

## ***Procedure regarding the consolidation of the nominal value of SIF Moldova***

SIF Moldova submits for shareholder's approval the Procedure regarding the corporate nominal value consolidation, which insures an equal and equitable treatment of all shareholders holding same-class shares.

The nominal value consolidation operation will be carried out based on a Prospect made in accordance to EU Regulation no. 809/2004 approved by ASF.

### **I. Definitions and interpretation**

- 1.1. Consolidation of nominal value** means the increase operation of the nominal value of shares issued by SIF Moldova from the nominal value of 0.1 lei per share to the nominal value of 2.5 lei per share, operation carried out concomitantly with the reduction of the share number;  
25 shares with a nominal value of 0.1 lei/share = 1 share with a nominal value of 2.5 lei/share.
- 1.2. Consolidated shares** means, in general any and all shares issued by SIF Moldova after the implementation of NV Consolidation, and if it refers to a certain SIF Moldova shareholder, it means the natural (whole) number of shares assigned to that shareholder after the implementation of NV Consolidation, through the Cash Contribution or Contribution Restitution mechanism, if appropriate.
- 1.3. Unconsolidated shares** means, in general, any and all shares issued by SIF Moldova S.A. after Nominal Value Consolidation, and if it refers to a certain SIF Moldova S.A. shareholder, it means the natural (whole) number of shares held by that shareholder after the implementation of the Nominal Value Consolidation.
- 1.4. Option** means the right of a SIF Moldova shareholder to select between making a Cash Contribution or receive a Contribution Restitution, as these terms are defined within the present procedure, in case this option is necessary to be exercised, in order to hold a whole number of shares.
- 1.5. Cash Contribution Option** means the option exercised within the Option Exercise Deadline by a shareholder of SIF Moldova to deposit an amount representing the difference between the nominal value of a consolidated share (2.5 lei) and the nominal value of the stake that is not a multiple of 25 (number of shares that can not be consolidated multiplied by the nominal value of 0.1 lei). The cash contribution of a shareholder may range from 0.1 lei to 2.4 lei.
- 1.6. Contribution Restitution Option** means the option exercised within the Option Exercise Deadline by a SIF Moldova SA shareholder to receive from SIF Moldova the equivalent stake that is not a multiple of 25 shares (number of shares that can not be consolidated multiplied by the nominal value of 0.1 lei). The returning of contribution for a shareholder may range from 0.1 lei to 2.4 lei.
- 1.7. The Prospect** means the document that has to be made by SIF Moldova in accordance to EU Regulation no. 809/2004 and delivered to ASF for approval, with the documents provided by art. 17 of CNVM Regulation nr. 1/2006 regarding the issuers and the securities operations, as amended and supplemented.

- 1.8. The Option exercise period means the period of 30 days, the beginning of this period will be established expressly in the consolidation operation Prospectus approved by ASF.
- 1.9. Intermediate - financial investment services company designated by the issuer for drawing up the Prospectus and to manage the forms for Cash Contribution / Contribution Restitution / Cancel Contribution.
- 1.10. The first registration date means the technical date approved by the EGM to identify shareholders entitled to exercise the option of Cash Contribution / Contribution Restitution for share capital on terms and conditions of exercise, according to the Prospect.
- 1.11. The second registration date means the date approved by the EGM to identify shareholders who are affected by the decisions adopted by the extraordinary general meeting of shareholders, including shareholders who have exercised their options of Cash contribution / Contribution Restitution, the outcome of the consolidation operation being determined by that.
- 1.12. **Payment date** means the calendar date when the financial instruments with new features are registered in the shareholders accounts and the payment of the amount is done, meaning the Contribution Restitution for the express or tacit contribution restitution option, according to the Prospect.

## II. Description of Operation (NV Consolidation)

The nominal value consolidation operation, means the increase of the nominal value of the share while reducing the number of shares.

The nominal value consolidation operation will be carried out based on EGMS Resolution, according to the present procedure and the Prospect.

Theoretically, the nominal value consolidation operation does not lead to a modification of the share capital.

Considering art. 102 index 1 of Law no. 31/1990 regarding companies, according to which shares are indivisible, an amount of 2.4 lei is to be incorporated into share capital from reserves for the completion of a single share.

From the practical point of view, the registration of a difference between the restitution of contribution and contributions, will lead to a modification of the share capital, submitted to the approval of EGMS.

## III. Purpose of the operation

The increase of the nominal value, through the reduction of the number of shares leads to the increase of the net asset value per share, and indirectly the market price. Since the SIF2 share is traded with a significant discount in comparison to NAV/share, the described operation falls into the measures in agreement to the corporate activity for discount reduction, mentioned in the multiannual strategy approved by the shareholders, followed by the Board of Directors and executive management of SIF Moldova, and included in the published Corporate Governance Code. It can be estimated a decrease of operational expenses as well as increase of investors interests on the markets, elements that, along with a proper business strategy, **insure the reaching of shareholders' legitimate interests.**

Last but not least, the operation is carried out **in the interests of shareholders summoned through this corporate operation to exercise their Option, as defined in the present**

**procedure. ALL shareholders holding a number of shares that is not multiple of 25 will benefit from the contribution or restitution option.**

**The Contribution or Restitution option refers to maximum one consolidated share for each package of shareholders holdings. The Contribution or Restitution values can vary between 0,1 lei and 2,4 lei.**

#### **IV. Impact of the operation**

The consolidation of the nominal value will lead to:

