



To **Bucharest Stock Exchange**
Romanian National Securities Commission

The current report according to Art. 113 point A, paragraph (1) letter b) of the Romanian National Securities Commission Regulation no. 1/2006 regarding the issuers and the operations with securities, as subsequently amended and completed, as well as the provisions of art. 99 in the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments

Report date:	18 October 2011
Name of the issuing entity:	SC Fondul Proprietatea SA
Registered office:	78-80 Buzesti St., 7 th 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 13,778,392,208
Paid share capital:	RON 13,405,864,536
Regulated market on which the issued securities are traded:	Bucharest Stock Exchange

Important events to be reported: S.C. Fondul Proprietatea SA ("The Fund") - Convening notice for the Extraordinary and Ordinary General Shareholders' Meeting to be held on 23 November 2011

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, in its capacity of Sole Administrator and Fund Manager of the Fund hereby publishes the Convening notice of Fondul Proprietatea's Extraordinary and Ordinary General Shareholders Meeting to be held on 23 November 2011, as reflected in the Annex.

Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch, in capacity of Sole Administrator of S.C. FONDUL PROPRIETATEA S.A.

Grzegorz Maciej KONIECZNY

Legal Representative



**CONVOCAION OF THE EXTRAORDINARY AND ORDINARY GENERAL MEETING OF THE SHAREHOLDERS OF
S.C. FONDUL PROPRIETATEA S.A.**

Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, with its office in Bucharest, 78-80 Buzesti St., 7th and 8th floors, 1st District, registered with the Trade Register under no. J40/8587/2009, with Sole Registration Code 25851096, registered with the Public Register of the National Securities Commission ('CNVM') under no. PJM05SSAM/400001 as a branch of an Investment Management Company from a Member State, as Sole Director of:

S.C. FONDUL PROPRIETATEA S.A., a trading joint-stock company with its registered office in Bucharest, 78-80 Buzesti St., 7th floor, 1st District, registered with the Trade Registration Office under no. J40/21901/2005, with Sole Registration Code 18253260, and a subscribed registered capital of RON 13,778,392,208 and a paid registered capital of RON 13,405,864,536 (the 'Company'),

Considering

- The provisions of Articles 12 - 13 of the Company's Constitutive Act;
- The provisions of Law 31/1990 on trading companies, restated, with its subsequent amendments and additions ('Law 31/1990');
- The provisions of Law 297/2004 on the capital market, with its subsequent amendments and additions;
- The provisions of Articles 147-158 of Regulation 15/2004 on the authorization and operation of investment management companies, of collective investment undertakings, and of trustees, issued by CNVM, with its subsequent amendments and additions;
- The provisions of Regulation 6/2009 on exercising certain rights of the shareholders at the general meetings of trading companies, issued by CNVM, with its subsequent amendments and additions;
- The provisions of Article 21 of Regulation 4/2010 on the registration with CNVM and the operation of 'Fondul Proprietatea' SA trading company, as well as on the transactions with shares issued by this company, issued by CNVM.

Convokes:

- I. **The Extraordinary General Meeting of Shareholders ('EGM') of S.C. Fondul Proprietatea S.A. for the date of 23 November 2011, 10.00 am (Bucharest hour), at Hotel Hilton, 1-3 Episcopiei Street, Room Le Diplomate, 1st District, Bucharest.**
- II. **The Ordinary General Meeting of Shareholders ('OGM') of S.C. Fondul Proprietatea S.A. for the date of 23 November 2011, 11.00 am (Bucharest hour), at Hotel Hilton, 1-3 Episcopiei Street, Room Le Diplomate, 1st District, Bucharest.**

Only the shareholders who are registered as shareholders of the Company on 11 November 2011 ('reference date') in the register of shareholders kept by S.C. Depozitarul Central S.A., have the right to participate and vote at the OGM and EGM.

- III. **The agenda of EGM is as follows:**

The appointment of the meeting secretary among the shareholders of the Company and designation of the technical secretary.



Amendment of the Constitutive Act of SC Fondul Proprietatea SA, as approved by Resolution no. 5 of the Extraordinary General Meeting of Shareholders of November 29, 2010, published in the Official Gazette no. 218 of January 20, 2011 ('Constitutive Act'), as follows:

2.1. The Article 11 is amended as follows:

“(1) Each share fully paid by the shareholders, according to the law, grants them the right to vote in the general meeting of the shareholders, according to the provisions of paragraph (2), the right to elect and to be elected in the management bodies, the right to take part in the profit distribution, according to the provisions of this constitutive act and the legal dispositions, respectively other rights provided by the constitutive act.

*(2) The shares issued by Fondul Proprietatea grant the right to vote, each share grants **one voting right**.*

(3) Holding one share implies the rightful adherence to this constitutive act.

(4) The rights and obligations follow the shares in case ownership thereof passes to another person”.

2.2. The Article 12 is amended as follows:

“(1) The general meeting of the shareholders may be ordinary and extraordinary.

(2) The ordinary general meeting of the shareholders has the following competencies, duties and functions:

a) to discuss, approve and amend the annual financial statements after reviewing the reports of the Fund Manager and financial auditor;

b) to establish the distribution of the net profit and to establish the dividends;

c) to appoint the members of the Board of Nominees (“BoN”) and to cancel their appointment;

d) to appoint the Fund Manager, on the basis of the outcome of the selection made subsequent to a tender for appointing the Fund Manager, and to cancel its appointment;

e) to appoint and cancel the appointment of the financial auditor and to set the minimum duration of the financial audit agreement;

f) to set the level of the remuneration of the members of the Board of Nominees, the Fund Manager and of the financial auditor for the ongoing fiscal year;

g) to rule over the management of the Fund Manager and to evaluate his/her performances and to discharge him/her from its management,

h) to decide on the action in a court of law against the Fund Manager or, as the case may be, against the financial audit, for damages caused to Fondul Proprietatea;

i) to approve the strategies and the development policies of Fondul Proprietatea;

j) to establish the annual income and expenditure budget, and to approve the business programme for the following financial year;

k) to decide upon the pledge, lease or the creation of the movable securities or mortgages on the assets of Fondul Proprietatea;

l) to decide on any other aspects regarding Fondul Proprietatea, according to the legal duties.

(3) The extraordinary general meeting of the shareholders is entitled to decide on the following:

a) set-up or closing of some secondary units: branches, agencies, representative offices or other such units with no legal personality;

b) share capital increase;

c) share capital decrease or re-completion thereof by issuing new shares;

d) conversion of shares from one category to another;

e) conversion of a category of bonds to another category or to shares;

f) issue new bonds;

g) approves the admission for trading and nominates the regulated market on which the shares of Fondul Proprietatea will be traded;

h) execution of any agreement / legal documents which may create binding obligations to Fondul Proprietatea including, without limitation to, agreements for purchase, sale or exchange or creation of encumbrances of the assets whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables;

i) change of the management system of Fondul Proprietatea;

j) limitation or cancellation of the preference right of the shareholders;



- k) approves the Investment Policy Statement;
l) any other amendment of the constitutive act or any other resolution requiring the approval of the extraordinary general meeting of the shareholders, according to applicable law or to this Constitutive Act”.

