

To: **Bucharest Stock Exchange**
Financial Supervisory Authority

Current report according to Article 99 of the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments

Important events to be reported:

Partial endorsement by the Financial Supervisory Authority of the new Investment Management Agreement approved by Resolution no. 1/ 28 April 2014 of the Ordinary General Shareholders Meeting of Fondul Proprietatea SA

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch ("**the Fund Manager**"), in its capacity as sole administrator and fund manager of Fondul Proprietatea SA ("**the Fund**"), would like to inform shareholders and investors that the Financial Supervisory Authority ("**FSA**") has issued Endorsement no. 111/04 August 2014, whereby it has endorsed with comments the new Investment Management Agreement no. 45/29 April 2014 concluded between the Fund and the Fund Manager ("**IMA**"), as approved by Resolution no. 1 of the Fund's Ordinary General Shareholders Meeting held on 28 April 2014.

Please note that FSA proposed the following changes to the terms of the IMA, with the argumentation that the amendments requested are based on the Government Decision no. 1514/2008 issued for the first selection process of the Fund Manager that was initiated during 2008 and based on the Law no. 247/2005 for setting-up the Fund:

- Force Majeure Event clauses;
- New Appointment Date definition;
- Clause 9.6 related to the agenda of October 2015 GSM;
- Clauses 13.3 and 13.4 letter b) regarding the termination of the agreement;
- Clause 14.3 regarding AIFMD implementation;
- Clause 19 regarding the governing law and dispute resolution;

Report date:

6 August 2014

Name of the issuing entity:

Fondul Proprietatea S.A.

Registered office:

78-80 Buzesti St.,
7th floor, district 1,
Bucharest, postal code 011017

Phone/fax number:

Tel.: + 40 21 200 9600
Fax: + 40 21 200 9631

Sole Registration Code with the Trade Register Office:

18253260

Order number in the Trade Register:

J40/21901/2005

Subscribed share capital:

RON 12,861,183,036.65

Paid share capital:

RON 12,515,396,724.25

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange

- Clause 21.2 regarding the key employees;
- Clause 22 regarding the language of the IMA;
- Elimination of Distribution fee.

According to this Endorsement, the Fund has the obligation to submit the requested amendments to the IMA for shareholders' approval.

For your ease of reference, please find enclosed Annex 1 with FSA's Endorsement no. 111/04 August 2014, and Annex 2 with along with a comparative table describing the provisions of the IMA that were not endorsed by FSA.

Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch, acting as Sole Administrator on behalf of FONDUL PROPRIETATEA S.A.

Oana Valentina TRUȚA

Legal Representative

Seal: The Financial Supervisory Authority
Registration no.: SI / DAS 5039.1
Day: 05 Month: 08 Year: 2014

REGULATED ENTITIES SURVEILLANCE AND LICENSING DIRECTORATE

OPC and SAI Monitoring and Authorization Department

FINANCIAL INSTRUMENTS AND INVESTMENTS SECTOR

To
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED
United Kingdom Bucharest Branch
78-80 Buzesti St., 7-8 floors, Premium Point, District 1, 011017, Bucharest, Romania
Fax: 021 200 96 31/32
In the attention of Mrs. Oana Valentina Truța – Director

Seal: S.C. Fondul Proprietatea S.A.
Registration no. 1409
Day: 05, Month: 08 Year: 2014

Dear Madam,

Following the official letter of SC Fondul Proprietatea SA, registered with A.S.F under no. RG/ 41471/30 April 2014, supplemented by official letters no. RG/48368/19 May 2014 and no. RG/63420/26 June 2014, we hereby enclose, in original copy, FSA Endorsement no. 111/04 August 2014.

To the extent the Ministry of Public Finances expresses its position on the current applicability of the provisions of Art. 12, paragraph (2), Chapter II, TITLE VII of Law no. 247/2005 on the reform of ownership and justice, as well as certain associated measures, namely the provisions of Government Decision no. 1514/2008 on the Regulation for the organization of an international auction for the appointment of the fund manager of SC Fondul Proprietatea SA and the Tender book of the auction in case, FSA will reanalyse the request of the entity, taking into account the point of view expressed by the Ministry.