- a) the reduction of the number of shares and, possibly, of the number of shareholders with effects on a shareholders' category with holdings (lower than 25 shares) at a level below that necessary to obtain one consolidated share who will not opt for additional contributions. The company insures the proper exercise of the option right, equally for all shareholders.  
In the historic structure of SIF holding, over 5% of the share capital have very low holdings (10 shares). The operation comes to support the shareholders with very low holdings who will no longer find themselves bound to bear a disproportionate fiscal burden for insignificant income (e.g. for dividend income social health insurance of 5.5% - 58 lei are paid) applied to the minimum wage per economy. For shareholders who receive dividends lower than the social health insurance contribution and who have no other income, there are impediments regarding the access to public health services, due to failure to pay social health insurance contributions, and the lack of information of tax authorities regarding this payment obligation.
- b) there is the possibility that some shareholders reach or exceed the legal 5% limit of SIF Moldova share capital, in which case the impact will be managed later, according to the provisions of article 286<sup>1</sup> of Law no. 297/2004 regarding the share market and CNVM Regulation (ASF) no. 6/2012 (along with CNVM Regulation no. 3/2012 regarding direct and indirect holdings). The average daily liquidity in 2015 shows that the shares exceeding 5% can be easily absorbed by the market. In addition, with less capital invested, the ownership will be the same as before the implementation of the consolidation operation.

#### **V. Option Exercise**

The procedure ensures the shareholders registered in the SIF Moldova Shareholders' Register on the first registration date (**in case of those who don't already hold an exact multiple of 25 shares**) the possibility to chose between:

**V.1. Exercising the Cash Contribution Option** – making new contributions in cash to obtain a whole number of consolidated shares, as defined in the present Procedure

or

**V.2. Exercising the Contribution Restitution Option** – formal or tacit expressing of the wish to receive the value of the annulled shares not included in the consolidation.

**The Cash Contribution/ Contribution Restitution option period** is of 30 days, the beginning of the period to be expressly laid down in the consolidation operation Prospect approved by ASF.

The nominal value consolidation operation does not *purposely* involve losing the shareholder status for any of the individuals who currently have it. All SIF Moldova S.A. shareholders who do not hold a number of shares that represent a multiple of 25 are offered the possibility to choose between cash contributions and restitution contribution, with values between 0,1 lei and 2,4 lei.

Any data modification in the Shareholder's Register (modification of name, address, inheritance, etc.) is made exclusively by Depozitarul Central SA – headquartered in Bucharest, 2<sup>nd</sup> District, B-dul Carol I, no 34-36, floor 3, 8 and 9, phone 021/408 5800 – at the shareholder's request / request of the entitled person.

In case a shareholder (i) has not exercised one of the options foreseen in the Prospect, within the Option Exercise Deadline, or (ii) although he has expressed his option he has not abided by all provisions of the Resolution and the Prospect, SIF Moldova will consider that that given shareholder, as identified in SIF Moldova Shareholders' Register on the second registration day, has tacitly agreed to the Contribution Restitution .

## **VI. Mechanism for the ascertaining of contribution and/or compensation value**

Ascertainment of the number of consolidated shares: the number of shares held on the registration date is divided by 25. The obtained result can be comprised of a whole number, representing the number of consolidated shares and a rest that is the number of shares that cannot be consolidated (N).

Cash contribution means the amount representing the value to be deposited by a SIF Moldova shareholder who exercises his/her Option within the deadline set in the Procedure, by applying the calculation method, set as follows:

Contribution value (lei) =  $2.5 - N * 0.1$

where N = no of shares that cannot be consolidated (not a multiple of 25).

0.1 = former nominal value

Contribution Restitution is the amount that is to be returned to a SIF Moldova S.A shareholder who exercises his Option within the deadline set in the Procedure, by applying the calculation formula, set as follows:

Contribution restitution value (lei) =  $N * 0.1$

where N = no of shares that cannot be consolidated (not a multiple of 25).

0.1 = former nominal value

Cash contribution and/or Restitution ascertained based on the mechanism set in the present procedure is reported to the **nominal value (0.1 lei/share)**, thus insuring **an equitable treatment** for all shareholders involved in the process. The legal nature of the payments to shareholders who fail to exercise the option by making additional contribution, is that of contribution restitution.

To determine the required Cash contribution or Restitution, there is a Cash contribution /Restitution value Calculator that can do this calculation, on the website SIF Moldova.

## **VII. Payment details**

### **VII.1. Cash contribution Payment**

Cash contribution payment will be made by the shareholder within the option exercise deadline, in accordance with the Prospect, each shareholder being bound to calculate his corresponding Cash Contribution, based on the formula in the Procedure and the Prospect.

### **VII.2. Contribution Restitution Payment**

According to Law no 297/2004, Article 146, paragraph 5<sup>1</sup> “*Issuers make dividend payment and the payment of any other amounts due to securities through the Central Depository of the Participants to the Compensation – Offset System and Register*”

Shareholders holding shares paid in full and entered in the Shareholders’ Register kept by the Central Depository on the second “**Registration Date**” will be entitled to receive Contribution Restitution according to the Prospect.

**The commissions corresponding to the payment operations for Contribution Restitution are borne by SIF Moldova.**

### **VII.3. Fiscal Aspects**

In consideration of tax provisions, following the payment of Contribution Restitution, as defined in the present procedure, shareholder’s income will be subjected to the tax regime on the date of their occurrence.

### **VIII. Board of Directors Mandate**

The Board of Directors is mandated through EGMS decision to adopt all decisions and sign all documents necessary to fulfil the NV Consolidation Decision, according to the conditions mentioned and abiding by the implementation procedure approved by shareholders.

The effects of NV Consolidation on the individual shareholders holdings will be determined in accordance with the Prospect after the Option Exercise Deadline.

### **IX. End of Resolution Execution**

The Board of Directors of SIF Moldova S.A. will acknowledge that the execution of the Resolution has been concluded, and based on the express EGMS mandate, it will adopt all decisions and sign all documents necessary to fulfil the NV Consolidation decision, according to the mentioned conditions.