2.3. The Article 14 is amended as follows:

I. Quorum and voting rights

(1) Upon the first calling, for the validity of the deliberations of the ordinary general meeting of the shareholders it is required that the shareholders representing at least a fourth of the total voting rights to attend. The decisions of the ordinary general meeting of the shareholders are taken with the majority of votes. The decision of the ordinary general meeting of the shareholders regarding the cancelation of the appointment of the members of the Board of Nominees and of the Fund Manager are taken with a majority of at least two thirds of the number of votes attending or being represented.

(2) In case the ordinary general meeting of the shareholders cannot operate due to lack of quorum under paragraph (1), the meeting that will meet upon a second convocation may deliberate on the items included in the agenda of the first meeting, irrespective of the met quorum, taking decision by majority of the expressed votes.

(3) For the validity of the deliberations of the extraordinary general meeting of the shareholders the following are required:

a) upon the first convocation, the attendance of the shareholders representing at least a fourth of the shares having voting rights, and the decisions are taken with majority of votes held by the shareholders attending or being represented;

b) upon the second convocation, the general meeting of the shareholders may deliberate on the items included in the agenda of the first meeting in the presence of the shareholders representing at least one fifth of the total number of the shares having voting rights, taking decisions by majority of votes held by the shareholders attending or being represented.

(4) For the validity of the deliberations of the extraordinary general meeting of the shareholders to adopt a decision regarding the share capital increase, the share capital decrease, anticipated dissolution of Fondul Proprietatea, made under the conditions of the law, the attendance of the shareholders representing at least 50% of the total number of the voting rights, both at the first and the second convocation, is required.

(5) The decision to amend the main business object of Fondul Proprietatea, to decrease or increase the share capital, to change the legal form, to merge, de-merge or dissolve, is taken with a majority of at least two thirds of the voting rights related to the shares having voting rights of the shareholders attending or being represented.

II. Procedure of the meetings

(6) On the day and hour established in the convocation, the general meeting of the shareholders shall be opened by the permanent representative of the Fund Manager or, in its absence, by the one holding its place. A legal representative of the Fund Manager or a person appointed by the legal representative of the Fund Manager shall be the chairman of the meeting. The members of the Board of Nominees shall participate at the meetings, as well.

(7) The general meeting shall elect, from amongst the attending shareholders, 1 up to 3 secretaries, who will check the attendance list of the shareholders, indicating the share capital represented by each of them, the minutes drawn up by the technical secretary to determine the number of the submitted shares and the fulfilment of the formalities requested by law and by the constitutive act for holding the general meeting of the shareholders.

(8) A minute of the meeting, signed by the president and by Secretaries, shall determine the fulfilment of the calling formalities, the date and place of the general meeting of the shareholders, attending shareholders, the members of the Board of Nominees present, the number of shares, a summary of the debates, the decisions taken, and upon request of the shareholders, the statements made thereby in the meeting.

(9) The documents referring to the convocation, the list of attending as well as, as the case may be, the powers of attorney of the representatives of the shareholders shall be attached to each minutes.

(10) The permanent representative of the Fund Manager may appoint, from amongst the employees of Fund Manager, one or more technical secretaries, to fulfil their duties according to the legal provisions.



(11) The decisions of the general meetings of the shareholders are drawn-up based on the minutes and is signed by the permanent representative of the Fund Manager or by a person appointed thereby. The minutes shall be recorded in the general meetings of the shareholders' register.

(12) 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 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.

(13) 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 valid holding of any type of general meeting of the shareholders is calculated by including the votes deemed validly sent by correspondence.

(14) 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.

(15) All shareholders who, at the reference date, are registered in the shareholders' register, kept according to the law, have the right to participate to the general meetings of the shareholders.

(16) 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 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 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 realised 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.

(17) In the ads informing on the convocation of the general meeting of shareholders of Fondul Proprietatea it will be indicated, by the Fund Manager the reference date in relation to which the shareholders will be entitled to participate 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.

(18) The votes of the shareholders will be sent electronically or by letter at the headquarters of Fondul Proprietatea, in a clear and precise form, containing the mention "for", "against" or "abstained" to each issue subject to approval.

(19) The votes transmitted electronically shall be cancelled if they do not observe the procedure set by the Fund Manager drawn up according to the National Securities Commission regulations and such votes will not be taken into consideration in calculating the attending quorum.

IV. Exercising the voting right in the general meeting of the shareholders

(20) 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 decisions of the general meetings of the shareholders are taken by open vote, except for the cases the law or this constitutive act does not provide differently.

(22) Only the shareholders registered in the company shareholders' register at the reference date established by the Fund Manager or the Board of Nominees, as the case may be, when calling the general meeting of the shareholders shall be entitled to participate to the meeting and vote after proving their identity.



(23) *Secret vote is compulsory for electing and revoking the Fund Manager, the members of the Board of Nominees, the financial auditors and for taking some measures/decisions regarding the liability of the Fund Manager or of the members of the Board of Nominees and of the financial auditors of Fondul Proprietatea.*

(24) *The procedures referring to the secret vote, where applicable will be approved by the Fund Manager and will be made public on the website of Fondul Proprietatea at the date of convening notice at least by the date of publishing of convening notice for general meeting of shareholders.*

(25) *The decisions of the general meeting of the shareholders are binding for all shareholders, even for the absent shareholders or who voted against or abstained.*

(26) *The shareholders who do not have capacity to act, as well as the legal entities may be represented by their legal representatives who, in their turn, may grant power of attorney to other persons for that particular general meeting of the shareholders”.*

2.4. The Article 17 is amended as follows:

“The Board of Nominees has the followings duties and functions:

(1) Following the information received from the 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;

(2) Receives from the Fund Manager the information in connection with the answers to the written requests submitted before the date of the general meeting of the shareholders, by the shareholders on topics regarding Fondul Proprietatea’s activity;

(3) Receives from the Fund Manager the annual financial statements, the annual activity report presented by the Fund Manager and the financial auditors’ report, before being made available to the shareholders and analyzes them, being able to formulate an opinion to be presented to both the Fund Manager and the general meeting;

(4) Receives from the Fund Manager for analysis the annual report on the management and the business policy of Fondul Proprietatea and presents an opinion to the Fund Manager and to the general meeting of the shareholders;