Respectfully yours,

**Head of Department,
Claudia Catalina SAVA**

Illegible signature

Seal: Financial Supervisory Authority

ASF

Head of Department 2

SIIF

15 Splaiul Independentei, district 5, code 050092, Bucharest
Tel. 021.659.62.05, Fax: 021.659.60.51 www.asfromania.ro

ENDORSEMENT NO. 111/04 AUGUST 2014

On the grounds of the provisions of Art. 1, paragraph (2), Art. 2, paragraph (1), letters a) and d), Art. 6, paragraphs (1) and (3), Art. 14 and Art. 27 of Government Emergency Ordinance no. 93/2012 on the establishment, organization and operation of the Financial Supervisory Authority (hereinafter referred to as FSA), approved as amended and completed by Law no. 113/2013, as subsequently amended and completed,

according to the provisions of Art. 14 of C.N.V.M. Regulation no. 4/2010 on the registration of the Romanian National Securities Commission and the operation of S.C. "Fondul Proprietatea" S.A., as well as on the trading of the shares issued by the same, as subsequently amended,

whereas the request of SC Fondul Proprietatea SA, registered with FSA under no. 41471/30 April 2014, supplemented by the official letter registered under no. RG/63420/26 June 2014,

taking into account the provisions of Art. 12, paragraph 2, Chapter II, TITLE VII - Regulations on the establishment and payment of the damages due for the premises abusively taken over, included in Law no. 247/2005 on the reform of ownership and justice, as well as certain associated measures, according to which:

"The fund manager shall be selected based on an international auction, the regulation on the organization of which and the competence of the auction committee being established by Government decision. The appointment of the fund manager shall be made in compliance with the provisions of Law no. 297/2004 on the capital market, as subsequently amended and completed, as well as with the regulations of the Romanian National Securities Commission."

whereas the provisions of Annexes 1 and 2 to Government Decision no. 1514/2008 on the Regulation for the organization of an international auction for the appointment of the fund manager of SC Fondul Proprietatea SA and the Tender book of the auction in case, according to which:

"FP requests applicants to submit two fee offers - one based on fixed fees and one based on performance. (...)"

The initial financial offers shall indicate the annual fees which the applicant expects to collect according to the Management Agreement. The document shall be clearly identified as the Initial Financial Offer. The applicants shall submit offers for two (2) alternative scenarios:

1. INITIAL FINANCIAL OFFER

1.a) Fixed fee scheme

The fixed fee formula to be used is the following:

*Fixed fee = "x" base points per year *base*

After the FP listing on BVB, the base will be represented by the market value of FP (VPF), defined as the FP capitalization on the market (number of shares issued multiplied by the average market price of the FP shares calculated for the last 90 days of the trading session in a calendar year). Before listing, the fee calculation shall be based on the net asset value of FP, calculated according to the regulations in force.

The investment management fee shall be charged starting from the initial date, which is the commercial date of the initial asset transfer. The payment means and terms of this fee shall represent the object of the STAGE II negotiation of the selection process.

The fixed fee shall be divided in two:

- 1. the fund manager remuneration for the management of the FP portfolio and*
- 2. the fund manager remuneration for the FP management.*

1.b) The combined fee scheme (fixed fee + performance based fee)

The formula to be used for the combined fee scheme is the following:

Combined fee = fixed fee + performance based fee"

whereas "depreciations and fluctuations" cannot be considered force majeure events, given the definition indicated under Art. 1351, paragraph 2 of LAW no. 287/2009 on the CIVIL CODE, as subsequently amended and supplemented,

taking into account the provisions of Annex no. 5 "*SERVICES TO BE CONTRACTED AND CONTRACTUAL REQUIREMENTS*" to Government Decision no. 1514/2008 on the Regulation for the organization of an international auction for the appointment of the fund manager of SC Fondul Proprietatea SA and Tender book of the auction in case, according to which:

"The management agreement shall be governed by the Romanian law. The management agreement shall include a clause stating that the arbitration procedure shall be carried out in Paris, according to the Arbitration Regulation of the Paris International Chamber of Commerce (ICC)."

