materials, and as described in the annex herein.

This item is adopted with [...] votes, representing [...] % 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: [...] votes "for" and [...] votes "against". There were also registered: [...] abstains, [...] annuled votes and [...] 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 [...] votes, representing [...] % 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: [...] votes "for" and [...] votes "against". There were also registered: [...] abstains, [...] annuled votes and [...] 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 [...] votes, representing [...] % 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: [...] votes "for" and [...] votes "against". There were also registered: [...] abstains, [...] annuled votes and [...] votes „not given”.

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

[...]

Chairman



Meeting secretary



Technical secretary

Annex – The proposal to cover the negative reserves incurred in 2019 financial year derived from the cancelation of treasury shares, 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 the Coverage of the Negative Reserve incurred during the financial year ended 31 December 2019

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 the 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 2019

The table below shows the changes in the negative reserves recorded during the year ended 31 December 2019:

	<i>Amounts in RON</i>
1 January 2019 (audited)	80,910,369
Coverage of the negative balance existing as at 31 December 2018 from 2016 unallocated profit remained under retained earnings, according to Resolution no. 2 of 4 April 2019 ordinary shareholders’ meeting	(80,910,369)
Negative equity reserve arising on the cancellation of shares acquired during the 9 th buy-back programme (recorded on 15 October 2019) according to share capital decrease resolution no. 2 of 4 April 2019 extraordinary shareholders’ meeting	640,744,712
31 December 2019 (audited)	640,744,712

The table below shows additional details on the calculation of the negative reserves booked during 2019:

<i>All amounts in RON</i>		9th buy-back programme
Period (trade dates)		14 Nov 2017 – 31 Dec 2018
Number of shares cancelled during 2019	(1)	1,487,992,569
Total acquisition cost at trade price (excluding transaction costs)	(2)	1,386,721,945
Total costs directly related to transactions, out of which:	(3)	27,778,902
• <i>Brokerage fees</i>		616,156
• <i>Financial Supervisory Authority fees</i>		11,340,453
• <i>Stock Exchanges' fees (Bucharest Stock Exchange and London Stock Exchange)</i>		1,401,641
• <i>Central Depository fees</i>		68,947
• <i>Other professional fees</i>		596,258
• <i>Distribution fees paid to the Sole Director in relation with the buy-backs performed</i>		13,755,446
Total buy-back cost impacting the equity of the Fund (trade price plus directly related transaction cost)	(4)=(2)+(3)	1,414,500,848
Correspondent Nominal Value ("NV") at the cancellation date (NV = RON 0.52 per share)	(5)=(1)*NV	773,756,136
Negative equity reserve arising on the cancellation of shares	(6)=(5)-(4)	640,744,712

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 2019 of RON 640,744,712 (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 4 April 2019 General Shareholders' Meeting.