

*Memo regarding several amendments of the Constitutive Act on the agenda of the
Extraordinary General Shareholders Meeting on 20 April 2022*

On 20 December 2019, Law no. 243/2019 on alternative investment funds and for the amendment and completion of other legislation (“**Law no. 243/2019**”) entered into force, on the basis of which, according to art. 78 paragraph (1), Fondul Proprietatea (“**Fondul**”) qualifies as alternative investment fund addressed to retail investors.

Considering the new qualification, Fondul requested the authorization in the new quality of diversified closed-ended alternative investment fund set up as a joint stock company addressed to retail investors on 22 July 2020.

Following the submission of the documentation of the Fund, the Financial Supervisory Authority (the “**FSA**”), sent a series of recommendations to amend the constitutive act, through several letters sent in July, October and November 2020, which we present briefly in the following:

- 1 According to art. 8 paragraph (1) letter c) of Law no. 243/2019, the constitutive act of Fondul must expressly stipulate the duration of the fund, the date of liquidation of the fund, the fact that the fund units cannot be redeemed by investors before the beginning of the liquidation phase of the fund, directly or indirectly, from the F.I.A. assets;
- 2 According to art. 34 para. (3) of the Regulation of the Financial Supervisory Authority no. 7/2020 on the authorization and operation of alternative investment funds (“**FSA Regulation no. 7/2020**”), which entered into force on 16 April 2020, the constitutive act of the Fund must include mentions on the issue, holding and sale of shares.
- 3 A series of amendments concern the limitation of powers of the Board of Nominees.
- 4 Other recommendations refer to introducing provisions on the possibility to extend the duration of Fondul, amending the provisions regarding the quorum required for a GSM decision on share capital decrease, amending the provisions regarding shareholders’ representation in a GSM, mentioning the rules on manager remuneration and the size of administration fees, introducing provisions on Fondul’s dissolution and redemption of shares upon such dissolution, introducing provisions on investment policy and valuation rules, amending the provisions on the remuneration policy and the remuneration report, extending the provisions on the content of the convening notice, including provisions on the content of voting ballots, correspondence voting, content and publication of GSM resolutions, the possibility to appoint only one permanent representative, amending the provisions on the existence of an internal audit department within Fondul.

All these recommendations were the subject of several extraordinary general meetings of shareholders and were approved, but those relating to the limitation of powers of the Board of Nominees were rejected by shareholders in the EGMS of 14 January 2021.

Through the authorization of the Fund as diversified closed-ended alternative investment fund set up as a joint stock company addressed to retail investors no. 25/28 January 2022, the FSA expressly requested that the items on the EGMS agenda of 14 January 2021 introduced in the application of ASF addresses SI-DRA / 5415.1 / 09.10.2020 and SI-DRA / 5415.6 / 11.11.2020 and rejected by Fund's shareholders to be reintroduced on the next EGMS of the Fund.

Please find attached the updated comparative table presenting each proposal.

Franklin Templeton International Services S.À R.L., in its capacity of alternative investment fund manager and sole director of FONDUL PROPRIETATEA S.A.

Johan Meyer

Permanent representative

**COMPARATIVE TABLE ON THE PROPOSED CHANGES OF FONDUL PROPRIETATEA'S CONSTITUTIVE ACT ACCORDING TO FSA LETTER NO. 5415.1 / 9 October 2020, FSA NO. LETTER 5415.6 / 11 November 2020 and FSA AUTHORIZATION N. 25 / 28 January 2022
- 20 April 2022 EXTRAORDINARY SHAREHOLDERS' MEETING -**

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|--|--|--|---|---|
| Amendment of Article 13 paragraph (1) | (1) The general meeting of the shareholders is called by the Alternative Investment Fund Manager whenever required. Prior to the convocation of the general meeting of the shareholders, the Alternative Investment Fund Manager shall communicate to the Board of Nominees the intention to call the general meeting and shall introduce on the list of matters for the meeting all matters requested by the Board of Nominees. | (1) The general meeting of the shareholders is called by the Alternative Investment Fund Manager whenever required. Prior to the convocation of the general meeting of the shareholders, the Alternative Investment Fund Manager shall communicate to the Board of Nominees the intention to call the general meeting and shall may introduce on the list of matters for the meeting all the matters requested proposed by the Board of Nominees. | <p>The proposed change implements the request of FSA. Below is the translation in English of the FSA request in this regard:</p> <p><i>“In accordance with provisions of Article 117, paragraph (1) and paragraph (6), and also of the provisions of Article 117¹ of Companies Act no. 31/1990:</i></p> <p><i>“Article 117. (1) The general meeting shall be convened by the board of directors or by the directorate wherever it is deemed necessary.</i></p> <p><i>(6) The convening notice shall include the place and the date when the meeting is to take place, as well as the agenda, explicitly indicating all the matters that will constitute the subject of the meeting's proceedings. In case the agenda includes the appointment of directors or of the members of the supervisory board, the convening notice shall mention the list including information with regard to the name, the locality of residence and the professional qualification of the persons proposed for the position of director shall be available to the shareholders, and it may be consulted and filled out by them.</i></p> <p><i>Art. 117¹ (1) One or more shareholders representing, individually or together, at least 5% of the share capital, shall be entitled to request that new points be introduced on the agenda.</i></p> <p><i>(2) The requests shall be forwarded to the board of directors or to the directorate, within maximum 15 days as of the publication of the convening notice, with a view to publishing them and bringing them to the knowledge of the other shareholders. In case the agenda includes the appointment of directors or of the members of the supervisory board, and the</i></p> | <p>This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 11.485% of votes in favour).</p> <p>Following the receipt of FSA request, the Board of Nominees, with the assistance of legal professionals, has analysed the relevant provision of the Constitutive Act, as well as the critiques of the FSA concerning such provisions.</p> <p>Following such analysis, it is the Board of Nominees view that:</p> <ul style="list-style-type: none"> • The current provisions of the Constitutive Act are lawful and no amendment is necessary; they were lawful when the Constitutive Act was adopted, they were lawful when Fondul Proprietatea was listed in Bucharest and then in London and they continue to be lawful; • The powers of the Board of Nominees, as laid down in the Constitutive Act, are a mechanism for the protection of shareholders' interest, in the event the Fund Manager fails to introduce on the agenda of the general meeting of shareholders any points which are of interest to or should be subject to shareholder approval; • These powers create a more favourable mechanism, exclusively in the interest of shareholders, which is NOT prohibited by law; • The legal provisions regarding the convening of meetings (cited by the FSA) should be seen as a minimum standard that must be complied with by companies/issuers, and NOT as immutable provisions prohibiting a |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|---------|--------------|------------------|---|--|