on the grounds of Parliament Decision no. 60/05 November 2013, of Parliament Decision no. 14/2014 and of Parliament Decision no. 26/16 June 2014, as well as on the grounds of FSA Decision no. 925/31 July 2014,

based on the analysis of the specialized direction and of the decisions taken during the meeting on 01 August 2014, the FSA Vice Chairman - the Financial Instruments and Investments Sector decided to issue this individual act,

ENDORSEMENT

Art. 1. It is hereby endorsed the Management Agreement no. 45/29 April 2014 between SC Fondul Proprietatea SA and Franklin Templeton Investment Management Ltd. United Kingdom - Bucharest Branch (FTIML), as approved by Resolution of the General Shareholders Meeting no. 1/28 April 2014, with the amendments mentioned in the annex, part of this endorsement.

Art. 2. SC Fondul Proprietatea SA has the obligation to submit for approval the management agreement amended according to this Endorsement, at the next General Ordinary Shareholders Meeting.

Art. 3. Franklin Templeton Investment Management Ltd United Kingdom - Bucharest Branch (FTIML) has the obligation to comply with the applicable legal provisions.

Art. 4. This Endorsement comes into effect on the date of its communication to SC Fondul Proprietatea SA and the provisions of the management agreement of SC Fondul Proprietatea SA, amended according to this Endorsement comes into effect on 30 September 2014.

Art. 5. This Endorsement shall be published in the Bulletin of the Financial Supervisory Authority.

**VICE CHAIRMAN
FINANCIAL INSTRUMENTS AND INVESTMENTS SECTOR
MIRCEA URSACHE**

Illegible signature
Seal: Financial Supervisory Authority
FSA
Vice-Chairman

Appendix to Endorsement no. 111/August 4th, 2014

of the Financial Supervisory Authority

> **Point 2. Definitions: “Force Majeure Event” of the Management Agreement shall read as follows:**

“Force Majeure Event means, in relation to any party, any act, event or circumstance, the cause of which is not of such party's making nor within that party's reasonable control, including without limitation (to the extent not of that party's making nor within that party's reasonable control) act of God, war, hostilities (whether or not war has been declared), terrorist acts, acts of any civil or military authority, governmental or regulatory direction or restriction, suspension or withdrawal of licences or consents, currency restrictions, market conditions affecting the execution or settlement of transactions or the value of assets, failure or breakdown in communications, the failure of any relevant exchange or clearing house, riot, insurrection, civil commotion, public demonstration, sabotage, acts of vandalism, fire, flood, earthquake, extreme weather conditions, epidemic or pandemic, explosion, aircraft crashes or things falling from aircraft, release of ionising radiation or contamination by radioactivity, chemical or biological contamination, the order of any court or governmental or regulatory authority, delay in transportation or communications, breakage of or accidental damage to equipment, any strike, lock-out or other industrial trade dispute (not involving solely the employees of that party), structural shift or subsidence;”

> **Point 2. Definitions: “New Appointment Date” of the Management Agreement shall read as follows:**

“New Appointment Date means, in relation to the appointment of a new fund manager and sole director, or, in the event the Customer becomes a self-managed fund, new directors of the Customer following termination of this Management Agreement, the later of: (i) the date when the new fund manager and sole director, or, as the case may be, new directors, are registered with the Trade Registry or any other competent authority as per the applicable legal provisions; and (ii) the date when the FSA issues its approval in relation to the appointment of the new, sole director and fund manager as the case may be, new directors, and, (iii) the date when all other mandatory legal requirements for the replacement of the Fund Manager have been satisfied, and, in each of the cases under paragraphs (i), (ii) and (iii), being effective on the date that the Fund Manager received notice (or ought reasonably to have received notice) of the event.”

> **Point 9.6 of the Management Agreement shall read as follows:**

“The Performance Report, together with the BoN Review Report will be reviewed by the shareholders in the October GSM. The agenda of each October GSM will allow the shareholders the opportunity to vote on (i) the continuation or termination of this 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 start of the procedures set out by the legislation in force for the selection of a new fund manager and sole director or the transformation of the company into a self-managed closed-end fund.”

