

To: **Bucharest Stock Exchange**
Financial Supervisory Authority
London Stock Exchange

Current report according to Article 99 letter (s) of the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments

Important events to be reported:

Voting recommendations and supporting materials related to the 15 November 2022 shareholders' meetings

Franklin Templeton International Services S.À R.L., in its capacity as alternative investment fund manager and sole director (the "**Fund Manager**") of Fondul Proprietatea S.A. (the "**Fund**"), would like to remind shareholders that the Fund Manager has summoned the Fund's Extraordinary ("**EGM**") and Ordinary ("**OGM**") General Shareholders' Meetings for 15 November 2022 at "**Radisson Blu**" Hotel, 63-81 Calea Victoriei Street, Atlas Room, 1st District, Bucharest, 010065, Romania, starting at 1.00 p.m. (Romanian time) for EGM, and 2.00 p.m. (Romanian time) for the OGM.

The entire EGM and OGM supporting documentation is available for the shareholders' reference at <https://www.fondulproprietatea.ro/home/investor-relations/gsm-information/gsm-documentation/2022.html>.

The deadline for proposing new items on the EGM & OGM agendas expired on 10 October 2022 and by the deadline the Fund received a request from the shareholder Ministry of Finance, which holds more than 5% of the share capital of Fondul Proprietatea, to supplement the agenda of the EGM by introducing a new item. The EGM agenda was supplemented accordingly.

Regarding the points on the EGM agenda, **the Fund Manager recommends voting in favour of points 1, 2 and 4.**

The Fund Manager recommends **voting in favour of point 2 on the EGM agenda** given that it offers a greater flexibility with respect to the structure of the sale for the purpose of maximizing value for the Fund and, implicitly, for all shareholders. In relation to this item, the Fund Manager recommends shareholders to also review the supporting documentation, [EGM 2. Memo regarding the approval of the sale of the shares held in the share capital of Hidroelectrica - update](#).

Given its recommendation on point 2 of the EGM agenda and the overlap between this point and point 3 of the EGM agenda, introduced at the request of the shareholder the Ministry of Finance, which holds more than 5% of Fondul

Report date:
18 October 2022

Name of the issuing entity:
Fondul Proprietatea S.A.

Registered office:
76-80 Buzesti Street
7th floor, district 1,
Bucharest, 011017

Phone/fax number:
Tel.: + 40 21 200 96 00
Fax: +40 31 630 00 48

Email:
office@fondulproprietatea.ro

Internet:
www.fondulproprietatea.ro

Sole Registration Code with the
18253260

Order number in the Trade Regis
J40/21901/2005

Subscribed and paid-up share c
RON 3,334,342,422.84

Number of shares in issue and p
6,412,196,967

Regulated market on which the i
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GDRs on London Stock Exchange

Proprietatea's share capital, the **Fund Manager refrains from making any recommendation on point 3.**

Nevertheless, the Fund Manager makes the following clarifications: with respect to the second paragraph of point 3 of the EGM agenda, please note that there are legal and practical limitations on its implementation and consequently any distributions of funds following a successful sale of shares in SPEEH Hidroelectrica S.A. will need to be subject to a separate shareholders' approval. Certain of such legal and practical limitations are set out below:

- By law, dividends should be paid only out of profits determined as per the legal provisions, and while the proceeds of a sale may contribute to such profits being created, the two notions do not overlap. In addition, the Fund Manager will need to carefully analyze the equity sources available to make distributions to shareholders (independent of the proceeds collected from such a sale);
- Any proceeds resulted from the sale will need to be used also for covering the transaction costs and to cover the operational activities and commitments of the Fund for the foreseeable future, so not all proceeds from such a sale could be used in relation to any dividend.

Regarding the **points on the OGM agenda**, the Fund Manager recommends **voting in favour of all the points, except for:**

- **Point 2 introduced at the request of the Financial Supervisory Authority, towards which the Fund Manager refrains from making any voting recommendation;**
- **Point 3 introduced at the proposal of the Board of Nominees ("BoN"), towards which the Fund Manager refrains from making any voting recommendation** as there is a potential conflict of interests. Nevertheless, the Fund Manager recommends shareholders to exercise their voting right only after reviewing the:
 - BoN arguments supporting the proposed changes to the BoN remuneration and terms: [Memo regarding the increase of the fees](#);
 - Remuneration Policy of Fondul Proprietatea at BoN's proposal: [Remuneration Policy at BoN's proposal](#);
 - Amendment to the Mandate agreement template: [Mandate](#)

[agreement template.](#)

The Fund Manager's voting recommendations contained herein are not binding in any way and should not be deemed under any circumstances as a supporting documentation/argument for substantiating one's vote. The Fund Manager will implement and will comply with all the decisions taken by the Fund's shareholders, irrespective of its recommendations herein, subject to compliance with law and regulation.

Franklin Templeton International Services S.À R.L., acting as Alternative Investment Fund Manager of FONDUL PROPRIETATEA S.A.

Johan MEYER
Permanent Representative

