

*Memo regarding the alternative investment fund manager's mandate*

Article 19 para. (3) of the Constitutive Act of Fondul Proprietatea S.A. (the "Fund") regulates the conditions for the extension of the current mandate of the Fund's alternative investment fund manager ("AIFM") or the appointment of a new one: *"The mandate of the AIFM is of 2 years. The AIFM will call an Ordinary General Meeting of Shareholders to be held at least 6 months before the expiry of the mandate of the AIFM and will ensure that the agenda for such meeting will include points granting the options to (i) approve the renewal of the AIFM's mandate and (ii) appoint a new AIFM in accordance with the legal provisions in force, with the shareholders being granted the opportunity to propose candidates for such position; the agenda will also include provisions for the authorization of the negotiation and execution of the relevant investment management agreement and fulfilment of all relevant formalities for the authorization and legal completion of such appointment"*.

The current AIFM of the Fund is Franklin Templeton International Services S.À R.L. ("FTIS"), a société à responsabilité limitée qualifying as an alternative investment fund manager under Article 5 of the Luxembourg Act of 12 July 2013 concerning 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 and registered with the Luxembourg Register of Commerce and Companies under number B 36.979, registered with the Romanian Financial Supervisory Authority (FSA) under number PJM07.1AFIASMDLUX0037/10 March 2016. The FTIS' mandate will expire on 1 April 2018.

In line with the provisions of Article 19 para. (3) above-mentioned, FTIS proposes to shareholders to vote during the ordinary general shareholders' meeting scheduled for 26 September 2017 either the extension of its mandate for another two years (and the approval of the key commercial terms governing the envisaged management agreement governing this mandate) or the appointment of a new AIFM as follows.

1.1. The approval of the renewal of the mandate of FTIS, as the alternative investment fund manager and sole director of Fondul Proprietatea S.A. for another two (2) years term starting with 1 April 2018 ("**New Mandate**"). The renewal of the mandate of FTIS above-mentioned is conditional upon:

- (a) shareholders approve the key commercial terms of the New Mandate as per point 1.2 below; and
- (b) FTIS and Fondul Proprietatea S.A. execute until 1 March 2018 a management agreement covering the New Mandate (which is to include the key commercial terms mentioned at point 1.2 below).

1.2. The approval of the key commercial terms of the New Mandate, as described below:

**Base Fee per Year**

- **0.60%**
- **Discount 15% – 20%, + 0.05%, i.e. Base Fee Rate = 0.65%**
- **Discount < 15%, + 0.05%, i.e. Base Fee Rate = 0.70%**

<b>Consideration for the Base Fee</b>	<ul style="list-style-type: none"> <li>Weighted average market capitalization of the Fund</li> </ul>
<b>Distribution Fee for all cash distributions (including buy-backs)</b>	<ul style="list-style-type: none"> <li>1.00% applied to the value of the distributions</li> </ul>
<b>Consideration for the Distribution Fee</b>	<ul style="list-style-type: none"> <li>Share buy-backs</li> <li>GDR buy-backs</li> <li>Public tender buy-backs</li> <li>Reductions of share capital for cash return</li> <li>Dividends</li> </ul>
<b>Duration</b>	<ul style="list-style-type: none"> <li>2 years</li> </ul>
<b>Continuation vote</b>	<ul style="list-style-type: none"> <li>Annually, each April</li> </ul>

1.3. The appointment of an alternative investment fund manager of Fondul Proprietatea S.A. for a mandate of two (2) years starting with 1 April 2018, in accordance with the legal provisions in force.

For this point, shareholders can make proposals for candidates by 4 September 2017, 6:00 PM (Romanian time) and submit them at the Company's headquarters in Bucharest, 78-80 Buzesti Street, 7<sup>th</sup> floor, 1<sup>st</sup> district, postal code 011017 or by e-mail having incorporated an extended electronic signature in accordance with Law no. 455/2001 regarding electronic signature, at [office@fondulproprietatea.ro](mailto:office@fondulproprietatea.ro). The proposals, along with the professional qualification and proof of regulatory license(s) allowing the proposed candidate to manage Fondul Proprietatea S.A., will be published on the Company's webpage and shall be updated on daily basis. The empowerment of the Board of Nominees to negotiate and execute the relevant investment management agreement with the selected candidate and fulfil all relevant formalities for the authorization and legal completion of such appointment. (*secret vote*)

**Franklin Templeton International Services S.À R.L., acting as Sole Director on behalf of FONDUL PROPRIETATEA S.A.**

**Johan Meyer**  
**Permanent representative**