> **Point 13.3 of the Management Agreement shall read as follows:**

“The Fund Manager may terminate this Management Agreement and resign its mandate as Sole Director with six months’ prior written notice. Not later than five business days following the Termination Notice Date, but subject to timely approval of the GSM agenda by the BoN, the Fund Manager will call the OGM having on the agenda the notification of the shareholders regarding the unilaterally termination of the agreement and the initiation of the procedures set out by the legislation in force for the selection of a new fund manager and sole director or the transformation of the company into a self-managed closed-end fund”.

> Point 13.4 letter b) of the Management Agreement shall read as follows:

“b) if material obligations under this Management Agreement can no longer be fulfilled due to changes in the applicable law compared to the date of signing this Agreement, provided that the Fund Manager has used reasonable endeavours to comply with but, despite such efforts, the compliance was not possible; or”

> Point 14.3 of the Management Agreement shall read as follows;

“To the extent that changes in the applicable law or regulation following the signing of this Management Agreement (including, without limitation, the future provisions implementing the Directive 2011/61/EU on Alternative Investment Fund Managers under Romanian legislation) impose requirements on the Fund Manager in the performance of this Management Agreement with which the Fund Manager cannot comply, the Fund Manager undertakes to use reasonable endeavours to continue performance of the services to the extent legally possible and, to the extent not legally possible, the implementation of any amendments to this Management Agreement is subject to consent by the Customer, at its full discretion and nothing in this Management Agreement shall be construed as an expressed prior consent in this respect and the Customer will not be liable for the refusal to grant such consent acting reasonably.”

> Point 18.4 of the Management Agreement shall read as follows:

“If any Force Majeure Event shall substantially impair the ability of the Fund Manager to carry out its duties under this Management Agreement, the Customer shall urgently convene the GSM for the initiation of the legal procedures for the selection of a new fund manager and sole director or the adoption of a resolution regarding the transformation of the company into a self-managed closed-end fund”.

> Point 19.1 of the Management Agreement shall read as follows:

“This Management Agreement is governed by and shall be construed in accordance with the Romanian laws.”

> Point 19.2 of the Management Agreement shall read as follows:

“ Dispute Resolution

a) Any dispute or difference arising out of or in connection with the Management Agreement, including without limitation any disputes regarding its valid conclusion, existence, interpretation, nullity, breach, amendment, termination in any way of this Management Agreement (each a “Dispute”), that cannot be resolved by amicable negotiations within a reasonable period of time from the notice served by any of the

Parties relating to the potential Dispute shall be finally resolved by the Paris Court of Arbitration under its Rules of Arbitration. The Party requesting the initiation of the arbitration proceedings shall serve the other Party with a written notice that such proceedings will be initiated.

b) The place of the arbitration shall be Paris, the language of the arbitration shall be English, and the tribunal shall consist of three (3) arbitrators appointed in accordance with the Rules of the ICC Paris.”

> Point 21.2 of the Management Agreement shall read as follows:

„21.2. For the duration of this Management Agreement, the Fund Manager undertakes that (i) it will not, without the prior express written approval of the BoN, change, replace or dismiss, save as a result of misconduct by the employee, Mr. Grzegorz Maciej Konieczny from acting in his capacity as the Fund Manager’s and the Sole Director’s representative with respect to the Customer, nor do any similar acts or things or do anything which may have a similar effect, and (ii) it will use all reasonable efforts to procure that Mr. Grzegorz Maciej Konieczny must, for the duration of his employment by the Fund Manager in the course of this Management Agreement, devote the necessary time for the management of the Portfolio.”

> Point 22 of the Management Agreement shall read as follows:

“This Management Agreement shall be signed in Romanian and English and executed in 3 original counterparts, one for the Fund Manager and two for the Customer.”

> the provisions regarding the Distribution/Distributions Fees of the Appendix to the Management Agreement are deleted.