(5) Receives from the Fund Manager for analysis the yearly income and expenditure budget and business plan before to be submitted to the approval of the general meeting of the shareholders and presents an opinion to the Fund Manager and to the general meeting of the shareholders;

(6) Receives from the Fund Manager for analysis the strategy in accordance with the Fondul Proprietatea’s investment policy before to be submitted to the approval of the general meeting of the shareholders and presents an opinion to the Fund Manager and to the general meeting of the shareholders;

(7) Receives from the 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 Fund manager according to legal provisions in force, capital market rules and regulations;

(8) Receives from the Fund Manager for analysis the proposal to the ordinary general meeting of the shareholders for the conclusion of the financial audit agreement and presents an opinion to the Fund Manager and to the general meeting of the shareholders;

(9) Reviews on a regular basis the investment policy of Fondul Proprietatea and presents an opinion to the general meeting of the shareholders as any time it deems necessary, but in any case, at least once a year to the annual ordinary meeting;

(10) Receives the report of the internal auditor and presents an opinion to the Fund Manager and to the general meeting of the shareholders;

(11) Monitors the following, based on information and reports received from the Fund Manager:

- the list of all portfolio investments and percentage breakdown by each investment type;*
- a list of major transaction occurring in the Fondul Proprietatea portfolio for the period under review;*
- the total profit of the portfolio and comparison of profit with the appropriate benchmark;*
- comparison of return on the portfolio with the portfolio objective;*
- the extent of compliance with the investment policy statement, any variations and actions taken to correct variations;*
- the performance evaluation report.*



all the above with the purpose of drafting and presenting a report regarding the developed monitoring activity any time is required by the shareholders, but in any case at least once a year, to the general meeting of the shareholders;

(12) Represents the general meeting of the shareholders in relation with the Fund Manager from the communication point of view between the two corporate bodies, except for the cases expressly regulated by this constitutive act as a direct communication between the general meeting and the Fund Manager;

(13) Verifies the report of the Fund Manager and the exercise of the permanent monitoring over the management of Fondul Proprietatea by the Fund Manager, and verifies if the operations carried on by the Fund Manager are in compliance with the applicable law, the constitutive act and/or with any relevant decision of the general meeting of the shareholders;

(14) Under the conditions of art. 13 paragraphs (11) and (14) calls upon the general meeting of the shareholders;

(15) Participates to the meetings of the general shareholders' meetings and presents in this meeting reports in all cases provided by this constitutive act or with regard to any issue it deems to be relevant for the shareholders;

(16) Proposes to the general meeting of the shareholders the approval or rejection of any contract/document which may create binding obligations to Fondul Proprietatea (including without limitation buying, selling, exchanging, pledging of assets of Fondul Proprietatea) whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables

(17) Recommends to the General Meeting of the Shareholders the termination of the management contract for the case when the Board of Nominees is considered is to the benefit of the shareholders.

(18) Recommends to the general meeting of the shareholders on any other issues the Board of Nominees is considered relevant to the shareholders.

(19) Following of proposal of Fund Manager, recommends to the Extraordinary General Meeting of the Shareholders the appointment of the public offer intermediate, as well as on his remuneration, when it will become necessary that such a company be appointed related to the admission to trading of Fondul Proprietatea.

(20) Approves the delegation by the Fund Manager of certain activities. The delegation will be in force after the approval of NSC, where required by legislation in force.

(21) Is responsible for monitoring the Fund Manager performance of the Investment Management Agreement”.

2.5. The Article 19 is amended as follows:

“(1) Fondul Proprietatea is managed by Franklin Templeton Investment Management Limited through its Romanian branch, with headquarter in Bucharest, 78-80 Buzesti street, floors 7-8, sector 1, fiscal registration no. 25851096, registration number at Trade Registry J40/8587/2009, legally represented by Grzegorz Maciej Konieczny, Polish citizen, borned on 22.11.1970 at Slupsk, Poland, with home adress in Poland, identified with identification documentation issued by Polish Authorities on 14.05.2009, with valability date by 14.05.2019, with personal identification number 7011220001 and by Adrian Cighi, Romanian citizen, with home adress on Bucuresti, 57 Aron Cotrus street, sc. D, et. 5, ap. D31, district 1, identified with ID RT number 768358 issued by S.P.C.E.P. District 1 on 18.05.2011, valid by 10.08.2021, with personal identification number 1830810314000 and by Oana - Valentina Truța, Romanian citizen, domiciled in Cluj-Napoca, 18 Iuliu Moldovan Str., ap.13, Cluj county, identified with Identity Card series KX number 361489 issued by Cluj-Napoca on 08.06.2004, valid by 20.08.2014, having as Personal Identification Number 2800820260032, under Investment Management Agreement signed on 25 February 2010, which holds the position of sole director, as well as of asset management company referred to throughout this document as the Fund Manager.

(2) The Fund Manager is elected by the general meeting of the shareholders, with the observance of the legal provisions and of this constitutive act.

(3) The mandate of the Fund Manager is of 4 years and is renewed automatically, if there is no adverse decision of the general meeting of the shareholders, entitled to decide on the termination of the mandate even before its regular lifespan. The Fund Manager will call the Ordinary General Meeting of Shareholders with at least 3 months before of the termination of Investment Management Agreement having on the

S.C. FONDUL PROPRIETATEA S.A., administered under a unitary system

Headquarters at: 78 – 80 Buzesti Street, 7th floor, Bucharest 1st district, postal code 011017, Romania.

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Register on Data Protection Notification Register under number 18668

Subscribed share capital RON 13,778,392,208, Paid Share Capital: RON 13,405,864,536

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agenda the extension of the mandate or the appointing of a new Fund Manager. The Fund Manager will organize the Ordinary General Meeting of Shareholders before the termination of Investment Management Agreement.

(4) The legal entity appointed as Fund Manager of Fondul Proprietatea must expressly accept such position, by executing the management agreement and must have in place professional liability insurance.

(5) The Investment Management Agreement can be modified or replaced in accordance with article 12 and 14, with the approval of the shareholders. Any replacement document or addendum of the Investment Management Agreement will be signed on behalf of Fondul Proprietatea by the chairman of the Board of Nominees or by a member of the Board of Nominees empowered by the chairman.”.

2.6. The Article 20 is amended as follows:

“The Fund Manager shall appoint a natural person as its permanent representative. The Fund Manager can make changes of its permanent representatives (that are the legal representatives and managers of the Fund Manager), with the prior authorisation of NSC. All changes will be registered at Trade Register.”

2.7. The Article 21 is amended as follows:

“(1) The management of Fondul Proprietatea is ensured by the Fund Manager, which fulfils the necessary and useful operations for the fulfilment of the company’s business object, except of the operations reserved by the law for the general meeting of the shareholders and has all the obligations attributed to it by the applicable law.

