

**Memo regarding point 2 of the Shareholders’
 Extraordinary General Meeting of 19 November 2014**

The current regulatory framework provides certain limitations to the acts which require shareholders’ prior approval before their valid execution.

As such, Article 241 (1) of Capital Markets Law no. 297/2004 provides that “Any acts of purchase, sale, exchange or setting up of encumbrances over a company’s **non – current assets**, whose value exceeds, either individually or cumulatively, during a financial year, 20% of the **total non-current assets, less any receivables**, shall be executed by the company’s directors or managers only after obtaining the prior approval of the company’s extraordinary general meeting of shareholders”.

It is to be noted that the said Article 241 (1) above-mentioned covers those disposal acts performed by the manager having as subject only the company’s **non-currents assets**.

However, even if Fondul Proprietatea’s Constitutive Act seems to replicate the above-mentioned provisions, it omits to make the same clarification that the disposal acts cover only the non-current assets.

For example, Article 12 paragraph (3) letter h) of the Constitutive Act states that: (3) *The extraordinary general meeting of the shareholders is entitled to decide on the following: (...) (h) execution of any agreement / legal documents which may create binding obligations to Fondul Proprietatea including, without limitation to, agreements for purchase, sale or exchange or creation of encumbrances of the **assets** whose value exceeds, either individually or cumulatively during a financial year, 20% of the **non-current assets**, less any receivables.*

By way of interpretation, one could only come to the reasonable conclusion that the scope of the said Article 12 (3) (h) of the Constitutive Act it is not to expand Article 241 (1) of the Capital Markets Law to all the assets of Fondul Proprietatea, but simply that the Constitutive Act is not correlated – one argument to this conclusion is that the applicable threshold of 20% is to be computed to the non-current assets (less receivables), and not to the entire assets.

Thus, it would not be logical to cover disposal acts for all the assets, but when examining whether the prior approval of the shareholders is necessary, to examine the value of that agreement only by reference to the non-current assets.

In light of the above, we are of opinion that the amendment of the Constitutive Act is necessary in order to replicate correctly Article 241 (1) of the Capital Markets Law and to bring clarity as to the acts which would require prior shareholders’ approval.

Further below we have prepared a description of the Articles of the Constitutive Act which would need amendment, and the suggested manner of amendment.

Provision in force	Proposed amendment	Comments
<p>Article 12 paragraph (3) letter h)</p> <p>„(3) <i>The extraordinary general meeting of the shareholders is entitled to decide on the following: (...)</i></p>	<p>Article 12 paragraph (3) letter h)</p> <p>“(3) <i>The extraordinary general meeting of the shareholders is entitled to decide on the following: (...)</i></p>	<p>Amendments required for clarification purposes in view of the provisions of Article 241 (1) of Capital Markets Law - “Any acts of purchase, sale, exchange or setting up of</p>

<p><i>h) execution of any agreement / legal documents which may create binding obligations to Fondul Proprietatea including, without limitation to, agreements for purchase, sale or exchange or creation of encumbrances of the assets whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables;”</i></p>	<p><i>h) execution of any agreement / legal document which may create binding obligations to Fondul Proprietatea including, without limitation to, agreements for purchase, sale or exchange or creation of encumbrances of the non-current assets of Fondul Proprietatea whose value exceeds, either individually or cumulatively during a financial year, 20% of the total value of the non-current assets, less any receivables;”</i></p>	<p><i>encumbrances over a company’s non – current assets, whose value exceeds, either individually or cumulatively, during a financial year, 20% of the total non-current assets, less any receivables, shall be executed by the company’s directors or managers only after obtaining the prior approval of the company’s extraordinary general meeting of shareholders”.</i></p>
<p>Article 17 paragraph (16)</p> <p><i>„17. The Board of Nominees has the followings duties and functions: (...)</i></p> <p><i>(16) Proposes to the general meeting of the shareholders the approval or rejection of any contract/document which may create binding obligations to Fondul Proprietatea (including without limitation buying, selling, exchanging, pledging of assets of Fondul Proprietatea) whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables;,,</i></p>	<p>Article 17 paragraph (16)</p> <p><i>„17. The Board of Nominees has the followings duties and functions: (...)</i></p> <p><i>(16) Proposes to the general meeting of the shareholders the prior approval or rejection of any contract/document which may create binding obligations to Fondul Proprietatea, including without limitation buying, selling, exchanging, pledging of non-current assets of Fondul Proprietatea whose value exceeds, either individually or cumulatively during a financial year, 20% of the total value of the non-current assets, less any receivables;”</i></p>	<p>Amendments required for clarification purposes in view of the provisions of Article 241 (1) of Capital Markets Law.</p>
<p>Article 21 paragraph (3) letters (x) and (xi):</p> <p><i>“(3) In excess of the duties provided by the applicable law, the Fund Manager shall be liable to:</i></p> <p><i>x) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting</i></p>	<p>Article 21 paragraph (3) letters (x) and (xi)</p> <p><i>“(3) In excess of the duties provided by the applicable law, the Fund Manager shall be liable to:</i></p> <p><i>x) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting</i></p>	<p>Amendment required for clarification purposes in view of the provisions of Article 241 (1) of Capital Markets Law.</p>

<p><i>of the shareholders any agreement / document which may create binding obligations to Fondul Proprietatea, including but not limited to the purchase, sale, conversion or encumbrance of the assets of Fondul Proprietatea whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables;</i></p> <p><i>xi) to enter into any agreement / document which may create binding obligations to Fondul Proprietatea, (the purchase, sale, conversion or encumbrance of the assets of Fondul Proprietatea) whose value does not exceed, either individually or cumulated, during a financial year, 20% of the non-current assets, less any receivables, without the approval of the ordinary or extraordinary general shareholders meeting;”</i></p>	<p><i>of the shareholders any agreement / document which may create binding obligations to Fondul Proprietatea, including but not limited to the purchase, sale, conversion or encumbrance of the non-current assets of Fondul Proprietatea whose value exceeds, either individually or cumulatively during a financial year, 20% of the total value of the non-current assets, less any receivables;</i></p> <p><i>xi) to enter into any agreement / document which may create binding obligations to Fondul Proprietatea, including the purchase, sale, conversion or encumbrance of the non-current assets of Fondul Proprietatea whose value does not exceed, either individually or cumulated, during a financial year, 20% of the total value of the non-current assets, less any receivables, without the approval of the ordinary or extraordinary general shareholders meeting;”</i></p>	
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Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, acting as Sole Administrator on behalf of FONDUL PROPRIETATEA S.A.

Oana Valentina Truța
Legal Representative