Clause stipulated in the IMA approved by
 OGM no. 1/28 April 2014

Clause as proposed by FSA through
 Endorsement no. 111/05 August 2014

2. DEFINITIONS

Force Majeure Event means, in relation to any party, any act, event or circumstance, the cause of which is not of such party's making nor within that party's reasonable control, including without limitation (to the extent not of that party's making nor within that party's reasonable control) act of God, war, hostilities (whether or not war has been declared), terrorist acts, acts of any civil or military authority, governmental or regulatory direction or restriction, suspension or withdrawal of licences or consents, currency restrictions, **devaluations and fluctuations**, market conditions affecting the execution or settlement of transactions or the value of assets, failure or breakdown in communications, the failure of any relevant exchange or clearing house, riot, insurrection, civil commotion, public demonstration, sabotage, acts of vandalism, fire, flood, earthquake, extreme weather conditions, epidemic or pandemic, explosion, aircraft crashes or things falling from aircraft, release of ionising radiation or contamination by radioactivity, chemical or biological contamination, the order of any court or governmental or regulatory authority, delay in transportation or communications, breakage of or accidental damage to equipment, any strike, lock-out or other industrial trade dispute (not involving solely the employees of that party), structural shift or subsidence;

2. DEFINITIONS

New Appointment Date means, in relation to the appointment of a new fund manager and sole director, or, in the event the Customer becomes a self-managed fund, new directors of the Customer following termination of this Management Agreement, the later of: (i) the date when the new **or, if decided by the Customer, interim, fund manager and sole director**, or, as the case may be, new directors, are registered with the Trade Registry or any other competent authority as per the applicable legal provisions; and (ii) the date when the FSA issues its approval in relation to the appointment of the new, **or, if decided by the Customer, interim, sole director and fund manager as the case may be, new directors**, and, (iii) the date when all other mandatory legal requirements for

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2. DEFINITIONS

New Appointment Date means, in relation to the appointment of a new fund manager and sole director, or, in the event the Customer becomes a self-managed fund, new directors of the Customer following termination of this Management Agreement, the later of: (i) the date when the new ~~or, if decided by the Customer, interim, fund manager and sole director~~, or, as the case may be, new directors, are registered with the Trade Registry or any other competent authority as per the applicable legal provisions; and (ii) the date when the FSA issues its approval in relation to the appointment of the new, ~~or, if decided by the Customer, interim, sole director and fund manager as the case may be, new directors~~, and, (iii) the date when all other mandatory legal requirements for

the replacement of the Fund Manager have been satisfied, and, in each of the cases under paragraphs (i), (ii) and (iii), being effective on the date that the Fund Manager received notice (or ought reasonably to have received notice) of the event;

9. FUND MANAGER PERFORMANCE OBJECTIVES. ANNUAL REPORTING

9.6. The Performance Report, together with the BoN Review Report will be reviewed by the shareholders in the October GSM. The agenda of each October GSM will allow the shareholders the opportunity to vote on (i) the continuation or termination of this 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 BoN before its inclusion in the language of the draft resolution of the October GSM.

13. TERMINATION

13.3 The Fund Manager may terminate this Management Agreement and resign its mandate as Sole Director with six months' prior written notice. Not later than five business days following the Termination Notice Date, but subject to timely approval of the GSM agenda by the BoN, the Fund Manager will call the OGM having on the agenda the approval of the procedure for the selection of a new Sole Director and Fund Manager. Such procedure will be prepared by the Fund Manager and agreed with the BoN before its inclusion in the language of the draft resolution of the OGM.

the replacement of the Fund Manager have been satisfied, and, in each of the cases under paragraphs (i), (ii) and (iii), being effective on the date that the Fund Manager received notice (or ought reasonably to have received notice) of the event;

9. FUND MANAGER PERFORMANCE OBJECTIVES. ANNUAL REPORTING

9.6. The Performance Report, together with the BoN Review Report will be reviewed by the shareholders in the October GSM. The agenda of each October GSM will allow the shareholders the opportunity to vote on (i) the continuation or termination of this 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 BoN before its inclusion in the language of the draft resolution of the October GSM the start of the procedures set out by the legislation in force for the selection of a new fund management and sole director or the transformation of the company into a self-managed closed-end fund.

13. TERMINATION

13.3 The Fund Manager may terminate this Management Agreement and resign its mandate as Sole Director with six months' prior written notice. Not later than five business days following the Termination Notice Date, but subject to timely approval of the GSM agenda by the BoN, the Fund Manager will call the OGM having on the agenda the approval of the procedure for the selection of a new Sole Director and Fund Manager. Such procedure will be prepared by the Fund Manager and agreed with the BoN before its inclusion in the language of the draft resolution of the OGM the notification of the shareholders regarding the unilateral termination of the agreement and the initiation of the procedures set out by the legislation in force for the selection of a new fund manager and sole director or the transformation of the company into a self-managed closed-end fund.