(2) The Fund Manager exercises its attributions under the control of the general meeting of the shareholders and the monitoring of the Board of Nominees.

(3) In excess of the duties provided by the applicable law, the Fund Manager shall be liable to:

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;

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 of the Board of Nominees, regarding the aspects concerning the business of Fondul Proprietatea;

iii) ensure that, if requested by any of the shareholders, a copy of or extract of the minutes of the general meeting shall be given to them and also, after the announcement of the ordinary annual general meeting of the shareholders is published, make available to the shareholders the financial statements of the company and the reports of the Fund Manager and of the company’s financial auditors,

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;

v) manages the relationship with the Central Depository with regard to its shareholders register functions,

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;

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;

viii) 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; 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; it has to inform periodically the Board of Nominees on any significant changes in the activities of Fondul Proprietatea and within the structure of its portfolio

ix) approve the outsourcing of certain activities, within the limits of the approved budget; respectively delegating the execution of certain activities,. with the prior endorsement of the NSC, where required by applicable legislation,



- x) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting of the shareholders any agreement / document which may create binding obligations to Fondul Proprietatea,, including but not limited to the purchase, sale, conversion or encumbrance of the assets of Fondul Proprietatea whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables;
- xi) to enter into any agreement / document which may create binding obligations to Fondul Proprietatea, (the purchase, sale, conversion or encumbrance of the assets of Fondul Proprietatea) whose value does not exceed, either individually or cumulated, during a financial year, 20% of the non-current assets, less any receivables, without the approval of the ordinary or extraordinary general shareholders meeting;
- xii) 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;
- xiii) decide the relocation of the registered office, provided that the registered office shall at all times be registered in Romania;
- xiv) make available to the Board of Nominees the reports, as well as other necessary documents for exercising the monitoring duties, in accordance with art. 17 paragraph (11);
- xv) inform at once the Board of Nominees of any litigation or infringement of legislation regarding Fund Manager, any operation which might be an infringement to the investment policy and about the plans/ correction measures for approaching these matters.
- xvi) ask for the calling of the general meeting which shall decide properly whenever an issue appears on which the Board of Nominees has a disagreement with the Fund Manager, which can not be resolved amiably.
- xvii) 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.”

2.8. The Paragraph 1 of Article 24 is amended as follows:

“(1) The financial statements of Fondul Proprietatea are subject to financial audit. Also, Fondul Proprietatea shall organise its internal audit in accordance with the legal provisions in force.”

2.9. The Article 27 is amended as follows:

- “(1) The accounting is kept in Romanian language and in national currency.
(2) Fondul Proprietatea must draft the annual financial statements according to legal provisions in force.”

2.10. The Paragraph 3 of Article 28 is amended as follows:

“(3) Fondul Proprietatea creates legal reserves and other reserves, pursuant to the law.”

2.11. The Article 31 is amended as follows:

“(1) The dissolution of Fondul Proprietatea shall take place in the following cases:

- a) impossibility of performing the company’s business object;
- b) declaring the company’s nullity;
- c) by decision of the extraordinary general meeting of the shareholders, in accordance with article 14 paragraphs (4) and (5);
- d) as consequence of losses, if the net asset value, determined as difference between the total asset and company’s debts, represents less than half of the value of the subscribed share capital and if, not later than the termination of the financial year subsequent to the one during which the losses have been ascertained, the general meeting of the shareholders fails to decrease the share capital with an amount at least equal with the one of losses which could not be covered from reserves or to reconstitute the company’s net asset up to the value at least equal with half of the subscribed share capital.
- e) opening of the bankruptcy procedure;
- f) the number of shareholders reduces under the legal minimum;
- g) other causes provided by the law or by this constitutive act.



(2) *The dissolution of Fondul Proprietatea cannot take place before the finalisation of the procedures for granting indemnities to the rightful persons.*

(3) *The dissolution decision of Fondul Proprietatea must be registered with the commercial registry and published in the Official Gazette of Romania, Part IV.”*

2.12. The Article 33 is amended as follows:

“The calculation method of the net asset is made according to the legal provisions in force.”

2.13. The Article 34 is amended as follows:

“(1) The investment policy is established by the Fund Manager, with the observance of the investment limitation provided by the legal provisions in force and of this Constitutive Act.

(2) Fondul Proprietatea shall be subject to the investment restrictions provided under Law No. 247/2005 on property and justice reform, and additional measures, as further amended and completed, of Law No. 297/2004 on the capital market, as further amended and completed as well as any other applicable law or regulation.

(3) Subject to the terms of this Constitutive Act, of the IMA and the applicable law, all decisions in relation to the acquisition of, disposal of, and exercise of all rights and obligations in relation to the assets of Fondul Proprietatea shall be at the sole discretion of the Fund Manager.

(4) Prudential rules concerning the investment policy will be by approved by the shareholders through Investment Policy Statement.”

2.14. The approval of the new Constitutive Act of S.C. Fondul Proprietatea S.A. The draft of the new Constitutive Act submitted for approval contains all the amendments and additions brought in the extraordinary general meeting of shareholders of November 29, 2010, and in this meeting, and have the contents specified in Annex to this Convocation. The New Constitutive Act shall become in effect after the approval of the National Securities Commission, under the legislation in force.

The decrease of the registered share capital of SC Fondul Proprietatea SA from RON 13,778,392,208 to RON 13,538,087,407, pursuant to the cancellation of 240,304,801 own shares acquired by the Company. After share capital decrease the share capital of the Company will be RON 13,538,087,407 being divided into 13,538,087,407 shares, with a nominal value of 1 RON / share, out of which RON 13,538,087,407 represents the subscribed share capital and RON 13,165,559,735 represents the paid share capital. The share capital decrease will take place on the base of article 207 paragraph 1 letter c) of Law 31/1990 regarding trading companies, republished, with subsequent amendments. The share capital decrease will be effective after two months calculated from the day the resolution is published in Official Gazette, Part IV.

The approval of the power of attorney for the legal representative Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, for signing the EGM resolutions and any other of its documents, and for performing all the procedures and formalities stated by law for the purpose of enforcing the EGM resolutions, including the Constitutive Act in its updated form (both the version regarding the updating of the text, and the version regarding the new registered capital, pursuant to the decrease), as well as the formalities for publishing and registering them with the Trade Register Office and with any other public institutions. The person empowered by EGM shall have the right to delegate this power of attorney to any person its sees fit.

The approval for setting the date of 15 December 2011 as registration date, in accordance with the provisions of Article 238, paragraph (1) of Law no. 297/2004 on the capital market, with its subsequent amendments and additions.

IV. The agenda of OGM is as follows:

1. The appointment of the meeting secretary among the shareholders of the Company and designation of the technical secretary.