| | | | <p><i>shareholders intend to formulate proposals for candidatures, the request shall include the information with regard to the name, the locality of residence and the professional qualification of the persons proposed for those positions.</i></p> <p><i>(3) The agenda supplemented by the points proposed by the shareholders, after the convening, must be published in compliance with the requirements provided by the law and/or by the constitutive act for convening the general meeting, at least 10 days before the general meeting, on the date mentioned in the initial convening document.”</i></p> <p><i>Also, according to provisions of Article 92, paragraph 1, paragraph (3) and paragraph (5) of Law no. 24/2017 “The management board or the directorate, as applicable, shall call the general meeting within the timeframe provided for at Article 117, paragraph (2) of Law no. 31/1990. One or more shareholders representing, individually or together, at least 5% of the share capital, shall be entitled to: a) request that new points be entered on the agenda of the general meeting, provided that each point is accompanied by a justification or draft decision proposed to be adopted by the general meeting, and b) submit draft decisions for the points entered or proposed to be entered on the agenda of the general meeting. The shareholders may exercise their rights under paragraph (3) within 15 (fourteen) days as of the date of publishing the convening notice.”</i></p> <p><i>Considering the provisions of Article 117, paragraph (1) and paragraph (6) and of Article 117^1 of Companies Act no. 31/1990, and also the provisions of Article 92, paragraph 1, paragraph (3) and paragraph (5) of Law no. 24/2017, we kindly ask you to review the provisions of the constitutive act regarding the prerogatives of the Board of Nominees in</i></p> | <p>more robust shareholder protection; granting such powers to the Board of Nominees is natural - this body represents the shareholders in the relationship with the Fund Manager and has a permanent role in this regard, has representativity and is endowed with the tools for acting swiftly and efficiently.</p> <ul style="list-style-type: none"> • The Constitutive Act would have been unlawful to the extent that there was an express prohibition on such enhanced powers and attributions which benefit the shareholders included in the relevant laws or as a result of an official interpretation issued by the Romanian Parliament or by the High Court of Cassation and Justice through an appeal in the interest of the law; NO such express prohibition exists; • Interpreting the relevant legal provisions as being prohibitive to any enhanced powers of the Board of Nominees may also lead to a potential limitation of the private property right (in this case, the shareholders’ right, as owners of Fondul Proprietatea, to decide on the establishment of corporate governance in Fondul Proprietatea and on the supervision of the Fund Manager), thus potentially leading to a serious breach of fundamental legal provisions at constitutional and supranational level which protect the private property right against restrictions which are not triggered by an objective of general interest being pursued. • The enhanced supervisory powers of the Board of Nominees are in line with the growing requirements in the European Union markets for a more robust and effective supervision of the management of the companies whose shares are quoted on the regulated markets (thus ensuring compliance with the requirements set out in the corporate governance codes of both the Bucharest Stock Exchange and the London Stock Exchange, which contain provisions aimed at the effective |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|---|---|--|---|---|
| | | | <i>order to correlate them with these legal provisions.”</i> | supervision of the listed companies' management). |
| Amendment of Article 13 paragraph (6) | (6) The calling notice, any other matter added to the agenda at the request of the shareholders or of the Board of Nominees, the annual financial statements, the annual report of the Alternative Investment Fund Manager, the report of the Board of Nominees as well as the proposal to distribute dividends are made available to the shareholders, at the headquarters of Fondul Proprietatea at the date of convocation of the general meeting, and are also published on the internet page, for free access to information by the shareholders. Upon request, copies of these documents shall be issued to the shareholders. | (6) The calling notice, any other matter added to the agenda at the request of the shareholders or of proposed by the Board of Nominees, the annual financial statements, the annual report of the Alternative Investment Fund Manager, the report of the Board of Nominees as well as the proposal to distribute dividends are made available to the shareholders, at the headquarters of Fondul Proprietatea at the date of convocation of the general meeting, and are also published on the internet page, for free access to information by the shareholders. Upon request, copies of these documents shall be issued to the shareholders. | Same comment as for changes introduced at article 13 paragraph (1) of the Constitutive Act. | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 32.318% of votes in favour). In the Board of Nominees' view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details. |
| Amendment of Article 13 paragraph (11) | (11) The Board of Nominees may request to the Alternative Investment Fund Manager the calling of the general meeting, and if the Fund Manager does not observe the written request of the Board of Nominees within 5 working days from receiving it, the Board of Nominees may call upon the general meeting of the shareholders by following the same procedures as set out in this Article. | (11) The Board of Nominees may request propose to the Alternative Investment Fund Manager the calling of the general meeting, and if the Fund Manager does not observe give a response to the written request of the Board of Nominees within 5 working days from receiving it, the Board of Nominees may call upon the general meeting of the shareholders by following the same procedures as set out in this Article inform the shareholders, by means of a current report, that it considers necessary the convening of the general meeting of shareholders, while also indicating the topics that should be discussed. | Same comment as for changes introduced at article 13 paragraph (1) of the Constitutive Act. | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 11.485% of votes in favour). The proposed amendment strips the Board of Nominees of the power to convene the general meeting of shareholders in case of a refusal by the Fund Manager to convene such meeting upon a proposal by the Board of Nominees. The proposed amendment establishes instead an information mechanism, giving the Board of Nominees the right to publish a current report informing shareholders on the need of calling a shareholder meeting (which may lead to a shareholder or a group of shareholders holding at least 5% of Fondul Proprietatea's share capital to request the Fund Manager to call a shareholders meeting in line with Companies Law requirements or, in case of refusal by the Fund Manager, to request in court such calling of the general meeting of shareholders. Nevertheless, in the Board of Nominees' view, such amendment would lead to a decrease of |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
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| | | | | shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details. |
| Amendment of Article 13 paragraph (12) | (12) The chairperson of Board of Nominees may request to the Alternative Investment Fund Manager the calling of the general meeting according to article 16 paragraph (4) second sentence. | (12) The chairperson of Board of Nominees may request propose to the Alternative Investment Fund Manager the calling of the general meeting according to article 16 paragraph (4) second sentence. | Same comment as for changes introduced at article 13 paragraph (1). | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 11.491% of votes in favour). In the Board of Nominees' view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details. |
| Amendment of Article 13 paragraph (15) | (15) In the situation provided by paragraphs (13) and (14), in case the Alternative Investment Fund Manager does not call the general meeting of shareholders, the shareholders who requested the calling of the general meeting may request the same to the Board of Nominees. Should the Board of Nominees is also not responding to their request in 10 working days from the receipt of the request, the court of law from the headquarters of Fondul Proprietatea, by summoning the Alternative Investment Fund Manager, may authorize the calling of the general meeting by the shareholders which formulated the request. | (15) In the situation provided by paragraphs (13) and (14), in case the Alternative Investment Fund Manager does not call the general meeting of shareholders, the shareholders who requested the calling of the general meeting may request the same to the Board of Nominees. Should the Board of Nominees is also not responding to their request in 10 working days from the receipt of the request the court of law from the headquarters of Fondul Proprietatea, by summoning the Alternative Investment Fund Manager, may authorize the calling of the general meeting by the shareholders which formulated the request, according to the legislation in force. | Same comment as for changes introduced at article 13 paragraph (1). | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 18.015% of votes in favour). In the Board of Nominees' view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details. |