13. TERMINATION

13.4 The Fund Manager may terminate this Management Agreement and resign its mandate as Sole Director by as much prior written notice to the Customer as is reasonably practicable, if:

13.4. (b) if material obligations under this Management Agreement can no longer be fulfilled due to changes in the applicable law compared to the date of signing this Agreement, provided that the Fund Manager has used reasonable endeavours to comply with or (if it is not possible for the Fund Manager to do so) to propose a reasonable alternative arrangement involving an Affiliate which would comply with the relevant law, in accordance with clause 14.3 below, but despite those efforts compliance would not be possible; or

14. AMENDMENT OF THE MANAGEMENT AGREEMENT AND ASSIGNMENT OF RIGHTS

14.3 To the extent that changes in the applicable law or regulation following the signing of this Management Agreement (including, without limitation, the future provisions implementing the Directive 2011/61/EU on Alternative Investment Fund Managers under Romanian legislation) impose requirements on the Fund Manager in the performance of this Management Agreement with which the Fund Manager cannot comply, the Fund Manager undertakes to use reasonable endeavours to continue performance of the services to the extent legally possible and, to the extent not legally possible, to procure that a reputable Affiliate shall agree to provide the same services on substantially the same terms to the Customer. For the avoidance of any doubt, the appointment of such Affiliate, as well as the implementation of any amendments to this Management Agreement or any other alternative arrangement proposed by the Fund Manager are subject to consent by the Customer, at its full discretion and nothing in this Management Agreement shall be construed as an expressed prior consent in this respect and the Customer will not be liable for the refusal to grant such consent acting reasonably.

18. FORCE MAJEURE

18.4 If any Force Majeure Event shall substantially impair the ability of the Fund Manager to carry out its duties under this Management Agreement, the Customer shall be

13. TERMINATION

13.4 The Fund Manager may terminate this Management Agreement and resign its mandate as Sole Director by as much prior written notice to the Customer as is reasonably practicable, if:

13.4. (b) if material obligations under this Management Agreement can no longer be fulfilled due to changes in the applicable law compared to the date of signing this Agreement, provided that the Fund Manager has used reasonable endeavours to comply with or (if it is not possible for the Fund Manager to do so) to propose a reasonable alternative arrangement involving an Affiliate which would comply with the relevant law, in accordance with clause 14.3 below, but despite those efforts compliance would not be possible; or

14. AMENDMENT OF THE MANAGEMENT AGREEMENT AND ASSIGNMENT OF RIGHTS

14.3 To the extent that changes in the applicable law or regulation following the signing of this Management Agreement (including, without limitation, the future provisions implementing the Directive 2011/61/EU on Alternative Investment Fund Managers under Romanian legislation) impose requirements on the Fund Manager in the performance of this Management Agreement with which the Fund Manager cannot comply, the Fund Manager undertakes to use reasonable endeavours to continue performance of the services to the extent legally possible and, to the extent not legally possible, to procure that a reputable Affiliate shall agree to provide the same services on substantially the same terms to the Customer. For the avoidance of any doubt, the appointment of such Affiliate, as well as the implementation of any amendments to this Management Agreement or any other alternative arrangement proposed by the Fund Manager are subject to consent by the Customer, at its full discretion and nothing in this Management Agreement shall be construed as an expressed prior consent in this respect and the Customer will not be liable for the refusal to grant such consent acting reasonably.

18. FORCE MAJEURE

18.4 If any Force Majeure Event shall substantially impair the ability of the Fund Manager to carry out its duties under this Management Agreement, the Customer shall be

entitled to appoint a replacement manager until such event is rectified. If the Fund Manager remains unable to deliver (whether through Delegates or outsourcees or otherwise) substantially all its services under this Management Agreement after three months from the appointment of the relevant replacement manager have elapsed, the Customer shall be entitled to terminate the appointment of the Fund Manager on immediate notice.

