

Memo regarding the alternative investment fund manager's mandate

Article 19 para. (3) of the Constitutive Act of Fondul Proprietatea S.A. (the “Fund”) regulates the conditions for the extension of the current mandate of the Fund’s alternative investment fund manager (“AIFM”) or the appointment of a new one: *“The mandate of the AIFM is of 2 years. The AIFM will call an Ordinary General Meeting of Shareholders to be held at least 6 months before the expiry of the mandate of the AIFM and will ensure that the agenda for such meeting will include points granting the options to (i) approve the renewal of the AIFM’s mandate and (ii) appoint a new AIFM in accordance with the legal provisions in force, with the shareholders being granted the opportunity to propose candidates for such position; the agenda will also include provisions for the authorization of the 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 current AIFM of the Fund is Franklin Templeton International Services S.À R.L. (“FTIS”), a société à responsabilité limitée qualifying as an alternative investment fund manager under Article 5 of the Luxembourg Act of 12 July 2013 concerning alternative investment fund managers, authorized by the Commission de Surveillance du Secteur Financier under no. A00000154/21 November 2013, whose registered office is located at 8A rue Albert Borschette, L-1246 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 36.979, registered with the Romanian Financial Supervisory Authority (FSA) under number PJM07.1AFIASMDLUX0037/10 March 2016. The FTIS’ mandate will expire on 1 April 2022.

In line with the provisions of Article 19 para. (3) above-mentioned, FTIS proposes to shareholders to vote during the ordinary general shareholders’ meeting scheduled for 29 September 2021 either the extension of its mandate for another two years (and the approval of the key commercial elements governing the envisaged management agreement governing this mandate) or the appointment of a new AIFM as follows.

1. A. The approval of the renewal of the mandate of Franklin Templeton International Services S.à r.l., a société à responsabilité limitée, whose registered office is located at 8A rue Albert Borschette, L-1246 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 36.979, as the sole director of Fondul Proprietatea that acts also as the alternative investment fund manager of Fondul Proprietatea, for a duration of two (2) years starting with 1 April 2022 (“**New Mandate**”), as detailed below. The renewal of the mandate of Franklin Templeton International Services S.à r.l. abovementioned is conditional upon Franklin Templeton International Services S.à r.l. and Fondul Proprietatea executing a management agreement covering the New Mandate before 1 April 2022. The list containing the data regarding Franklin Templeton International Services S.à r.l. (including the name, headquarters, licence, the evidence of registration with Trade Registry, the proof of registration with the public register of FSA) is published on the webpage of the Company and is available at its headquarters for the shareholders’ information. The Board of Nominees is empowered to negotiate the draft of the management agreement before the convening of the shareholders meeting for approving the new management agreement, based on the following key commercial elements:

Base Fee per Year • 0.45%

Distribution Fee • 2.50% applied to the value of the distributions during 1 April 2022 – 31 March 2023
• 1.75% applied to the value of the distributions during 1 April 2023 – 31 March 2024

Continuation vote • The mandate continuation vote will take place in April 2022, and there will not be a mandate continuation vote in April 2023 as there will be a negotiation for a new mandate during the same year.

1.B. The approval of the appointment of a new sole director of Fondul Proprietatea that will act as alternative investment fund manager for a mandate of two (2) years starting with 1 April 2022, according to legal provisions in force.

For this point, shareholders can propose candidates and commercial terms for each candidate proposed until **6 September 2021, 5:00 PM** (Romanian time), proposals that should be filed at the headquarters of the Company, in Bucharest, 78-80 Buzești Street, 7th floor, 1st District, zip code 011017, Romania, or by e-mail having incorporated an extended electronic signature in accordance with Law no. 455/2001 regarding electronic signature, at office@fondulproprietatea.ro. The proposals, together with professional qualification and the evidence related to the licences that allow the candidate to manage Fondul Proprietatea, will be published on the webpage of the Company and will be updated on daily basis. The approval of the empowerment of the Board of Nominees (i) to negotiate the draft of the management agreement before the convening of the shareholders meeting for approving the new management agreement and (ii) to implement all relevant formalities for authorising and the completion of the appointment.

The votes for both points on the agenda are secret votes.

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

Johan Meyer
Permanent representative