

## Sole Director's Proposal for the allocation of certain amounts to reserves

Under point 2 of the agenda of 20 April 2022 Extraordinary General Shareholders' Meeting, the Fund's Sole Director proposes the cancellation of the 194,371,754 treasury shares repurchased through the twelfth buy-back programme. The estimated negative reserve that would arise when the cancellation of these shares would be recorded amounts to RON 230,576,693<sup>1</sup>. For prudential reasons, the Fund's Sole Director recommends that RON 230,576,693 from 2021 accounting profit 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 230,576,693 will be subject to shareholders' approval during the shareholders' meeting subsequent to the completion of all cancellation steps.

If the Fund's Sole Director proposals for 2021 profit allocation included on the agenda of 20 April 2022 General Shareholders' Meeting are approved by the shareholders, the remaining balance of Fund's unallocated retained earnings will be as follows:

Retained earnings components	Audited balance as at 31 Dec 2021	Total amounts proposed for allocation <sup>3</sup> , subject for 20 April 2022 GSM approval	Remaining unallocated balances
2017 unallocated profit	1,817,797	-	1,817,797
Retained earnings resulted from transition to IFRS 9 starting with 1 January 2018	4,248,175,069 <sup>2</sup>	-	4,248,175,069
2019 unallocated profit	958,267,688	-	958,267,688
Profit for the year ended 2021	5,012,644,707	(1,140,651,028)	3,871,993,679
<b>Total retained earnings</b>	<b>10,220,905,261</b>		<b>9,080,254,233</b>

<sup>2</sup> 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.

<sup>3</sup> For further details see the memo regarding the profit allocation published on the Fund's website as supporting documentation for the annual General Shareholders Meeting held on 20 April 2022: [www.fondulproprietea.ro/Investor-Relations/GSM-information/GSM-documentation](http://www.fondulproprietea.ro/Investor-Relations/GSM-information/GSM-documentation)

**Franklin Templeton International Services S.à r.L, in its capacity of alternative investment fund manager of FONDUL PROPRIETATEA S.A.**

**Johan Meyer**

**Permanent Representative**

<sup>1</sup> 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 20 April 2022: [www.fondulproprietea.ro/Investor-Relations/GSM-information/GSM-documentation](http://www.fondulproprietea.ro/Investor-Relations/GSM-information/GSM-documentation).