19. APPLICABLE LAW AND JURISDICTION

19.1. This Management Agreement is governed by and shall be construed in accordance with the laws of England & Wales.

19. APPLICABLE LAW AND JURISDICTION

19.2. Dispute Resolution

a) Any dispute or difference arising out of or in connection with the Management Agreement, including without limitation any disputes regarding its valid conclusion, existence, interpretation, nullity, breach, amendment, termination in any way of this Management Agreement (each a "Dispute"), that cannot be resolved by amicable negotiations within a reasonable period of time from the notice served by any of the Parties relating to the potential Dispute shall be finally resolved by the LCIA (London Court of International Arbitration) under the LCIA Rules of Arbitration. The Party requesting the initiation of the arbitration proceedings shall serve the other Party with a written notice that such proceedings will be initiated.

b) The place of the arbitration shall be London, the language of the arbitration shall be English, and the tribunal shall consist of three (3) arbitrators appointed in accordance with the LCIA Rules.

c) Any award of the arbitral tribunal rendered in accordance with this clause shall be final and binding on the Parties.

d) The award shall be voluntarily executed by the parties in any jurisdiction, or else award enforcement proceedings may be instituted in any court in the country where the recognition of

entitled to appoint a replacement manager until such event is rectified. If the Fund Manager remains unable to deliver (whether through Delegates or outsourcees or otherwise) substantially all its services under this Management Agreement after three months from the appointment of the relevant replacement manager have elapsed, the Customer shall be entitled to terminate the appointment of the Fund Manager on immediate notice shall urgently convene the GSM for the initiation of the legal procedures for the selection of a new fund manager and sole director or the adoption of a resolution regarding the transformation of the company into a self-managed closed-end fund.

19. APPLICABLE LAW AND JURISDICTION

19.1. This Management Agreement is governed by and shall be construed in accordance with the Romanian laws.

19. APPLICABLE LAW AND JURISDICTION

19.2. Dispute Resolution

a) Any dispute or difference arising out of or in connection with the Management Agreement, including without limitation any disputes regarding its valid conclusion, existence, interpretation, nullity, breach, amendment, termination in any way of this Management Agreement (each a "Dispute"), that cannot be resolved by amicable negotiations within a reasonable period of time from the notice served by any of the Parties relating to the potential Dispute shall be finally resolved by the Paris Court of International Arbitration under the Paris Rules of Arbitration. The Party requesting the initiation of the arbitration proceedings shall serve the other Party with a written notice that such proceedings will be initiated.

b) The place of the arbitration shall be Paris, the language of the arbitration shall be English, and the tribunal shall consist of three (3) arbitrators appointed in accordance with the ICC Paris.

c) Any award of the arbitral tribunal rendered in accordance with this clause shall be final and binding on the Parties.

d) The award shall be voluntarily executed by the parties in any jurisdiction, or else award enforcement proceedings may be instituted in any court in the country where the recognition of such arbitration award is requested.

such arbitration award is requested.

e) In the event of a Dispute, the Party prevailing in such Disputes shall be entitled to recover all expenses, including without limitation reasonable legal fees and expenses and arbitral and court-related costs, incurred in ascertaining such Party's rights under this Management Agreement and preparation of application and enforcement of such Party's rights, as determined by the arbitration tribunal, whether or not it was necessary for such Party to institute any enforcement proceedings to achieving the enforcement of its rights.

21. TRANSITORY AND FINAL PROVISIONS

21.2. For the duration of this Management Agreement and irrespective of any replacement of the Fund Manager to which the Customer may consent, the Fund Manager undertakes (and must ensure that any entity in its group with which the Fund Manager may be replaced undertakes) that (i) it will not, without the prior express written approval of the BoN, change, replace or dismiss, save as a result of misconduct by the employee, Mr. Grzegorz Maciej Konieczny from acting in his capacity as the Fund Manager's and the Sole Director's representative with respect to the Customer, nor do any similar acts or things or do anything which may have a similar effect, and (ii) it will use all reasonable efforts to procure that Mr. Grzegorz Maciej Konieczny must, for the duration of his employment by the Fund Manager (or any replacement to whom investment discretion is allocated) in the course of this Management Agreement, devote the necessary time for the management of the Portfolio.

