

MEMO

Regarding the authorization for executing discretionary acts over any holdings up to 30% of the total value of the non-current assets, less receivables of Fondul Proprietatea S.A.

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”*.

Similarly, Article 12 (3) letter (h) of Fondul Proprietatea's Constitutive Act provides: *“(3) The extraordinary general meeting of the shareholders is entitled to decide on the following: (...) 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”*.

In view of the provisions of Article 12 paragraph (3) letter (h) of the Constitutive Act and Article 241 paragraph (1) of Capital Market Law no. 297/2004 above-mentioned, the Fund Manager would like to propose to the shareholders to decide to authorize the sole administrator to execute any acts over any holdings in the portfolio companies of Fondul Proprietatea S.A., which either individually or cumulatively during 2017 financial year, exceed 20% of the total value of the non-current assets, less any receivables, as follows.

The sole administrator is empowered to take all the necessary measures which will be required for the execution of such an act, including engaging brokers, advisors and legal consultants if needed. The value of the transaction contemplated herein or of the aggregated ones (if the case) performed within the term of this mandate, will not exceed in 2017 financial year 30% of the total value of the non-current assets, less any receivables of Fondul Proprietatea S.A. This herein authorization expires on 31 December 2017.

The decision to execute any acts over any holdings in the portfolio companies of Fondul Proprietatea S.A (including, without limitations to, purchase, sale, exchange or creation of encumbrances or not), depending on the market conditions, as well as the targeted portfolio companies will be taken by the decision of the sole administrator, acting discretionary.

The value of the transaction contemplated herein or of the aggregated ones (if the case) performed within the term of this mandate, will not exceed in 2017 financial year 30% of the total value of the non-current assets, less any receivables of Fondul Proprietatea S.A. This herein authorization expires on 31 December 2017.

In the opinion of the Alternative Investment Fund Manager, such mandate, limited to 30% of the total value of the non-current assets, less receivables of Fondul Proprietatea S.A, would provide flexibility in dealing with the necessary cash-flow, including for any distributions to shareholders there may be decided in the future, without nominating the exact targeted portfolio disposals, nominalization which might have

an adverse effect on any envisaged transaction. It is envisaged also that the transactions performed during and within the terms of this mandate to be afterwards presented for ratification to the shareholders.

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.à r.l., acting as Sole Administrator and Alternative Investment Fund Manager of Fondul Proprietatea SA

Oana Valentina TRUȚA
Permanent Representative