| Amendment of Article 14 paragraph (5) | (5) For the validity of the deliberation of the extraordinary general meeting of shareholders regarding a share capital decrease, the attendance of the shareholders representing: (i) at least a fourth of the shares having voting rights upon the first convocation; and | (5) For the validity of the deliberation of the extraordinary general meeting of shareholders regarding a share capital decrease, the attendance of the shareholders representing: (i) at least 1/4 a fourth of the shares having total number of voting rights upon the first convocation; and | The proposed change implements the request of FSA. Below is the translation in English of the FSA request in this regard: <i>“According to provisions of Article 115, paragraph (1) of Companies Act no. 31/1990: “With a view to ensuring the validity of the deliberation of the extraordinary general meeting, one shall</i> | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 17.927% of votes in favour). The proposed amendment addresses the FSA's request and seeks to ensure that the relevant |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|---|---|---|--|--|
| | (ii) at least one fifth of the total number of the shares having voting rights, upon the second convocation is required. | (ii) at least 1/5 one fifth of the total number of shares having voting rights, upon the second convocation is required. | <i>require the attendance of the shareholders which hold at least one fourth of the total number of voting rights, and in the future gatherings, the attendance of the shareholders which hold at least one fifth of the total number of voting rights.”</i> <i>Considering the aforementioned legal provisions, it is required to amend the provisions of Article 14, paragraph (5), letter (i) of the constitutive act, according to the provisions of article 115, paragraph (1) of Companies Act no. 31/1990 in the sense of mentioning the fact that, in order to validate the deliberation of the general extraordinary meeting of the shareholders regarding the decrease of the share capital, the presence of the shareholders representing at least 1/4 of the total shareholders with voting right is necessary. With regard to the provisions of Article 14, paragraph (15) and paragraph (19), we consider opportune to review the amendment of its provisions in accordance with the provisions of Article 208 and Article 209 of Regulation no. 5/2018.”</i> | provision is clear (even if the current version has the same effect as the one set out in the Companies Law). For the avoidance of doubt, Fondul Proprietatea has complied, at all times, with the applicable legal provisions in relation to share capital decrease operations (their application being <i>de jure</i>). |
| Amendment of paragraphs (13) and (14) and deletion of paragraph (15) of Article 14 | (13) Considering the extremely large number of shareholders of Fondul Proprietatea the shareholders may participate in person, by proxy with a special power of attorney or may express their voting right by correspondence or by electronic voting; the procedures and forms for the proxy, correspondence and electronic voting shall be set by the Alternative Investment Fund Manager, in accordance with the applicable legislation and are made available to the shareholders at least by the date of publishing of convening notice for general meeting of shareholders. (14) Considering the introduction of the voting right by correspondence, which right may be exercised and it is recommended to be exercised by any of the shareholders, the statutory quorum that needs to be met for the | (13) Considering the extremely large number of shareholders of Fondul Proprietatea the shareholders may participate in person, by proxy with a special power of attorney or may express their voting right by correspondence or by electronic voting, according to legislation and regulations in force, according to applicable legislation and regulations in force. ¶ The procedures and forms for the proxy, correspondence and electronic voting shall be set by the Alternative Investment Fund Manager, in accordance with the applicable legislation and are made available to the shareholders at least by the date of publishing of convening notice for general meeting of shareholders. (14) Considering the introduction of the voting right by correspondence, which right may be exercised and it is recommended to be exercised by any of the shareholders, ¶ The statutory quorum | The proposed change implements the request of FSA. Below is the translation in English of the FSA request in this regard: <i>“According to provisions of Article 115, paragraph (1) of Companies Act no. 31/1990: “With a view to ensuring the validity of the deliberation of the extraordinary general meeting, one shall require the attendance of the shareholders which hold at least one fourth of the total number of voting rights, and in the future gatherings, the attendance of the shareholders which hold at least one fifth of the total number of voting rights.”</i> <i>Considering the aforementioned legal provisions, it is required to amend the provisions of Article 14, paragraph (5), letter (i) of the articles of incorporation, according to the provisions of article 115,</i> | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 17.927% of votes in favour). This amendment addresses the FSA recommendation, covered by reference to “ <i>applicable legislation and regulations in force</i> ”. The proposed amendment has been discussed and cleared with the FSA, following the Fund Manager expressing its concern that including extensive text extracted from article 115 paragraph (1) of Companies Law and from articles 208 and 209 of Regulation no. 5/2018 may not be opportune, as any amendment of the relevant provision will then require a formal amendment of the Constitutive Act (and, prior to such amendment, may lead to the application of a set of double standards applicable |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|---|--|---|---|--|
| | <p>valid holding of any type of general meeting of the shareholders is calculated by including the votes deemed validly sent by correspondence, according to legislation in force.</p> <p>(15) Also in the case of the vote by correspondence, each shareholder is entitled to pronounce himself in writing, with respect to the issues included in the agenda, casting a vote "for", "against" or "abstained". The expressed votes that are not cancelled are considered.</p> | <p>that needs to be met for the valid holding of any type of general meeting of the shareholders is calculated by including the votes deemed validly sent by correspondence, <u>according to legislation in force.</u></p> <p>(15) Also in the case of the vote by correspondence, each shareholder is entitled to pronounce himself in writing, with respect to the issues included in the agenda, casting a vote "for", "against" or "abstained". The expressed votes that are not cancelled are considered.</p> | <p><i>paragraph (1) of Companies Act no. 31/1990 in the sense of mentioning the fact that, in order to validate the deliberation of the general extraordinary meeting of the shareholders regarding the decrease of the share capital, the presence of the shareholders representing at least 1/4 of the total shareholders with voting right is necessary. With regard to the provisions of Article 14, paragraph (15) and paragraph (19), we consider opportune to review the amendment of its provisions in accordance with the provisions of Article 208 and Article 209 of Regulation no. 5/2018."</i></p> | <p>to Fondul Proprietatea - Constitutive Act and legal requirements).</p> <p>For ease of reference, the exhaustive description of the voting procedure is always included in the GSM Procedure of Fondul Proprietatea, which is public and available for consultation on Fondul Proprietatea's website.</p> |
