

***MEMORANDUM REGARDING THE CONTINUATION VOTE FOR THE  
CURRENT MANDATE OF AIFM AND THE PROCEDURE TO BE  
OBSERVED FOR THE SELECTION OF A NEW MANAGER OF FONDUL  
PROPRIETATEA S.A.***

**Introduction**

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 of Fondul Proprietatea S.A. (“**the Company**”) 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 2019 – 31 December 2019 for both the Discount Objective, and the NAV Objective (the “**Reporting Period**”). 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 Continuation Vote for the current mandate of AIFM**

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, by secret vote, 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..

If the continuation of the mandate is not approved, the alternative recommended by the Management Agreement is to have on the agenda the approval of the simultaneous termination of the mandate of Franklin Templeton International Services S.À R.L. as the alternative investment

fund manager and the 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 2020, and the approval of the procedure to be observed for the selection of a new alternative investment fund manager and sole director of the Company.

### **The Procedure to be observed for the selection of a new manager of Fondul Proprietatea S.A.**

The Company's Board of Nominees (the "**Board**") is hereby empowered to conduct and manage the process for the selection of a new alternative investment fund manager and sole director of the Company ("**New Fund Manager**"), including the negotiation of the new investment management agreement to be entered into with the New Fund Manager.

For the purpose of selecting the New Fund Manager, the Board of Nominees shall organize a tender process.

In view of selecting the New Fund Manager, the Board may hire financial, legal and any other consultants it will deem appropriate.

The Request for Proposal shall be drafted by the Board in the English and Romanian language. Following the selection of the New Fund Manager by the Board, an Extraordinary and an Ordinary Company's Shareholders' Meeting will be summoned immediately (with the observance of the applicable minimum summoning terms under the Romanian legislation) having on the agenda:

- (i) the approval of the appointment of the New Fund Manager selected by the Board,
- (ii) the execution of the agreed Management Agreement,
- (iii) the amendment of the Constitutive Act so it reflects the appointment of the New Fund Manager, and, in case the first three items are not approved by the shareholders,
- (iv) the start of a new selection process (along with a new selection procedure if the case) or the option for the shareholders to decide if the Company should be self-managed.

The entry into force of the Management Agreement will be subject to conditions precedent in order to ensure compliance with the relevant regulatory requirements applicable to the Company.

For the avoidance of any doubt, the Board is empowered herein to (i) draft the Request for Proposal; (ii) draft the Management Agreement; (iii) negotiate in the name of the Company the Management Agreement; (iv) hire financial, legal and any other consultants to assist the Board during the entire selection and negotiation process; and (v) perform any other action necessary for the completion of this mandate.

The costs of the selection (including the appointed consultants' fees, as well as the travel, accommodation and meal expenses for the members of the Board) will be borne by the Company. All costs required by the Board for the completion of the selection and negotiation process should be presented to the Company's Shareholders.

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

**Johan Meyer**  
**Permanent representative**