

NOTE REGARDING THE APPOINTMENT OF THE FINANCIAL AUDITOR, SETTING UP OF THE DURATION OF THE FINANCIAL AUDIT CONTRACT FOR A MAXIMUM PERIOD OF 12 MONTHS AND ESTABLISHMENT OF THE FINANCIAL AUDITOR'S REMUNERATION LEVEL FOR THE CURRENT FINANCIAL EXERCISE SUBJECT TO THE APPROVAL OF THE ORDINARY GENERAL ASSEMBLY OF SHAREHOLDERS DATED 29 NOVEMBER 2010

KPMG was the financial auditor of SC Fondul Proprietatea SA in 2006, while Deloitte Audit Ltd was in 2007, 2008 and 2009.

Financial auditors, irrespective if they are natural persons or legal entities, perform their activity pursuant to art. 3 in Government Emergency Ordinance no. 75/1999 regarding the financial audit activity, republished, as subsequently amended and completed, according to which financial auditors perform the following activities:

- a) statutory audit of annual financial statements and annual consolidated financial statements, in cases provided by law;
- b) financial audit of annual financial statements and consolidated financial statements of the entities that have opted for auditing the annual financial statements;
- c) revision assignments of annual financial statements, consolidated financial statements, as well as of interim financial statements;
- d) insurance assignments and other professional assignments and services, in accordance with the international standards in the field and with other regulations adopted by the Chamber;
- e) internal audit,
- f) financial-accounting consultancy;
- g) financial-accounting management;
- h) specialized professional training in the field;
- i) accounting expertise, evaluation, judicial reorganization and winding up, tax consultancy, in compliance with the regulations specific for each of those activities and with the principle of independency, as applicable.

One of the general conditions for the shares issued by SC Fondul Proprietatea SA to be admitted for trading on the market regulated by the Bucharest Stock Exchange refers to the elaboration of financial situations for the last three years prior to listing, in accordance with the legal provisions.

This obligation must also be complied with after the admission for trading, SC Fondul Proprietatea SA having a series of obligations stated by Law no. 297/2004 regarding the capital market, as subsequently amended and completed and by CNVM Regulation no. 1/2006 regarding the issuers of and operations with securities, such as:

- The company admitted for trading on a regulated market has to make the annual financial statements publicly available, within maximum 4 months from the end of the financial year, together with the annual report, approved by the general meeting of shareholders. The annual report will also include the report of the chosen financial auditor, in accordance with art. 258, as well as its integral comments.

- The quarterly report has to be made available to the public, within maximum 2 months from the end of the reporting period. If the quarterly financial statements have been audited, the quarterly report will mandatorily include the financial auditor's report.

In August 2010, the Directorate in action at that time organized a tender to select the financial auditor of SC Fondul Proprietatea SA, and the result of this tender was presented in the General Meeting of Shareholders that took place on 6 September 2010. The appointment of each tenderer was subject to voting during the meeting of 6 September 2010, but due to the fact that more than

78% of the votes were abstentions, no auditor could be appointed, as it did not register more than 50% of the votes expressed.

Further to the analysis performed, the intention to list the shares of SC Fondul Proprietatea SA on the London Stock Exchange determines the necessity to have a famous auditor, such as one of the audit companies within Big 4. the main reason for choosing a Big4 auditor is that according to the Code of ethics also adopted by the Chamber of Auditors of Romania, in case that the total duties paid by a client represent a big part of the total company duty, the audit opinion, dependency on the client and concern related to loosing the client creates an internal or intimidation and threat interest that could affect the auditor's independence and objectivity. The international practice shows that a duty representing 10-15% of the total audit fees means a "big part ".

We mention that art. 14(23) in the Articles of incorporation of SC „Fondul Proprietatea” SA currently in force stipulates that *“The secret vote is obligatory for choosing the ... financial auditors”*.

Having regard to the fact that the auditor of SC Fondul Proprietatea SA was not appointed further to this vote, we suggest re-discussing this point on the agenda and proposing Deloitte Audit SRL as the auditor of SC Fondul Proprietatea SA, for a period of 12 months, remunerated with 341,584 Ron, plus VAT.

Grzegorz Maciej Konieczny
Legal representative
Franklin Templeton Investment Management Limited United Kingdom, Bucharest branch,
in capacity of sole director of S.C. FONDUL PROPRIETATEA S.A.