| Amendment of Article 14 paragraph (17) | <p>(17) In order to ensure the effective and real possibility of all shareholders to be informed on the contents of the documents and the proposals of the ones requiring the organization of the general meeting of the shareholders, by care of the Alternative Investment Fund Manager, such will be available, at the headquarters of Fondul Proprietatea, as well as on the internet page of Fondul Proprietatea, at least 30 days prior to the date provided for holding the meeting. In the case the calling of the general meeting is made by the Board of Nominees, the Alternative Investment Fund Manager has the obligation to fulfil all the above-mentioned formalities at the request of the Board of Nominees. In case the communication with the shareholder is not realized in this way, for objective reasons, the Board of Nominees may announce in the calling notice a different address than the registered address of Fondul Proprietatea, where the above-mentioned documents will be made public on the website of Fondul Proprietatea, in accordance with the applicable legislation.</p> | <p>(17) In order to ensure the effective and real possibility of all shareholders to be informed on the contents of the documents and the proposals of the ones requiring the organization of the general meeting of the shareholders, by care of the Alternative Investment Fund Manager, such will be available, at the headquarters of Fondul Proprietatea, as well as on the internet page of Fondul Proprietatea, at least 30 days prior to the date provided for holding the meeting. <u>In the case the calling of the general meeting is made by the Board of Nominees, the Alternative Investment Fund Manager has the obligation to fulfil all the above-mentioned formalities at the request of the Board of Nominees. In case the communication with the shareholder is not realized in this way, for objective reasons, the Board of Nominees may announce in the calling notice a different address than the registered address of Fondul Proprietatea, where the above-mentioned documents will be made public on the website of Fondul Proprietatea, in accordance with the applicable legislation.</u></p> | <p>Same comment as for changes introduced at article 13 paragraph (1).</p> | <p>This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 17.927% of votes in favour).</p> <p>In the Board of Nominees' view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details.</p> |
| Amendment of Article 14 paragraph (18) | <p>(18) In the ads informing on the convocation of the general meeting of shareholders of Fondul Proprietatea it will be indicated, by the Alternative Investment Fund Manager the reference date in relation to which the shareholders will be entitled to participate</p> | <p>(18) In the ads informing on the convocation of the general meeting of shareholders of Fondul Proprietatea it will be indicated, by the Alternative Investment Fund Manager the reference date in relation to which the shareholders will be entitled to participate and vote. Also, the date by when the</p> | <p>Same comment as for changes introduced at article 13 paragraph (1).</p> | <p>This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this</p> |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|--|--|--|--|---|
| | <p>and vote. Also, the date by when the shareholders may send their votes, as well as the procedure for voting by correspondence, regarding any of the issues subject to approval shall also be set. If the calling of the general meeting is made at the request of the Board of Nominees the above mentioned duties shall be fulfilled by the Board of Nominees. The deadline by when votes by correspondence may be registered at least 5 working days subsequent to the date of publication of the informative material and is prior to the convocation date of the general meeting of the shareholder by at least 48 hours.</p> | <p>shareholders may send their votes, as well as the procedure for voting by correspondence, regarding any of the issues subject to approval shall also be set. If the calling of the general meeting is made at the request of the Board of Nominees the above mentioned duties shall be fulfilled by the Board of Nominees. The deadline by when votes by correspondence may be registered at least 5 working days subsequent to the date of publication of the informative material and is prior to the convocation date of the general meeting of the shareholder by at least 48 hours.</p> | | <p>point on the agenda reached only 17.927% of votes in favour).</p> <p>In the Board of Nominees' view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details.</p> |
| <p>Deletion of paragraph (19) of Article 14</p> | <p>(19) The votes of the shareholders will be sent electronically or by letter to the headquarters of Fondul Proprietatea, in a clear and precise form, noting "for", "against" or "abstained" in relation to each issue subject to approval for which the shareholder intends to cast a vote.</p> | <p>(19) The votes of the shareholders will be sent electronically or by letter to the headquarters of Fondul Proprietatea, in a clear and precise form, noting "for", "against" or "abstained" in relation to each issue subject to approval for which the shareholder intends to cast a vote.</p> | <p>The proposed change implements the request of FSA. Below is the translation in English of the FSA request in this regard:</p> <p><i>“According to provisions of Article 115, paragraph (1) of Companies Act no. 31/1990: “With a view to ensuring the validity of the deliberation of the extraordinary general meeting, one shall require the attendance of the shareholders which hold at least one fourth of the total number of voting rights, and in the future gatherings, the attendance of the shareholders which hold at least one fifth of the total number of voting rights.”</i></p> <p><i>Considering the aforementioned legal provisions, it is required to amend the provisions of Article 14, paragraph (5), letter (i) of the articles of incorporation, according to the provisions of article 115, paragraph (1) of Companies Act no. 31/1990 in the sense of mentioning the fact that, in order to validate the deliberation of the general extraordinary meeting of the shareholders regarding the decrease of the share capital, the presence of the shareholders representing at least 1/4 of the total shareholders with voting right is necessary. With regard to the provisions of Article 14, paragraph (15) and paragraph (19), we consider opportune to review the amendment of its provisions in accordance</i></p> | <p>This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 17.927% of votes in favour).</p> <p>This amendment addresses the FSA recommendation “all elements required according to legislation and regulations in force” (please refer to the comments made in connection with the proposed amendment of paragraphs (13) and (14) and deletion of paragraph (15) Article 14 of the Constitutive Act – please see above).</p> <p>The proposed amendment has been discussed and cleared with the FSA, following the Fund Manager expressing its concern that including extensive text extracted from article 115 paragraph (1) of Companies Law and from articles 208 and 209 of Regulation 5/2018 may not be opportune, as any amendment of the relevant provision will then require a formal amendment of the Constitutive Act (and, prior to such amendment, may lead to the application of a set of double standards applicable to Fondul Proprietatea - Constitutive Act and legal requirements).</p> <p>For ease of reference, the exhaustive description of the voting procedure is always included in the GSM Procedure of Fondul Proprietatea, which is public and available for consultation on Fondul Proprietatea's website.</p> |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
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| | | | <i>with the provisions of Article 208 and Article 209 of Regulation no. 5/2018.</i> | |
