

Memo regarding the continuation vote

In accordance with the provisions of the current Management Agreement signed on 14 February 2018 (“**Management Agreement**”), for its duration, the Fund Manager must manage the Portfolio in accordance with, and must comply with, all the obligations undertaken under the Investment Policy Statement (“**IPS**”) and seek to achieve the objectives therein, including (without limitation) the Discount Objective and the NAV Objective (together the “**Performance Objectives**”). For the purpose of reviewing the performance of the Fund Manager each year (including, but not limited to, whether the Performance Objectives have been achieved), each year in April Fondul Proprietatea S.A. will hold a general shareholders’ meeting (the “**April GSM**”).

Not later than 30 days before the deadline for publication of the April GSM documentation as required by the law, the Fund Manager must submit to the Board of Nominees a report on its activities and performance (including of its Delegates) in the relevant period (the “**Performance Report**”).

The Reporting Period is 1 January 2018 – 31 December 2018 for the Discount Objective, and 30 June 2017 – 31 December 2018 for the NAV Objective (the “**Reporting Period**”)¹. Following receipt of the Performance Report, the Board of Nominees prepared and submitted for the information of shareholders at the April GSM a review of the Performance Report (the **Board of Nominees Review Report**), evaluating the performance of the Fund Manager, as well as any other factors that it considers to be relevant for the decision of the April GSM regarding the continuation or termination of the Management Agreement and the Fund Manager’s mandate.

The agenda of April GSM allows the shareholders the opportunity to vote on (i) the continuation or termination of the Management Agreement and the Fund Manager’s mandate, any proposed termination ensuring the simultaneous termination of the Fund Manager's mandate and the Management Agreement and (ii) the procedure for the selection of a new Sole Director and Fund Manager, in case the shareholders vote for the termination of the Management Agreement and of the Fund Manager’s mandate. Such procedure will be prepared by the Fund Manager and agreed with the Board of Nominees before its inclusion in the language of the draft resolution of the April GSM.

Considering the above, we would like to submit for the shareholders’ approval the continuation vote with respect to the mandate of Franklin Templeton International Services S.À R.L., as the alternative investment fund manager and sole director of Fondul Proprietatea S.A., as follows.

- (a) The approval of the continuation of the current mandate of Franklin Templeton International Services S.à r.l. as the alternative investment fund manager and sole director of Fondul Proprietatea S.A.
- (b) In case point (a) above is not approved by the shareholders, the approval of:

¹ Although the Management Agreement depicts a single year reporting period from 1 January until 31 December, the Reporting Period was split for good order into two periods, one for the discount objective, and the other for the NAV objective as the latter is benchmarked under the Investment Policy Statement to the last reporting period derived from the previous management agreement, in case of a first time reporting period as this one is, which is 30 June 2017. For 1 January 2019 – 31 December 2019 reporting period, the benchmarking will be made against 31 December 2018.

- a) the simultaneous termination of the mandate of Franklin Templeton International Services S.À R.L. as the alternative investment fund manager and sole director of Fondul Proprietatea S.A., and of the Management Agreement, beginning with the earliest of (i) the appointment of a new alternative investment fund manager and sole director of Fondul Proprietatea S.A. in accordance with the terms of the Management Agreement and (ii) 1 November 2019, and
- b) the procedure to be observed for the selection of a new alternative investment fund manager and sole director of Fondul Proprietatea S.A., as described in the supporting materials. (*secret vote*)

Franklin Templeton International Services S.À R.L., acting as Sole Director on behalf of FONDUL PROPRIETATEA S.A.

Johan Meyer
Permanent representative