2. **The approval of Addendum no. 1 to the Management Agreement signed on 25.02.2010 between SC Fondul Proprietatea SA and Franklin Templeton Investment Management Limited ('Management Agreement'). The Addendum to the Management Agreement will be signed in behalf of SC Fondul Proprietatea SA by the Chairman of the Board of Nominees or another member of Board of Nominees designated by the Chairman.**
3. **The appointment of DELOITTE AUDIT S.R.L. with headquarters in Bucharest, 4-8 Nicolae Titulescu Street, 3rd Floor, 1st district, registered with Trade Register under no. J40/6775/1995, Sole Registration Number RO7756924 as the financial auditor of the Company; setting of the duration of the financial audit for a period of 12 months, and setting of the level of remuneration for the financial auditor for the current financial year (the remuneration shall be included in the financial audit service provision agreements).**
4. **The approval of the Income and Expenses Budget for SC Fondul Proprietatea SA for the year of 2012.**
5. **The approval of the power of attorney for the legal representative Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, for signing the OGM resolutions and any other of its documents, and for performing all the procedures and formalities stated by law for the purpose of enforcing the OGM resolutions, including the formalities for publishing and registering them with the Trade Register Office and with any other public institutions. The person empowered by OGM shall have the right to delegate this power of attorney to any person its sees fit.**
6. **The approval for setting the date of 15 December 2011 as registration date, in accordance with the provisions of Article 238, paragraph (1) of Law no. 297/2004 on the capital market, with its subsequent amendments and additions.**

If the legal conditions for holding the OGM or the EGM are not met on the date of the first convocation thereof, a new OGM and / or EGM, if it is the case, shall be convoked for the date of 25 November 2011, at 10.00 (Bucharest hour) for EGM and at 11.00 (Bucharest hour) for OGM, with the same agenda or with point of the agenda that has the quorum condition unfulfilled at the first meeting. If there is a new convocation, the date of 11 November 2011, set for identifying the shareholders entitled to participate and vote at the OGM and EGM, stays the same. OGM and EGM shall take place at the address: **Hotel Radisson Blu, 63-81 Calea Victoriei, Room Atlas, 1st District, Bucharest.**

In accordance with the provisions of Article 117, paragraph 1, of Law 31/1900 regarding trade companies, republished, Article 7 paragraph 1 letter a) of CNVM Regulation 6/2009, and with the provisions of Article 13, paragraph 5, of the Company's Constitutive Act, one or several shareholders, representing individually or together at least 5% of the registered capital of the Company, may request through a request submitted to the Sole Director of the Company, the introduction of additional issues on the agenda of OGM and/or EGM. These suggestions must comply, cumulatively, with the following conditions:

- a) For individuals, they must be accompanied by copies of the identity documents of the shareholders (identification document or identification card), and for legal entities the copy of the identity document of the legal representative (identification document or identification card), and the certificate issued by the Trade Register within the last 30 days;
- b) They must be accompanied by a justification and/or by a resolution draft submitted for adoption, and
- c) They must be sent and registered at the Company's office by 7 November 2011, by any type of courier, with proof of delivery, in a closed envelope, with the clear marking written in capital letters: 'FOR THE ORDINARY AND/OR EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS', or they must be sent by 7 November 2011, by e-mail with the extended electronic signature incorporated, in



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accordance with Law no. 455/2001 on the electronic signature, to address office@fondulproprietatea.ro.

According to Article 7 paragraph 1 letter b) of CNVM Regulation 6/2009 one or several shareholders, representing individually or together at least 5% of the registered capital of the Company, may present draft of resolutions for the items included or proposed to be included on the agenda of the OGM and/or EGM by 7 November 2011. The draft of decisions will presented in a closed envelope, with the clear marking written in capital letters: 'FOR THE ORDINARY AND/OR EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS', or they must be sent by 7 November 2011, by e-mail with the extended electronic signature incorporated, in accordance with Law no. 455/2001 on the electronic signature, to address office@fondulproprietatea.ro.

Each shareholder, irrespective of how many shares it owns in the registered capital, has the right to ask questions regarding the issues on the agenda of the general meetings. The questions shall be sent to the Company's office or by e-mail to office@fondulproprietatea.ro by 21 November 2011 10.00 am (Bucharest hour). The Company shall answer the questions asked by the shareholders during the meetings, questions which shall be subsequently posted, together with their answers, on the website of the Company: www.fondulproprietatea.ro.

Starting with 21 October 2011, all the information materials regarding the issues included on the agenda of OGM and EGM, the resolution drafts proposed for adoption at the general meetings, the special power of attorney form, the bulletin form for the vote by correspondence, and the general procedure for the course of the general meetings (including the procedure for voting through a representative and the procedure which allows the vote by correspondence), shall be available on working days at the Company's office, Monday to Friday, between 09.00 and 17.00 (Bucharest hour), as well as on the official website of the Company: www.fondulproprietatea.ro. The shareholders of the Company may receive, upon request, copies of the documents related to the issues on the agenda of OGM and EGM.

The shareholders registered in the register of shareholders on the reference date may participate to the OGM and/or EGM in person, through a representative, or by correspondence.

The detailed procedure regarding the organization of general meeting of shareholders is available on the Internet page of the Company www.fondulproprietatea.ro and includes the proxy voting procedure and voting by correspondence.

If one or several shares are the property of several persons, said persons are bound to designate a common representative to exercise the rights given by owning the shares.

The access of the shareholders entitled to participate to the OGM and/or EGM is allowed with the simple proof of their identity [for natural persons, with the identity document; for legal persons, with a copy of the registration certificate or the equivalent thereof and with the identity document of the legal representative, or, as applicable, with the documents certifying the status of legal representative of the legal person, as well as with the special power of attorney and the documents certifying the status of legal representative of the legal person of the signatory of said power of attorney (if the legal representative of the Company does not participate to the OGM and/or EGM)].

The status of legal representative (applicable to all forms of exercising the vote) is proven by the presence of a fact finding certificate issued by the Trade Register Office (or by the Register of Trading Companies in the country of residence of the shareholder foreign legal person), in its original counterpart, issued within no more than 365 days before the date of the first convocation of the OGM and/or EGM. The documents submitted in a foreign language other than English (except for the identity documents valid in Romania), shall be accompanied by their translation in Romanian or in English. For the natural persons who are collective shareholders, a document in writing stating the designation of a sole representative and copies of the identity



documents of the shareholders shall be submitted, the signatories undertaking the full and exclusive liability for their status as shareholders and for the authenticity of the signature.