| Amendment of Article 14 paragraph (21) | (21) The shareholders may be represented in each general meeting by other shareholders or by third parties subject to evidence that voting authority has been delegated by the shareholder for that particular general meeting. | (21) The shareholders may be represented in each general meeting by other shareholders or by third parties, according to the legislation in force subject to evidence that voting authority has been delegated by the shareholder for that particular general meeting. | The proposed change implements the request of FSA. Below is the translation in English of the FSA request in this regard: <i>“In accordance with provisions of Article 125, paragraph (1) of Companies Act no. 31/1990: “The shareholders can participate and vote in general meetings by representation, based on a special proxy granted for such general meeting.” Also, according to the provisions of Article 92, paragraph (10) and paragraph (11) of Law no. 24/2017: “The shareholders may also be represented in the general meeting of the shareholders by persons other than the shareholders based on a special or general proxy. In case a shareholder is represented by a credit institution which provides custody services, it may vote in the general meeting of the shareholders based on the voting instructions received by electronic means of communication, without being for a special or general proxy to be prepared by the shareholder. The custodian votes in the general meeting of the shareholders exclusively in accordance with and within the limits of the instructions received from its clients having the capacity of shareholders on the date of reference.” Given the aforementioned legal provisions, we consider opportune to review the supplementation of the provisions of Article 14, paragraph (21) of the constitutive act according to the provisions of article 125, paragraph (1) of Companies Act no. 31/1990 and of the provisions of Article 92, paragraph (10) and paragraph (11) of Law no. 24/2017.”</i> | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 17.927% of votes in favour). In order to address the FSA’s comments made in connection with the application of art. 125 paragraph (1) of the Companies Law and art. 92 paragraph (10) and (11) of Law no. 24/2017, the proposal is to insert a reference to “ <i>legislation in force</i> ”. For ease of reference, specific guidance as to representation on the basis of general or special powers of attorney is always included in the GSM Procedure of Fondul Proprietatea, which is public and available for consultation on Fondul Proprietatea’s website. |
| Amendment of Article 14 paragraph (23) | (23) Only the shareholders registered in the company shareholders’ register at the reference date established by the Alternative Investment Fund Manager or the Board of Nominees, as the case may be, when calling | (23) Only the shareholders registered in the company shareholders’ register at the reference date established by the Alternative Investment Fund Manager or the Board of Nominees, as the case may be, when calling the general meeting of | Same comment as for changes introduced at article 13 paragraph (1) of the Constitutive Act. | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
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| | the general meeting of the shareholders shall be entitled to participate to the meeting and vote after proving their identity. | the shareholders, shall be entitled to participate to the meeting and vote after proving their identity. | | point on the agenda reached only 17.927% of votes in favour). In the Board of Nominees' view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details. |
| Amendment of Article 15 paragraph (2) | (2) Any shareholder will have the right to make proposals on the members of the Board of Nominees. The nomination will be accompanied by the questionnaire regarding the independence of the candidate, completed and signed by the candidate, whose template shall be available in the informative materials, following that, this questionnaire will be brought to the attention of the shareholders. The members of the Board of Nominees may be shareholders of Fondul Proprietatea or other persons designated by the shareholders and they must have the proper experience and knowledge in order to be able to receive the Alternative Investment Fund Manager reports and of the consultants and, based on the information received, judge the merits of the management of Fondul Proprietatea within the limits of the objectives and principles set by the investment policy as well as by the applicable laws and regulations. Also, the members of the Board of Nominees have to be qualified properly in order to decide (if there is need with the support of an independent consultant) if the transactions proposed by the Alternative Investment Fund Manager needing the approval of the Board of Nominees are made to the advantage of the shareholders. | (2) Any shareholder will have the right to make proposals on the members of the Board of Nominees. The nomination will be accompanied by the questionnaire regarding the independence of the candidate, completed and signed by the candidate, whose template shall be available in the informative materials, following that, this questionnaire will be brought to the attention of the shareholders. The members of the Board of Nominees may be shareholders of Fondul Proprietatea or other persons designated by the shareholders and they must have the proper experience and knowledge in order to be able to receive the Alternative Investment Fund Manager reports and of the consultants and, based on the information received, judge the merits of the management of Fondul Proprietatea within the limits of the objectives and principles set by the investment policy as well as by the applicable laws and regulations. Also, the members of the Board of Nominees have to be qualified properly in order to decide (if there is need with the support of an independent consultant) if the transactions proposed by the Alternative Investment Fund Manager needing the approval to be analysed by the Board of Nominees are made to the advantage of the shareholders. | Same comment as for changes introduced at article 13 paragraph (1) of the Constitutive Act. | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 17.927% of votes in favour). In the Board of Nominees' view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details. |
| Amendment of Article 16 paragraph (4) | (4) If the absolute majority condition cannot be fulfilled to have the quorum for taking a decision, the chairperson of the Board of Nominees shall give notice for a second meeting of Board of Nominees, having the | (4) If the absolute majority condition cannot be fulfilled to have the quorum for taking a decision, the chairperson of the Board of Nominees shall give notice for a second meeting of Board of Nominees, having the same agenda as the first, in order to discuss this agenda. If the absolute | Same comment as for changes introduced at article 13 paragraph (1) of the Constitutive Act. | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
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| | same agenda as the first, in order to discuss this agenda. If the absolute majority condition cannot be fulfilled to have the quorum for taking a decision for three consecutive times, the chairperson of the Board of Nominees shall ask the Alternative Investment Fund Manager to convoke the general meeting of the shareholders in order to properly decide on the respective decisions; in case that the Alternative Investment Fund Manager does not convoke it, any of the members of the Board of nominees will be in his right to convoke the general meeting. | majority condition cannot be fulfilled to have the quorum for taking a decision for three consecutive times, the chairperson of the Board of Nominees shall ask the Alternative Investment Fund Manager to convoke the general meeting of the shareholders in order to properly decide on the respective decisions; in case that the Alternative Investment Fund Manager does not convoke it, any of the members of the Board of nominees will be in his right to convoke the general meeting. | | point on the agenda reached only 11.491% of votes in favour). In the Board of Nominees' view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details. |
| Amendment of Article 17 paragraph (1) | (1) Following the information received from the Alternative Investment Fund Manager with regard to the summoning of the ordinary and/or extraordinary general meeting of the shareholders requests, if it deems necessary, the insertion of supplementary matters in the text of the calling notice of the general meeting of shareholders; | (1) Following the information received from the Alternative Investment Fund Manager with regard to the summoning of the ordinary and/or extraordinary general meeting of the shareholders requests proposes , if it deems necessary, the insertion of supplementary matters in the text of the calling notice of the general meeting of shareholders, in accordance with the legislation in force ; | Same comment as for changes introduced at article 13 paragraph (1) of the Constitutive Act. | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 11.485% of votes in favour). In the Board of Nominees' view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details. |
