

MEMO
REGARDING POINT 4 ON THE AGENDA OF THE EXTRAORDINARY GENERAL
SHAREHOLDERS' MEETING OF 28 APRIL 2014

The shareholders of Fondul Proprietatea SA approved through the Resolution no. 4 of 25 April 2012 of the Extraordinary Shareholders' General Meeting the initiation of a second buy-back programme ("EGM Resolution 4/25 April 2012").

The buy-back programme targeted the repurchase of a number of 1,100,950,684 shares at a price no lower than RON 0.2 / share or higher than RON 1.5 / share, all in view of a share capital reduction with the number of shares which were to be repurchased.

The buy-back programme was soon launched after the publication of the EGM Resolution 4/25 April 2012 in the Official Gazette no. 1894/10 April 2013 and was performed with the observance of the said Shareholders' Resolution and the applicable legal framework:

According to Article 103¹ of Companies Law 31/1990, republished, with subsequent amendments, the buy-back of shares can take place under the following conditions:

„a) the authorisation of the purchase of its own shares is given by the extraordinary general assembly of the shareholders that establishes the conditions to acquire the shares, mostly the maximum number of shares which is going to be purchased, the period for which the authorisation is granted and which can not exceed 18 months as from the date when the decision was published in the Official Gazette of Romania, Part IV, and in case of a purchase for a consideration, their minimum and maximum equivalent value;
b) the nominal value of the own shares purchased by the company, including those already existing in its portfolio, cannot exceed 10% of the subscribed registered capital;
c) the transaction can only have as object fully paid shares;
d) the payment of the shares thus purchased shall be done only out of the distributable profits or of the available reserves of the company, as registered in the last approved annual financial statement, except for the legal reserves”.

According to Article 104 of Companies Law 31/1990, republished, with subsequent amendments, the restrictions mentioned at Article 103¹ are not applied for the buy-back applied for a share capital decrease.

The Article 119 paragraph (2) of Capital Market Law 297/2004 sets that *“Closed-end investment companies may buy-back their own shares in accordance with the conditions laid down in Companies Law 31/1990 and in accordance with RNSC regulations”.*

Also, the article 234 of RNSC Regulation 15/2004 on the authorization and functioning of investment management firms, collective investment undertakings and depositories sets that *“Subsequent to the admission of the shares of the closed-end investment firm to trading on a regulated market, these may be bought-back in compliance with the legal provisions applicable in the case of repurchasing shares by a firm admitted to trading on a regulated market”.*

According to article 3 of CE Regulation 2273/2003, the sole purpose of that buy-back programme must be:

- (a) to reduce the capital of the issuer;
- (b) to meet obligations arising from any of the following:
 - debt financial instruments exchangeable into equity instruments;
 - employee share option programmes or other allocations of shares to employees of the issuer or of an associate company.

In addition, the issuer should respect the following rules during the buy-back programmes, the most important ones being in relation with the price of buying-back and the volumes of shares that can be

bought-back: 1. the issuer must not purchase shares at a price higher than the higher of the price of the last independent trade; 2. the issuer must not purchase more than 25 % of the average daily volume of the shares in any one day on the regulated market on which the purchase is carried out.

The buy-back programme was implemented, besides daily acquisitions from the Bucharest Stock Exchange, through a tender offer, in accordance with Capital markets Law no. 297/2004 and NSC's Regulation no. 1/2006. The tender offer was approved by the Financial Supervisory Authority by Decision 476/10 October 2013.

On 18 December 2013, the Fund Manager announced the completion of the second buy-back programme whereby the full number of shares approved through EGM Resolution 4/25 April 2012 were acquired, namely 1,100,950,684 shares.

Having in mind the scope for which the buy-back programme was approved, namely a share capital decrease, the Fund Manager proposes the shareholders the approval of the decrease of the subscribed share capital of Fondul Proprietatea SA as follows:

The decrease of the subscribed registered share capital of Fondul Proprietatea SA from RON 12,861,183,036.65 to RON 11,815,279,886.85, pursuant to the cancellation of 1,100,950,684 own shares acquired by the Company. After the share capital decrease the subscribed share capital of the Company will be RON 11,815,279,886.85 being divided into 12,437,136,723 shares, with a nominal value of RON 0.95 / share. The subscribed share capital decrease will take place on the basis of Article 207 paragraph 1 letter c) of Law 31/1990. The first paragraph of the Article 7 of the Constitutive Act after the share capital decrease will be changed as follows:

"The subscribed share capital of Fondul Proprietatea is in amount of RON 11,815,279,886.85, divided in 12,437,136,723 ordinary, nominative shares, having a face value of RON 0.95 / each. The capacity as shareholder of Fondul Proprietatea is attested by a statement of account issued by the Central Depository."

The subscribed share capital decrease will be effective after the following three conditions are met:

- The share capital decrease for the return of capital as approved by shareholders on 3 February 2014 is effective;
- This resolution is published in the Official Gazette, Part IV for at least two months;
- FSA endorses the changing of first paragraph of Article 7 of the Constitutive Act, as modified based on this decision, where required by applicable law or regulation.

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