



MEMO

***regarding the approval of Addendum no. 1 to the Investment Management Agreement no. 7/25 February 2010
concluded between Franklin Templeton Investment Management Limited United Kingdom
and SC Fondul Proprietatea SA***

By Resolution no. 6 of 10 February 2010, the Ordinary General Shareholders Meeting of SC Fondul Proprietatea SA approved the version of the Investment Management Agreement to be concluded between Franklin Templeton Investment Management Limited United Kingdom, as “Fund Manager” (“S.A.I.” in Romanian) and S.C. Fondul Proprietatea S.A. as “the Customer” („The Fund”).

Beginning with 29 September 2010, when Fondul Proprietatea’s administration system was changed, from the dualist administration system into the unitary administration system (as approved by the Extraordinary General Shareholders Meeting Resolution no. 2/6 September 2010), Fondul Proprietatea’s Investment Management Agreement no. 7/25 February 2010 entered into force, in its current version subject to amendment.

Fondul Proprietatea requested the National Securities Commission (“CNVM” in Romanian) to issue its opinion on the amendments proposed by the Fund on the Investment Management Agreement, by the memo registered under no. 895/26 July 2011, as amended by the memo no. 1035/05 September 2011. Thus, by the memo registered under no. DGAR/15905/30 September 2011, the supervising authority responded to SC Fondul Proprietatea SA with a number of recommendations that have been endorsed by the Fund in the version of the agreement submitted for the approval of the Ordinary General Shareholders Meeting.

Thus, in order to correlate the provisions of the Investment Management Agreement with the Fund’s Constitutive Act, and to clarify some terms and conditions used, the Fund Manager submits for the approval of the Ordinary General Shareholders Meeting the amending of the Investment Management Agreement, as follows:

Article 2 - Definitions:

- For the Delegate’s definition, we proposed the amendment in order to correlate it with the applying legislation in force - Art. 55 of Law no. 297/2004 and Art. 8 of NSC Regulation no. 15/2004.
- For the IFRS definition, we proposed the amendment in order to correlate it with the applying legislation in force – International Financial Reporting Standards issued by the International Accounting Standards Committee and approved by the European Union.
- For the NAV definition, we proposed the amendment in order to correlate it with the applying legislation in force – CNVM Regulation no. 4/2010 and the Measurement provisions provided later by the National Securities Commission;

Article 6 - Obligations of the Fund Manager, management scope and objective:

- At Art. 6.1 point (iv), we proposed to eliminate the references to the company accountants, since the accounting of SC Fondul Proprietatea SA is organized internally, within the sole administrator
- At Art. 6.1 point (viii), we proposed to simplify the text in order to correlate it with the proposals to the Constitutive Act – Art. 21;
- At Art. 6.1 point (ix), we proposed to simplify the text in order to correlate it with the proposals to the Constitutive Act and the applying legal provisions in force – Art. 21. We mention that the proposal was made to corroborate it with Art. 55 of Law no. 297/2004 and Art. 8 of NSC Regulation no. 15/2004



- At Art. 6.1 point (x), we proposed to simplify the text in order to correlate it with the proposals to the Constitutive Act and the provisions of Law no. 31/1990 on trading companies, republished, with the subsequent amendments and completions - Art. 21;
- At Art. 6.1, we proposed to introduce a paragraph („6.1.xi”) whereby the Fund Manager., which has executive responsibilities, be authorized to execute any contract/document which gives rise to legal obligations for Fondul Proprietatea (including, without limitation, the purchase, sale, conversion or pledging of Fondul Proprietatea assets), whose value does not exceed, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables, without prior approval of the ordinary or extraordinary general shareholders meeting, without the prior approval of the ordinary or extraordinary meeting of the shareholders;
- At Art. 6.1, we proposed to introduce a paragraph („6.1.xii”) whereby the Fund Manager be authorized to take all decisions, at its sole discretion, with respect to the acquisition, of, disposal of, and exercise of all the rights and obligations regarding Fondul Proprietatea, with observance of the Constitutive Act, the investment administration agreement and the applying legislation;
- At Art. 6.1, we propose to introduce a paragraph („6.1.xvii”) whereby the Fund Manager, which has executive responsibilities, proposes to Board of Nominees the recommendation for the general extraordinary meeting of shareholders for the appointment the public offer intermediary, as well as the remuneration thereof, when it is necessary to appoint such a company with respect to Fondul Proprietatea acceptance of trading.

Article 10 - Provision of information to the Customer and its representatives

- At article 10, we proposed the amendment in order to clarify who is the Customer’s representative in its relation with the Fund Manager and the reporting provisions were reformulated;

Article 13 – Amendment of the management agreement and assignment of rights:

- At article 13.2, we proposed the amendment in order to correlate it with the applying legislation in force- Art. 55 of Law no. 297/2004 and Art. 8 of NSC Regulation no. 15/2004.

Article 14 – Duration of the Agreement:

- At Article 14.2, we proposed the amendment in order to correlate it with the provisions of the applying Constitutive Act;
- La articolul 14.3 we proposed to set the obligation of Fund Manager to call the Ordinary General Meeting of Shareholders with at least 3 months before of the termination of Investment Management Agreement having on the agenda the extension of the mandate or the appointing of a new Fund Manager. The Fund Manager will organize the Ordinary General Meeting of Shareholders before the termination of Investment Management Agreement;

Article 15 – Communications, instructions, notifications:

- At article 15.1, we proposed the amendment in order to clarify who is the Client’s representative in its relation with the Fund;

Annex 1 to the Investment Management Agreement:

- in the annex, we proposed to change the means of payment from the annual fee into a quarterly fee starting with January 1st, 2012, without modifying the amount. This amendment relies on the fact that the fee has to be calculated as the average of all trading days, in order to ensure a fair treatment..

Furthermore, we state that the Addendum no. 1 to Fondul Proprietatea’s Investment Management Agreement shall be signed by the Chairman of the Board of Nominees of the Fund or by another member of the Board of Nominees appointed by the Chairman.



In case the shareholders of Fondul Proprietatea will vote for amending the Investment Management Agreement, the amendment shall enter into force only after obtaining the approval from the National Securities Commission under the conditions stipulated in Art. 14 of the CNVM Regulation no. 4/2010.

**Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, in its capacity as
Sole Administrator of S.C. FONDUL PROPRIETATEA S.A.**

Grzegorz Maciej KONIECZNY

Legal Representative