| Amendment of Article 17 paragraph (7) | (7) Receives from the Alternative Investment Fund Manager for analysis and approves the framework for carrying out Fondul Proprietatea's operations, as well as any other Fondul Proprietatea's regulations issued by Alternative Investment Fund Manager according to legal provisions in force, capital market rules and regulations; | (7) Receives from the Alternative Investment Fund Manager for analysis and approves reviews the framework for carrying out Fondul Proprietatea's operations, as well as any other Fondul Proprietatea's regulations issued by Alternative Investment Fund Manager according to legal provisions in force, capital market rules and regulations; | The proposed change implements the request of FSA. Below is the translation in English of the FSA request in this regard: <i>“In accordance with the provisions of Law no. 74/2015 and FSA Regulation no. 10/2015, the Sole Director of Fondul Proprietatea S.A. is an AIFM carrying out the activities provided by Article 5, paragraph (2) and paragraph 3 of Law no. 74/2014, while, in accordance with provisions of Article 21, paragraph (2) of the articles of incorporation of Fondul Proprietatea S.A., the role of the Board of Nominees is to monitor AIFM's activity. Also, in accordance with the legal provisions applicable to AIFM, the preparation of AIFM's internal rules and</i> | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 11.485% of votes in favour). Following the receipt of FSA request, the Board of Nominees, with the assistance of legal professionals, has analysed the relevant provision of the Constitutive Act, as well as the critiques of the FSA concerning such provisions. Following such analysis, it is the Board of Nominees view that: • The current provisions of the Constitutive Act are lawful and no amendment is necessary; |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|---------|--------------|------------------|--|---|
| | | | <p><i>procedures is exclusively its attribute, and it is not approved by the Board of Nominees even though they have an impact on the administration activity of Fondul Proprietatea S.A. Taken into account the abovementioned aspects, we kindly request you to consider amending the provisions of Article 17, paragraph (7) of the articles of incorporation in the sense of eliminating the provisions concerning the approval by the Board of Nominees of the framework for the performance of the operations of Fondul Proprietatea S.A. prepared by AIFM, and of eliminating the obligation to subject to the approval by the Board of Nominees any other regulation issued by AIFM applicable to Fondul Proprietatea S.A. In this respect, we recommend using the terminology used at Article 17 of the constitutive act of Fondul Proprietatea S.A. with regard to the prerogatives of the Board of Nominees to receive and review.”</i></p> | <ul style="list-style-type: none"> • The provisions of art. 17 par. (7) of the Constitutive Act refer to the specific regulations of Fondul Proprietatea and not to those elaborated by the Alternative Investment Fund Manager in relation to its own organisation. Such regulations are thus positioned outside the applicability area of Law no. 74/2015 and of Regulation no. 10/2015. • By means of the aforementioned provision, the Constitutive Act does not grant the Board of Nominees the power to approve rules that regard the organisation and operation of the Alternative Investment Fund Manager; such rules being the prerogative of the legislation of the member state where the Manager is based (in our case the Grand Duchy of Luxembourg). • The specific regulations of Fondul Proprietatea referred to under art. 17 par. (7) of the Constitutive Act are those regulated by the provisions of Law no. 243/2019. • Law no. 243/2019 does not contain stipulations that prevent shareholders, as owners of Fondul Proprietatea, to decide on how the Fund’s rules should be adopted (even if such rules are elaborated by the Alternative Investment Fund Manager) and how corporate governance and supervision of the Alternative Investment Fund Manager should be established. • The Constitutive Act would have been unlawful to extent that there was an express prohibition on such enhanced powers and attributions which benefit the shareholders included in the relevant laws or as a result of an official interpretation issued by the Romanian Parliament or by the High Court of Cassation and Justice through an appeal in the interest of the law; NO such express prohibition exists. • Interpreting the relevant legal provisions as being prohibitive to any enhanced powers |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|--|--|---|--|---|
| | | | | <p>of the Board of Nominees may also lead to a potential limitation of the private property right (in this case, the shareholders' right, as owners of Fondul Proprietatea, to decide on the establishment of corporate governance in Fondul Proprietatea and on the supervision of the Fund Manager), thus potentially leading to a serious breach of fundamental legal provisions at constitutional and supranational level which protect the private property right against restrictions which are not triggered by an objective of general interest being pursued.</p> <ul style="list-style-type: none"> The enhanced supervisory powers of the Board of Nominees are in line with the growing requirements in the European Union markets for a more robust and effective supervision of the management of the companies whose shares are quoted on the regulated markets (thus ensuring compliance with the requirements set out in the corporate governance codes of both the Bucharest Stock Exchange and the London Stock Exchange, which contain provisions aimed at the effective supervision of the listed companies' management). |
| <p>Amendment of Article 17 paragraph (14)</p> | <p>(14) Under the conditions of art. 13 paragraphs (11) and (14) calls upon the general meeting of the shareholders;</p> | <p>(14) Under the conditions of art. 13 paragraphs (11) and (14), <u>calls upon the general meeting of the shareholders informs the shareholders about the necessity to call the general meeting of shareholders, mentioning also the topics to be discussed;</u></p> | <p>Same comment as for changes introduced at article 13 paragraph (1) of the Constitutive Act.</p> | <p>This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 11.485% of votes in favour).</p> <p>In the Board of Nominees' view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details.</p> |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|---|--|---|--|--|
| Amendment of Article 17 paragraph (16) | Proposes to the general meeting of shareholders the prior approval or rejection of the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables; | Proposes Further to the proposal of the Alternative Investment Fund Manager, issues an opinion to be presented to the general meeting of shareholders the prior approval or rejection regarding the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables; | The proposed change implements the request of FSA. Below is the translation in English of the FSA request in this regard: “In accordance with provisions of Article 90, paragraph (1) of Law no. 24/2017: “Any acts acquiring, alienating, exchanging or lodging as collateral certain assets included in the category of the issuer’s non-current assets, whose value exceeds, individually or cumulatively, over a fiscal year, 20% of the total non-current assets, except for receivables, shall be concluded by the directors or managers of the issuer only subject to the prior approval by the extraordinary general meeting of shareholders.” Considering the aforementioned legal provisions, in our opinion, AIFM (which is bound to summon the general meeting of the shareholders) should propose to the General Meeting of the Shareholders to approve the conclusion of the acts acquiring, alienating, exchanging or lodging as collateral certain assets in the category of the issuer’s non-current assets provided at Article 90, paragraph (1) of Law no. 24/2017 irrespective of the existence of a proposal made by the Board of Nominees. In this context, we kindly ask you to consider amending the provisions of Article 17, paragraph (16), and of Article 21, paragraph 4, letter (ix) of the constitutive act according to the abovementioned provisions.” | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 11.485% of votes in favour). In the Board of Nominees’ view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details. For the avoidance of doubt, Fondul Proprietatea has complied, at all times, with the applicable legal provisions in relation to such operations (their application being <i>de jure</i> , and not conditional upon having a specific provision included in the Constitutive Act – <i>i.e.</i> any operations which fall within the application of Article 90, paragraph (1) of Law no. 24/2017 are concluded only following the approval of the extraordinary general meeting of shareholders). |
