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 <u>only</u> the company's **non-currents assets**.

However, even if Fondul Proprietatea's Constitutive Act seems to replicate the abovementioned 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
Article 12 paragraph (3)	Article 12 paragraph (3)	Amendments required for
letter h)	letter h)	clarification purposes in
		view of the provisions of
"(3) The extraordinary general	"(3) The extraordinary general	Article 241 (1) of Capital
meeting of the shareholders is	meeting of the shareholders is	Markets Law - "Any acts of
entitled to decide on the	entitled to decide on the	purchase, sale, exchange
following: ()	following: ()	or setting up of

FONDUL PROPRIETATEA S.A., a closed-end investment company administrated under a unitary system • Headquarters at: 78-80 Buzesti Street, 7th floor, Bucharest 1st district, postal code 011017, Romania. • Fiscal Identification Code (CIF): 18253260, registered with the Trade Registry under no: J40/21901/2005 • Registered on Data Protection Notification Registry under number 18668 • Subscribed share capital RON 11,815,279,886.85, Paid-up Share Capital: RON 11,469,656,813.90 • Tel.: + 40 21 200 9600; Fax: +40 21 200 9631; Email: office@fondulproprietatea.ro; Internet: www.fondulproprietatea.ro

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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;"	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;"	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".
Article 17 paragraph (16) "17. The Board of Nominees has the followings duties and	Article 17 paragraph (16) "17. The Board of Nominees has the followings duties and	Amendments required for clarification purposes in view of the provisions of Article 241 (1) of Capital Markets Law.
functions: () (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;,	functions: () (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;"	
Article 21 paragraph (3) letters (x) and (xi): "(3) In excess of the duties provided by the applicable law, the Fund Manager shall be liable to:	Article 21 paragraph (3) letters (x) and (xi) "(3) In excess of the duties provided by the applicable law, the Fund Manager shall be liable to:	Amendment required for clarification purposes in view of the provisions of Article 241 (1) of Capital Markets Law.
x) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting	x) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting	

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of the shareholders any	of the shareholders any	
agreement / document which	agreement / document which	
may create binding obligations	may create binding obligations	
to Fondul Proprietatea,	to Fondul Proprietatea,	
including but not limited to the	including but not limited to the	
purchase, sale, conversion or	purchase, sale, conversion or	
encumbrance of the assets of	encumbrance of the non-	
Fondul Proprietatea whose	current assets of Fondul	
value exceeds, either	Proprietatea whose value	
individually or cumulatively	exceeds, either individually or	
during a financial year, 20% of	cumulatively during a financial	
the non-current assets, less	year, 20% of the total value of	
any receivables;	the non-current assets, less	
	any receivables;	
xi) to enter into any agreement	xi) to enter into any agreement	
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binding obligations to Fondul	binding obligations to Fondul	
Proprietatea, (the purchase,	Proprietatea, including the	
sale, conversion or	purchase, sale, conversion or	
encumbrance of the assets of	encumbrance of the non-	
Fondul Proprietatea) whose	current assets of Fondul	
value does not exceed, either	Proprietatea whose value does	
individually or cumulated,	not exceed, either individually	
during a financial year, 20% of	or cumulated, during a	
the non-current assets, less	financial year, 20% of the total	
any receivables, without the	value of the non-current	
approval of the ordinary or	assets, less any receivables,	
extraordinary general	without the approval of the	
shareholders meeting;"	ordinary or extraordinary	
	general shareholders	
	meeting;"	
	meening,	

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, acting as Sole Administrator on behalf of FONDUL PROPRIETATEA S.A.

Oana Valentina Truţa Legal Representative

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