

To: Fondul Proprietatea Shareholders

From: Board of Nominees

The Board of Nominees ('BoN/Board') would like to bring Shareholders' attention to the request from the Romanian Financial Supervisory Authority ('FSA') to make a significant number of changes in the Fund's statutory documents. In particular, certain specific change requests relate to the scope of responsibilities of the BoN and its role as a shareholders' representative vis-à-vis the Fund Manager.

Having reviewed in detail the request of the FSA and following an independent external legal analysis of the basis for such a request, the Board has asked the Fund Manager to tabulate BoN's specific comments to each of the proposed changes of the Constitutive Act.

As a general comment, the Board of Nominees, based on the external legal advice and its own experience from the international closed-end fund practice, would like to point out, that the shareholders' reliance on the fund boards' active oversight of the fund manager is a standard rather than an exception. **As a result of the changes proposed by the FSA, the role of the BoN would be significantly diminished, oversight capacity would be materially affected and the BoN would be pushed towards becoming a passive statutory body. It is the shareholders' decision to decide the extent to which they want to rely on the Board to interact with the Fund Manager.**

The Board of Nominees is of the view that numerous changes to the Constitutive Act, as proposed by the FSA, are not clearly mandated under either Romanian or European regulation. It is the Board's view that the decision on the scope of the responsibilities of the Fund's Board in relation to the oversight of the Fund Manager are a prerogative of the shareholders rather than the regulator, unless specifically provided under the binding regulation. **Based on our analysis, we found limited legislative support for the FSA's request to limit the responsibilities and obligations of the Board. We therefore ask the Shareholders to review carefully the changes to the Constitutive Act as proposed pursuant to the FSA request.**

In the context of FP's secondary London listing and its internationally recognized position, we would like to bring Shareholders' attention to the fact, that the proposed limitation on the Board's responsibilities and activities may negatively affect the perception of the strength and quality of the corporate governance standards at Fondul Proprietatea. **We believe this to be an important consideration, which should be taken into account by the Shareholders when voting on each of the specific changes to the Constitutive Act requested by the FSA.**

Chairperson
Ilinca VON DERENTHALL