At OGM and/or EGM, the shareholders can be represented only by filling in and signing the form for the special power of attorney. The special power of attorney can be sent by any form of courier, with proof of delivery, or by e-mail with the extended electronic signature incorporated in accordance with Law no. 455/2001 on the electronic signature, by 21 November 2011, 10.00 am (Bucharest hour), to the address: office@fondulproprietatea.ro. The special power of attorney shall be sent in its original counterpart and registered at the Company's office by 21 November 2011, 10.00 am (Bucharest hour), subject to the sanction of losing the right to vote by representative at the OGM and/or EGM. The shareholders can be represented by other shareholders, or by third parties. The shareholder with no exercise ability may grant a special power of attorney to other people. The representatives of the Company cannot be granted a power of attorney to represent shareholders at the OGM and/or EGM. In the procedure regarding the course of the general meetings of shareholders, the procedure for the vote by representation shall be detailed, and the shareholders are bound to comply with this procedure, subject to the sanction of losing the right to vote by representative at the OGM and/or EGM.

The special power of attorney form:

- a) shall be made available to the Company's shareholders starting 21 October 2011 at the same coordinates and under the same conditions as the information materials;
- b) shall be drafted by the Company in a clear and exact written format, in accordance with the applicable legislation, and shall enclose the manner of identifying the status as shareholder and the number of shares owned, as well as the specification for the vote 'pro' or 'against' or 'abstention' for each of the issued under approval;
- c) shall be updated by the Company if new issued are added to the agenda of the OGM and/or EGM;
- d) shall be filled in by the shareholder in three counterparts: one for the shareholder, one for the representative, and one for the Company;
- e) shall be sent by the shareholder, together with a copy of the shareholder's identity document, for natural persons, or with the copy of the registration certificate or the equivalent thereof and of the identity document of the legal representative, for legal persons.

The vote of the shareholders at the OGM and/or EGM can also be expressed by correspondence, by filling in and signing the bulletins for the vote by correspondence. The bulletins for the vote by correspondence can be sent by any form of courier, with proof of delivery, or by e-mail with the extended electronic signature incorporated in accordance with Law no. 455/2001 on the electronic signature to the address: office@fondulproprietatea.ro. The bulletins for the vote by correspondence shall be considered if sent in its original counterpart and registered at the Company's office by 21 November 2011, 10.00 am (Bucharest hour), subject to the sanction of losing the right to vote by correspondence at the OGM and/or EGM. In the general procedure regarding the organization of the general meetings of shareholders, the procedure for the vote by correspondence shall be detailed, and the shareholders are bound to comply with this procedure, subject to the sanction of losing the right to vote by correspondence at the OGM and/or EGM.

The form of the bulletin for the vote by correspondence:

- a) shall be made available to the Company's shareholders starting 21 October 2011 at the same coordinates and under the same conditions as the information materials and the forms for the special power of attorney;
- b) shall be drafted by the Company in a clear and exact written format, in accordance with the applicable legislation, and shall enclose the manner of identifying the status as shareholder and the number of shares owned, as well as the specification for the vote 'pro' or 'against' or 'abstention' for each of the issued under approval;
- d) shall be updated by the Company if new issued are added to the agenda of the OGM and/or EGM;
- e) shall be sent by the shareholder, together with a copy of the shareholder's identity document, for natural persons, or with the copy of the registration certificate or the equivalent thereof and of the identity document of the legal representative, for legal persons.



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The checking and validation of the special powers of attorney submitted, as well as the centralization, checking, validation, and records of the votes by correspondence, shall be performed by a commission organized within the Company, and the members of this commission are to safe keep these documents, as well as protect the confidentiality of the votes expressed like that, by the moment the corresponding resolutions on the agenda are put to vote.

Additional information may be requested from the Department for the Services related to the Relationship with the Shareholders, at the phone number 021-200 96 28 or on the Company's website: www.fondulproprietatea.ro.

Grzegorz Maciej Konieczny
Legal Representative

Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, as Sole Director of S.C. FONDUL PROPRIETATEA S.A.



CONSTITUTIVE ACT

CHAPTER I

Name of the company, legal form, headquarters and duration

ARTICLE 1

Name of the Company

(1) The name of the Company is "Fondul Proprietatea" - S.A.

(2) All invoices, offers, orders, tariffs, prospectuses and other documents used in business, issued by the Company shall indicate the name, the legal form, the registered office, the registration number with the Commercial Registry and the sole registration code (CUI), the subscribed share capital, and the paid share capital with the mention "investment company of the closed - end type".

ARTICLE 2

Legal form of the company

(1) "Fondul Proprietatea" - S.A., hereinafter referred to as Fondul Proprietatea, is a Romanian legal person, set up as a joint-stock company.

(2) Fondul Proprietatea is organized, operates and ceases its activity under the provisions of Law No. 247/2005 on property and justice reform, and additional measures, as further amended and completed, of Law No. 297/2004 on the capital market, as further amended and completed, and of Company Law No. 31/1990, republished, as further amended and completed.

(3) Fondul Proprietatea is set up as an undertaking for collective investment (A.O.P.C.), of the closed-end-type, as defined by Art. 114(1) letter b) of Law No. 297/2004, as further amended and completed.

ARTICLE 3

Company headquarters

(1) The registered office of Fondul Proprietatea is located in Bucharest, 78-80 Buzesti Street, floor 7th, Sector 1; the headquarters may be changed to any other location in Romania, by decision of the asset management company (Fund Manager), according to article 21 paragraph (3) xii).

(2) The Company may set up secondary headquarters such as branches, representative offices, working points or other units with no legal personality, under the terms provided by law.

ARTICLE 4

Company duration

The duration of Fondul Proprietatea is unlimited.

CHAPTER II

Purpose and business object of the company

ARTICLE 5

Company purpose

The purpose of Fondul Proprietatea is the management and administration of the portfolio.

ARTICLE 6

Business object



- (1) Fondul Proprietatea has as main object of activity the management and administration of the portfolio.
- (2) The main domain of activity of Fondul Proprietatea is the one described by CAEN Code 643 - mutual funds and other similar financial entities, and the main activity is financial investments - CAEN Code 6430.
- (3) The business object of Fondul Proprietatea is the following:
 - a) management and administration of the portfolio;
 - b) other additional and adjacent activities, according to the regulations in force.

CHAPTER III

Share capital, shares

ARTICLE 7

Share capital

- (1) The share capital of Fondul Proprietatea is in amount of Lei **13,778,392,208**, divided in **13,778,392,208** ordinary, nominative shares, having a face value of RON 1 each. The capacity as shareholder of Fondul Proprietatea is attested by a statement of account issued by the Central Depository.
- (2) The identification data of each shareholder, the contribution to the share capital of each shareholder, the number of shares to which a shareholder is entitled to and the participation quota out of the total share capital are included in the shareholders' register kept by a computerized system by the Central Depository.