| Amendment of Article 17 paragraph (20) | (20) Approves the delegation by the Alternative Investment Fund Manager of certain activities. The delegation shall be effective in accordance with the legal provisions in force; | (20) Approves Receives and reviews the delegation by the Alternative Investment Fund Manager of certain activities. The delegation shall be effective in accordance with the legal provisions in force; | The proposed change implements the request of FSA. Below is the translation in English of the FSA request in this regard: “In accordance with provisions of Article 75, letters a) - d) of (EU) Delegated Regulation no. 231/2013 on derogations, general operating conditions, storage, leverage, transparency and supervision, “Upon delegating the tasks of performing one or several functions on their behalf, | This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 11.485% of votes in favour). Following the receipt of FSA request, the Board of Nominees, with the assistance of legal professionals, has analysed the relevant provision of the Constitutive Act, as well as the critiques of the FSA concerning such provisions. |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|---------|--------------|------------------|--|--|
| | | | <p><i>AIFM especially complies with the following general principles:</i></p> <p>(a) <i>the structure of the delegation does not allow AIFM to circumvent from its responsibilities;</i></p> <p>(b) <i>AIFM's obligations towards AIF and its investors are not modified as a result of the delegation;</i></p> <p>(c) <i>the conditions to be complied with by AIFM in order to be authorized and to carry out activities in accordance with Directive 2011/61/EU are not affected;</i></p> <p>(d) <i>delegation takes place in the form of a written agreement between AIFM and the delegate."</i></p> <p><i>Taking into account the aforementioned legal provisions, and also the fact that the delegation of the activities carried out by an AIFM is exclusively AIFM's attribute and they are subject to the regime from AIFM's home Member State, we kindly ask you to consider amending the provisions of Article 17, paragraph (20) of the constitutive act in the sense of eliminating the obligation to obtain the approval of the Board of Nominees for the delegation by AIFM of certain activities, this being a right conferred to AIFM under European regulations, a right that cannot be hampered."</i></p> | <p>Following such analysis, it is the Board of Nominees view that:</p> <ul style="list-style-type: none"> • The current provisions of the Constitutive Act are lawful and no amendment is necessary; the provisions of art. 17 par. (20) of the Constitutive Act, comply with the applicable law and do not conflict with the provisions of the Directive on Alternative Investment Fund Managers (2011/61/EU) ("AIFMD"). • The Constitutive Act would have been unlawful to extent that there was an express prohibition set out in the laws of the home Member State of the Alternative Investment Fund Manager (<i>i.e.</i>, Luxembourg); moreover such interpretation of the provisions of the AIFMD (which was intended to create a general framework applicable to a very wide range of organizations) may also trigger the involvement of ESMA and, ultimately, of the Court of Justice of the European Union, in compliance with the conditions of predictability and accessibility required of legal provisions. • Interpreting the relevant legal provisions as being prohibitive to any enhanced powers of the Board of Nominees may also lead to a potential limitation of the private property right (in this case, the shareholders' right, as owners of Fondul Proprietatea, to decide on the establishment of corporate governance in Fondul Proprietatea and on the supervision of the Fund Manager), thus potentially leading to a serious breach of fundamental legal provisions at constitutional and supranational level which protect the private property right against restrictions which are not triggered by an objective of general interest being pursued. • The enhanced supervisory powers of the Board of Nominees are in line with the growing requirements in the European Union markets for a more robust and effective supervision of the management of |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|---|---|--|--|---|
| | | | | the companies whose shares are quoted on the regulated markets (thus ensuring compliance with the requirements set out in the corporate governance codes of both the Bucharest Stock Exchange and the London Stock Exchange, which contain provisions aimed at the effective supervision of the listed companies' management). |
| Amendment of Article 21 paragraph (3) and paragraph (4) letters (i), (ii), (iv), (vi), (vii) (viii), (ix), (xi) and (xvi) and renumbering of a new letter (xi^1) | <p>(3) In addition to the duties provided by the applicable law, the Alternative Investment Fund Manager shall propose for the prior approval of the Board of Nominees and further, of the general meeting of the shareholders of Fondul Proprietatea, the general strategy in accordance with the investment policy of Fondul Proprietatea and it is responsible for the implementation of the investment policy and for achieving a proper balance between the profits and the risks related to the Fondul Proprietatea portfolio. The Alternative Investment Fund Manager undertakes to inform the Board of Nominees regularly, and as and when required by the Board of Nominees, about any significant changes in the activities of Fondul Proprietatea and within the structure of its portfolio.</p> <p>(4) In excess of the duties provided by the applicable law, the Alternative Investment Fund Manager shall be liable to:</p> <p>(i) establish a reference date for shareholders entitled to vote within the general meeting, under the law, and draft the text of the announcement on the convocation of the general meeting, after obtaining the prior approval of the Board of Nominees and after it added to the agenda the matters requested by the Board of Nominees;</p> <p>(ii) upon the written request of any shareholder submitted before the date of the general meeting of the shareholders, to give responses after obtaining the prior approval</p> | <p>(3) In addition to the duties provided by the applicable law, the Alternative Investment Fund Manager shall propose for the prior approval analysis of the Board of Nominees and further, of the approval of the general meeting of the shareholders of Fondul Proprietatea, the general strategy in accordance with the investment policy of Fondul Proprietatea and it is responsible for the implementation of the investment policy and for achieving a proper balance between the profits and the risks related to the Fondul Proprietatea portfolio. The Alternative Investment Fund Manager undertakes to inform the Board of Nominees regularly, and as and when required by the Board of Nominees, about any significant changes in the activities of Fondul Proprietatea and within the structure of its portfolio.</p> <p>(4) In excess of the duties provided by the applicable law, the Alternative Investment Fund Manager shall be liable to:</p> <p>(i) establish a reference date for shareholders entitled to vote within the general meeting, under the law, and draft the text of the announcement on the convocation of the general meeting, after obtaining the prior approval notifying the Board of Nominees and after it added to the agenda the matters requested analysing the matters requested proposed by the Board of Nominees to be added on the agenda;</p> <p>(ii) upon the written request of any shareholder submitted before the date of the general meeting of the shareholders, to give responses after obtaining the prior approval considering the</p> | <p>For the amendment of paragraph (3) - Same comment as for changes introduced at article 13 paragraph (1) of the Constitutive Act.