22. SIGNATORIES

This Management Agreement will be signed in the English language and executed in 3 originals, one for the Fund Manager and two for the Customer. The Fund Manager will prepare Romanian language translations to be submitted with the GSM and the necessary authorities.

Annex

The fee shall be calculated based on a (i) Base Fee, and (ii) a Distribution Fee.

- It is recognized that distributions beneficial to shareholders would reduce the notional amount upon which the Base Fee is

e) — In the event of a Dispute, the Party prevailing in such Disputes shall be entitled to recover all expenses, including without limitation reasonable legal fees and expenses and arbitral and court-related costs, incurred in ascertaining such Party's rights under this Management Agreement and preparation of application and enforcement of such Party's rights, as determined by the arbitration tribunal, whether or not it was necessary for such Party to institute any enforcement proceedings to achieving the enforcement of its rights.

21. TRANSITORY AND FINAL PROVISIONS

21.2. For the duration of this Management Agreement and irrespective of any replacement of the Fund Manager to which the Customer may consent, the Fund Manager undertakes (and must ensure that any entity in its group with which the Fund Manager may be replaced undertakes) that (i) it will not, without the prior express written approval of the BoN, change, replace or dismiss, save as a result of misconduct by the employee, Mr. Grzegorz Maciej Konieczny from acting in his capacity as the Fund Manager's and the Sole Director's representative with respect to the Customer, nor do any similar acts or things or do anything which may have a similar effect, and (ii) it will use all reasonable efforts to procure that Mr. Grzegorz Maciej Konieczny must, for the duration of his employment by the Fund Manager (or any replacement to whom investment discretion is allocated) in the course of this Management Agreement, devote the necessary time for the management of the Portfolio.

22. SIGNATORIES

This Management Agreement will be signed in Romanian and English language and executed in 3 originals, one for the Fund Manager and two for the Customer. The Fund Manager will prepare Romanian language translations to be submitted with the GSM and the necessary authorities.

Annex

The fee shall be calculated based on a (i) Base Fee, and (ii) a Distribution Fee.

- It is recognized that distributions beneficial to shareholders would reduce the notional amount upon which the Base Fee is

calculated; to reward the Fund Manager for arranging such distributions, a Distribution Fee shall be payable as follows:

- 200 basis points of total non-dividend distributions (including, without limitation, repurchases of own shares and returns of share capital) made available up to and including 31 October 2015; and

- 100 basis points of total non-dividend distributions (including, without limitation, repurchases of own shares and returns of share capital) made available from and including 1 November 2015.

Reference is made to distributions being "made available" to clarify that any failure on the part of any shareholder to collect, or to take the necessary steps to facilitate the receipt of, these distributions will not result in any adjustment of the calculation of the Distribution Fee due to the Fund Manager. The calculation of the Distribution Fee shall be made when such distributions become available to shareholders (e.g. payment start date). In case of repurchase of own shares, the calculation of the Distribution Fee shall be made at the date when the own shares repurchase transactions are settled.

3. The Base Fee shall be paid to the Customer quarterly, based on the invoices to be issued by the Fund Manager within twenty (20) business days following the end of the quarter for which payment is made.

The Distribution Fee shall be paid by the Customer quarterly, based on the invoices to be issued by the Fund Manager within twenty (20) business days following the end of the quarter in which the relevant date for calculating the distribution amount occurred.

The invoices for the Base Fee and the Distribution Fee shall be submitted to the Depository of the Customer's assets.

5. The payment of fees (Base Fee and Distribution Fee) shall be arranged by the Fund Manager only after the verification and certification by the Depository of the correctness of the calculation: notional amount, value of distributions, all the other items used in calculation of the fees, as well as the modalities for determining the fees. The payment shall be done within 30 business days since receipt of the invoice.

calculated; to reward the Fund Manager for arranging such distributions, a Distribution Fee shall be payable as follows:

- 200 basis points of total non-dividend distributions (including, without limitation, repurchases of own shares and returns of share capital) made available up to and including 31 October 2015; and

- 100 basis points of total non-dividend distributions (including, without limitation, repurchases of own shares and returns of share capital) made available from and including 1 November 2015.

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