

**NOTE**  
**FOR PRESENTING POINT 2 ON THE AGENDA OF THE EXTRAORDINARY**  
**GENERAL SHAREHOLDERS MEETING ON 22 NOVEMBER 2013**

During April 2013 EGM organized by SC Fondul Proprietatea SA (FP) the shareholders approved some changes of the Constitutive Act that need to be endorsed by the Financial Supervisory Board (FSA) for entering in force.

FP asked for the endorsement of these changes in May 2013 and after many exchanges of letters FSA issued the Decision 28/2013 saying the endorsed the changes of the Constitutive Act, under the condition of rewording of six sentences of the Constitutive Act. Also, FSA obliged FP to add on the agenda of the next EGM the re-worded sentences.

The FSA Decision 28 had no argumentation for the 6 new proposals for changing the Constitutive Act. FP asked FSA to present the argumentation, but the argumentation was not provided by now – the FSA response indicated the legal base, without mentioning the argumentation.

FP decided to challenge the decision for the following reasons:

- EGM Resolutions were endorsed by FSA under the condition to be reworded, that means in fact that FSA refused to endorse the resolutions;
- EGM Resolutions are not in force because were not endorsed by FSA as were approved by shareholders;
- EGM Resolutions are in line with the legislation in force;
- FSA has not provided any argumentation for this decision;
- FSA has interfered with the decision of the shareholders.

FSA has not issued a decision in relation to the appeal of FP until now.

FSA proposals were added on the agenda in the form mentioned in FSA Decision 28, as follows:

**2.1. Art. 12, paragraph (2), letter d) will be amended and read as follows:**

*“d) to appoint the Fund Manager on the basis of the outcome of the selection made subsequent to a tender for appointing the Fund Manager and to revoke its mandate ;”*

***The text proposed by FSA is the same with the one in force.***

**2.2. Art. 14, paragraph (10) will be amended and read as follows:**

*“(10) The documents referring to the conveying, the attendance lists, as well as, as the case may be, the powers of attorney of the representatives of the shareholders shall be attached to each minutes.”*

***The text proposed by FSA is the same with the one in force.***

**2.3. Art. 14, paragraph (19) will be amended and read as follows:**

*“(19) The votes of the shareholders will be sent electronically or by letter with receipt acknowledgement to the headquarters of Fondul Proprietatea, in a clear and precise form, containing the mention “for”, “against” or “abstained” in relation to each issue subject to approval, for which the shareholder intends to cast a vote.”*

***The text proposed by FSA added a new condition to the present situation: the letter with receipt acknowledgement.***

**2.4. Art. 17, paragraphs (4), (5) and (11) will be amended and read as follows:**

*“(4) Receives from the Fund Manager for analysis the annual report and the management and business policy of Fondul Proprietatea and presents an opinion to the Fund Manager and to the general meeting of the shareholders”.*

*“(5) Receives from the Fund Manager, for analysis, the yearly income and expenditure budget and the activity programme before it is submitted to the approval of the general meeting of the shareholders and presents an opinion to the Fund Manager and to the general meeting of the shareholders”.*

*“(11) Monitors the following, based on information and reports received from the Fund Manager:*

- the list of all portfolio investments and percentage breakdown by each investment type;*
- a list of major transactions occurring in the Fondul Proprietatea portfolio for the period under review;*
- the total profit of the portfolio and comparison of profit with the appropriate benchmark;*
- comparison of return on the portfolio with the portfolio objective;*
- the extent of compliance with the investment policy statement, any variations and actions taken to correct variations;*
- the performance evaluation report,*

*all the above with the purpose of drafting and presenting, any time is requested by the shareholders, but in any case at least once a year, to the general meeting of the shareholders, a report regarding the monitoring activity performed”.*

***The text proposed by FSA is the same with the one in force for para. (4) and (11) and for para. (5) added a new term, activity programme (this term is not defined in the legislation in force and it is not a legal requirement).***

**2.5. Art. 19, paragraph (3) will be amended and read as follows:**

*“(3) The mandate of the Fund Manager is of 4 years. The Fund Manager will call the Ordinary General Meeting of the Shareholders with at least 6 months before the termination of the duration of the mandate of the Fund Manager with the agenda of approving the extension of the Fund Manager’s mandate or the appointment of a new Fund Manager. The Fund Manager will immediately call an Ordinary General Meeting of the Shareholders with the agenda of appointing the selected candidate as Fund Manager and authorizing 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 text proposed by FSA would have problems in the implementation, because in case that the mandate of the Fund Manager is not extended, it is obvious that the selection of the new Fund Manager cannot be completed until the next day after the GSM, the date when the next GSM should be called.***

**2.6. Art. 21, paragraph (3), letter (vii) will be amended and read as follows:**

*“(vii) proposes for the prior approval of the Board of Nominees and further, of the general meeting of the shareholders, of the yearly income and expenditure budget and activity programme”.*

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*The text proposed by FSA was not modified by shareholders and added a new term, activity programme (this term is not defined in the legislation in force and it is not a legal requirement).*

The Fund Manager recommends the shareholders to vote “against” these changes recommended by the FSA.

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

**Oana Valentina Truța**  
**Legal Representative**