</p> <p>For the amendment of paragraph (4) letter (viii) - The proposed change implements the request of FSA. Below is the translation in English of the FSA request in this regard:</p> <p><i>“Delegation to third parties of the activities of an AIFM takes place in accordance with (EU) Delegated Regulation no. 231/2013 and applicable legislation from AIFM’s home member state of origin. In this context, we kindly ask you to consider amending the provisions of Article 21, paragraph 4, letter (viii) of constitutive act by taking into account the fact that, according to its provisions, it results that AIFM should approve for itself outsourcing certain activities.”</i></p> <p>For the amendment of paragraph (4) letter (ix) - The proposed change implements the request of FSA. Below is the translation in English of the FSA request in this regard:</p> <p><i>“In accordance with provisions of Article 90, paragraph (1) of Law no. 24/2017: “Any acts acquiring, alienating, exchanging or lodging as collateral certain assets included in the category of the issuer’s non-current assets, whose value exceeds, individually or cumulatively, over a fiscal year, 20% of the total non-current assets, except for receivables, shall be</i></p> | <p>This text was on the agenda of the Extraordinary General Meeting of Shareholders that took place on 14 January 2021 and it was not approved because it did not meet the majority of votes (this point on the agenda reached only 11.48% of votes in favour).</p> <p>For the amendment of paragraph (3) - In the Board of Nominees’ view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details.</p> <p>The amendment of letter (xi) in the sense that the final thesis becomes a separate point (xi¹) is a clarification of wording.</p> <p>For the amendment of paragraph (4) letter (viii)- In the Board of Nominees’ view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed amendments to article 13 paragraph (1) of the Constitutive Act for details.</p> <p>For the amendment of paragraph (4) letter (ix) - In the Board of Nominees’ view, such amendment would lead to a decrease of shareholder protection conferred under the current version of the Constitutive Act – please refer to the comments expressing the Board of Nominees position in connection with the proposed</p> |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
|---------|--|--|--|--|
| | <p>of the Board of Nominees, regarding the aspects concerning the business of Fondul Proprietatea;</p> <p>(...)</p> <p>(iv) prepare the annual financial statements, draft the annual activity report, examine the financial auditors' report, present them to the Board of Nominees before submitting such documents to the general meeting of the shareholders and make proposals on the distribution of the profit to the general meeting of the shareholders, after obtaining the prior approval of the Board of Nominees;</p> <p>(...)</p> <p>(vi) prepare an annual report on the management and the business policy of Fondul Proprietatea, to be presented to the Board of Nominees for approval prior to its submission to the general meeting of the shareholders;</p> <p>(vii) proposes for the prior approval of the Board of Nominees and further, of the general meeting of the shareholders, of the yearly income and expenditure budget and business plan;</p> <p>(viii) approves the outsourcing of certain activities, within the limits of the approved budget, respectively the delegation of the performance of certain activities, subject to the observance of the applicable legislation;</p> <p>(ix) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting of shareholders the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables;</p> <p>(...)</p> | <p>opinion of the Board of Nominees, regarding the aspects concerning the business of Fondul Proprietatea;</p> <p>(...)</p> <p>(iv) prepare the annual financial statements, draft the annual activity report, examine the financial auditors' report, present them to the Board of Nominees before submitting such documents to the general meeting of the shareholders and make proposals on the distribution of the profit to the general meeting of the shareholders, after obtaining the prior approval considering the opinion of the Board of Nominees;</p> <p>(...)</p> <p>(vi) prepare an annual report on the management and the business policy of Fondul Proprietatea, to be presented to the Board of Nominees for approval analysis prior to its submission to the general meeting of the shareholders;</p> <p>(vii) proposes for the prior approval analysis of the Board of Nominees and further, for the approval of the general meeting of the shareholders, of the yearly income and expenditure budget and business plan;</p> <p>(viii) approves the outsourcing outsource of certain activities related to the management of the company, within the limits of the approved budget, respectively the delegation of the performance of certain activities, subject to the observance of the applicable legislation;</p> <p>(ix) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting of shareholders the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables, presenting to the shareholders the opinion of the Board of Nominees;</p> <p>(...)</p> | <p><i>concluded by the directors or managers of the issuer only subject to the prior approval by the extraordinary general meeting of shareholders." Considering the aforementioned legal provisions, in our opinion, AIFM (which is bound to summon the general meeting of the shareholders) should propose to the General Meeting of the Shareholders to approve the conclusion of the acts acquiring, alienating, exchanging or lodging as collateral certain assets in the category of the issuer's non-current assets provided at Article 90, paragraph (1) of Law no. 24/2017 irrespective of the existence of a proposal made by the Boards of Nominees. In this context, we kindly ask you to consider amending the provisions of Article 17, paragraph (16), and of Article 21, paragraph 4, letter (ix) of the articles of incorporation according to the abovementioned provisions."</i></p> <p>For all other changes in this article, please read the FSA comment from the proposed changes to art. 13 para. (1) of the Constitutive Act.</p> | <p>amendments to article 13 paragraph (1) of the Constitutive Act for details.</p> <p>For the avoidance of doubt, Fondul Proprietatea has complied, at all times, with the applicable legal provisions in relation to such operations (their application being <i>de jure</i>, and not conditional upon having a specific provision included in the Constitutive Act – <i>i.e.</i> any operations which constitute reserved matters are concluded only following the approval of the extraordinary general meeting of shareholders).</p> |

| Article | Current form | Proposed changes | FSA argumentation for recommendations | Comments |
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| | <p>(xi) propose to the ordinary general meeting of the shareholders the conclusion of the financial audit agreement according to the legal provisions in force, upon obtaining the prior approval of the Board of Nominees, as well as approve the procedure of internal audit and the audit plan;</p> <p>(xvi) proposes to Board of Nominees the recommendation for the Extraordinary General Meeting of the Shareholders for the appointment of the investment firm/investment bank who shall manage a public offer, as well as on its remuneration, when it will become necessary that such a company be appointed related to the admission to trading of Fondul Proprietatea;</p> | <p>(xi) propose to the ordinary general meeting of the shareholders the conclusion of the financial audit agreement according to the legal provisions in force, upon obtaining the prior approval of the Board of Nominees, presenting to the shareholders the opinion of the Board of Nominees;</p> <p>(xi¹) as well as approve the procedure of internal audit and the audit plan;</p> <p>(xvi) proposes to to Board of Nominees the recommendation for the Extraordinary General Meeting of the Shareholders the appointment of the investment firm/investment bank who shall manage a public offer, as well as on its remuneration, when it will become necessary that such a company be appointed related to the admission to trading of Fondul Proprietatea, presenting to the shareholders the opinion of the Board of Nominees;</p> | | |