ARTICLE 8

Share capital increase and decrease

- (1) The extraordinary general meeting of the shareholders shall decide, under the conditions of the law, on the share capital increase and decrease of Fondul Proprietatea, in accordance with the provisions of art. 12(3) letter c) and d) of this constitutive act.
- (2) The share capital may be increased, in accordance with the provisions of the law, by:
 - a) by issuing new shares in exchange for cash contributions;
 - b) incorporating reserves, except for the legal reserves and of the reserves created out of the re-evaluation of the patrimony, as well as of the benefits and issuing premiums.
- (3) The share capital increase stated for in paragraph 2 shall be registered at the Trade Register Office, on the basis of the decision made by the General Meeting of the Shareholders of Fondul Proprietatea,
- (4) Any share capital decrease shall be performed in accordance with the provisions of the law.
- (5) The share capital may be decreased by:
 - a) decreasing the number of shares;
 - b) decreasing the nominal value of shares; and
 - c) other means provided by the law.
- (6) In case the Fund Manager notices that, due to accrued losses, the amount of the net assets, established as the difference between the total assets and total liabilities of Fondul Proprietatea, is less than half of the value of the subscribed share capital, Fund Manager is bound to call the extraordinary general meeting of the shareholders, which will decide if Fondul Proprietatea requires to be dissolved. In case the extraordinary general meeting of the shareholders does not decide the dissolution of Fondul Proprietatea, then Fondul Proprietatea is bound to proceed, at the latest by the termination of the fiscal year subsequent to the one in which the losses were determined, to a share capital decrease with an amount at least equal to that of the losses which could not be covered by reserves, in case in this time the net assets of Fondul Proprietatea were not reconstituted up to a value at least equal to half of the share capital.
- (7) Share capital decrease shall be performed only after two months as of the publication in the Official Gazette of Romania, Part IV, of the resolution of the extraordinary general meeting of the shareholders.

ARTICLE 9

Shares



- (1) The shares of Fondul Proprietatea are nominative, of equal value, issued in dematerialized form, established by registration in the account, and grants equal rights to their holders under the conditions provided by art. 11.
- (2) The nominal value of a share is RON 1.
- (3) The shares are indivisible with respect to Fondul Proprietatea, acknowledging only one holder for each share. In case a share becomes the property of more persons, Fondul Proprietatea / the Central Depository is not bound to register the transfer as long as those persons will not appoint a sole representative to exercise the rights arising from the share.
- (4) The partial or total transfer of the shares amongst the shareholders or third parties is done according to the terms, conditions and procedure provided by law.
- (5) Fondul Proprietatea may buy back its own shares in accordance with the conditions laid down in legislation in force.
- (6) The right to dividends are held by the shareholders registered in the shareholders' register, according to the provisions of Law No. 297/2004, as further amended and completed, as well as the regulations issued for the implementation thereof.

ARTICLE 10
Bonds

Fondul Proprietatea is authorized to issue bonds in accordance with the provisions of the law. Fondul Proprietatea is not allowed to conclude loan agreements for investment reasons.

ARTICLE 11
Rights and obligations arising from shares

- (1) Each share fully paid by the shareholders, according to the law, grants them the right to vote in the general meeting of the shareholders, according to the provisions of paragraph (2), the right to elect and to be elected in the management bodies, the right to take part in the profit distribution, according to the provisions of this constitutive act and the legal dispositions, respectively other rights provided by the constitutive act.
- (2) The shares issued by Fondul Proprietatea grant the right to vote, each share grants one voting right.
- (3) Holding one share implies the rightful adhesion to this constitutive act.
- (4) The rights and obligations follow the shares in case ownership thereof passes to another person.

CHAPTER IV
General meeting of the shareholders

ARTICLE 12
General meetings of the shareholders

- (1) The general meeting of the shareholders may be ordinary and extraordinary.
- (2) The ordinary general meeting of the shareholders has the following competencies, duties and functions:
 - a) to discuss, approve and amend the annual financial statements after reviewing the reports of the Fund Manager and financial auditor;
 - b) to establish the distribution of the net profit and to establish the dividends;
 - c) to appoint the members of the Board of Nominees ("BoN") and to cancel their appointment;
 - d) to appoint the Fund Manager, on the basis of the outcome of the selection made subsequent to a tender for appointing the Fund Manager, and to cancel its appointment;



- e) to appoint and cancel the appointment of the financial auditor and to set the minimum duration of the financial audit agreement;
 - f) to set the level of the remuneration of the members of the Board of Nominees, the Fund Manager and of the financial auditor for the ongoing fiscal year;
 - g) to rule over the management of the Fund Manager and to evaluate his/her performances and to discharge him/her from its management,
 - h) to decide on the action in a court of law against the Fund Manager or, as the case may be, against the financial audit, for damages caused to Fondul Proprietatea;
 - i) to approve the strategies and the development policies of Fondul Proprietatea;
 - j) to establish the annual income and expenditure budget, and to approve the business programme for the following financial year;
 - k) to decide upon the pledge, lease or the creation of the movable securities or mortgages on the assets of Fondul Proprietatea;
 - l) to decide on any other aspects regarding Fondul Proprietatea, according to the legal duties.
- (3) The extraordinary general meeting of the shareholders is entitled to decide on the following:
- a) set-up or closing of some secondary units: branches, agencies, representative offices or other such units with no legal personality;
 - b) share capital increase;
 - c) share capital decrease or re-completion thereof by issuing new shares;
 - d) conversion of shares from one category to another;
 - e) conversion of a category of bonds to another category or to shares;
 - f) issue new bonds;
 - g) approves the admission for trading and nominates the regulated market on which the shares of Fondul Proprietatea will be traded;
 - h) execution of any agreement / legal documents which may create binding obligations to Fondul Proprietatea including, without limitation to, agreements for purchase, sale or exchange or creation of encumbrances of the assets whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables;
 - i) change of the management system of Fondul Proprietatea;
 - j) limitation or cancellation of the preference right of the shareholders;
 - k) approves the Investment Policy Statement;
 - l) any other amendment of the constitutive act or any other resolution requiring the approval of the extraordinary general meeting of the shareholders, according to applicable law or to this Constitutive Act.

ARTICLE 13

Summoning the general meeting of the shareholders

- (1) The general meeting of the shareholders is called by the Fund Manager whenever required. Prior to the convocation of the general meeting of the shareholders, the 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.
- (2) The ordinary general meeting of the shareholders meets at least once a year, within 4 months from the end of the financial year.
- (3) The date of the meeting may not be less than 30 days from the publication of the convocation in the Official Gazette of Romania, Part IV.
- (4) The general meeting of the shareholders, either ordinary or extraordinary, shall be called whenever required, according to the legal provisions in force and with the dispositions of the constitutive act, by publication of the calling notice in the Official Gazette of Romania, Part IV, and a national daily newspaper or in a local newspaper largely read in the locality where the HQ of the company resides at least 30 days prior to the proposed date of meeting.
- (5) One or more shareholders, individually or jointly, representing at least 5% of the share capital of Fondul Proprietatea, may request the Fund Manager by a written address signed by the holder(s) to introduce in the



agenda new matters, within 15 days of the publication of the calling notice.

(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 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.

(7) The calling notice includes the place, hour and date of the general meeting of the shareholders, as well as the agenda, expressly mentioning all matters that will be subject to debate. Upon calling the general meeting of the shareholders the provisions of art. 147-158 of Regulation No. 15/2004 regarding the authorisation and functioning of investment management firms, collective investment undertaking and depositories, approved by Order of the president of the National Securities Commission No. 67/2004, as further amended, shall apply.

(8) In case the agenda includes proposals to amend the constitutive act, the notice shall include the full text of the proposals. In case the agenda includes the appointment of the members of the Board of Nominees, the notice shall mention that the list including information regarding the name, the residence and professional training of the persons proposed for the position of member of the Board of Nominees is available to the shareholders, to be further reviewed and completed by shareholders.

(9) The notice for the first general meeting of the shareholders must set the day and hour of the second meeting, having the same agenda as the first, in order to cover the situation in which the first meeting can not take place due to non-attendance of the required quorum.

(10) The general meeting of the shareholders shall meet at the headquarters of Fondul Proprietatea or in another place indicated in the notice.

(11) The Board of Nominees may request to the 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.

(12) The chairperson of Board of Nominees may request to the Fund Manager the calling of the general meeting according to article 16 paragraph (4) second sentence.

(13) The Fund Manager immediately call the general meeting of the shareholders, upon written request of the shareholders, individually or jointly, representing at least 5% of the share capital, in case the request includes dispositions that fall under the responsibility of the general meeting of shareholders.

(14) In the case provided by paragraph (13), the general meeting of the shareholders shall be called within at most 30 calendar days and shall meet within at most 60 calendar days as of the date when the Fund Manager received the request of the shareholders.

(15) In the situation provided by paragraphs (13) and (14), in case the 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 Fund Manager, may authorize the calling of the general meeting by the shareholders which formulated the request

ARTICLE 14

Organization of the general meeting of the shareholders

I. Quorum and voting rights

(1) Upon the first calling, for the validity of the deliberations of the ordinary general meeting of the shareholders it is required that the shareholders representing at least a fourth of the total voting rights to attend. The decisions of the ordinary general meeting of the shareholders are taken with the majority of votes. The decision of the ordinary general meeting of the shareholders regarding the cancelation of the appointment of the members of the Board of Nominees and of the Fund Manager are taken with a majority of

S.C. FONDUL PROPRIETATEA S.A., administered under a unitary system

Headquarters at: 78 – 80 Buzesti Street, 7th floor, Bucharest 1st district, postal code 011017, Romania.

Fiscal Identification Code (CIF): 18253260, registered with the Trade Registry under no: J40/21901/2005

Register on Data Protection Notification Register under number 18668

Subscribed share capital RON 13,778,392,208, Paid Share Capital: RON 13,405,864,536

Tel.: + 40 21 200 9600; Fax: +40 21 200 9631; Email: investor.relations@fondulproprietatea.ro;

Internet: www.fondulproprietatea.ro



at least two thirds of the number of votes attending or being represented.

(2) In case the ordinary general meeting of the shareholders cannot operate *due to lack of quorum under* paragraph (1), the meeting that will meet upon a second convocation may deliberate on the items included in the agenda of the first meeting, irrespective of the met quorum, taking decision by majority of the expressed votes.

(3) For the validity of the deliberations of the extraordinary general meeting of the shareholders the following are required:

a) upon the first convocation, the attendance of the shareholders representing at least a fourth of the shares having voting rights, and the decisions are taken with majority of votes held by the shareholders attending or being represented;

b) upon the second convocation, the general meeting of the shareholders may deliberate on the items included in the agenda of the first meeting in the presence of the shareholders representing at least one fifth of the total number of the shares having voting rights, taking decisions by majority of votes held by the shareholders attending or being represented.

(4) For the validity of the deliberations of the extraordinary general meeting of the shareholders to adopt a decision regarding the share capital increase, the share capital decrease, anticipated dissolution of Fondul Proprietatea, made under the conditions of the law, the attendance of the shareholders representing at least 50% of the total number of the voting rights, both at the first and the second convocation, is required.

(5) The decision to amend the main business object of Fondul Proprietatea, to decrease or increase the share capital, to change the legal form, to merge, de-merge or dissolve, is taken with a majority of at least two thirds of the voting rights related to the shares having voting rights of the shareholders attending or being represented.

II. Procedure of the meetings

(6) On the day and hour established in the convocation, the general meeting of the shareholders shall be opened by the permanent representative of the Fund Manager or, in its absence, by the one holding its place. A legal representative of the Fund Manager or a person appointed by the legal representative of the Fund Manager shall be the chairman of the meeting. The members of the Board of Nominees shall participate at the meetings, as well.

(7) The general meeting shall elect, from amongst the attending shareholders, 1 up to 3 secretaries, who will check the attendance list of the shareholders, indicating the share capital represented by each of them, the minutes drawn up by the technical secretary to determine the number of the submitted shares and the fulfilment of the formalities requested by law and by the constitutive act for holding the general meeting of the shareholders.

(8) A minute of the meeting, signed by the president and by Secretaries, shall determine the fulfilment of the calling formalities, the date and place of the general meeting of the shareholders, attending shareholders, the members of the Board of Nominees present, the number of shares, a summary of the debates, the decisions taken, and upon request of the shareholders, the statements made thereby in the meeting.

(9) The documents referring to the convocation, the list of attending as well as, as the case may be, the powers of attorney of the representatives of the shareholders shall be attached to each minutes.

(10) The permanent representative of the Fund Manager may appoint, from amongst the employees of Fund Manager, one or more technical secretaries, to fulfil their duties according to the legal provisions.

(11) The decisions of the general meetings of the shareholders are drawn-up based on the minutes and is signed by the permanent representative of the Fund Manager or by a person appointed thereby. The minutes shall be recorded in the general meetings of the shareholders' register.

(12) 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 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.

(13) 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 valid holding of any type of general meeting of the shareholders is calculated by including the votes deemed validly sent by correspondence.

(14) 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.

(15) All shareholders who, at the reference date, are registered in the shareholders' register, kept according to the law, have the right to participate to the general meetings of the shareholders.

(16) 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 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 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 realised 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.

(17) In the ads informing on the convocation of the general meeting of shareholders of Fondul Proprietatea it will be indicated, by the Fund Manager the reference date in relation to which the shareholders will be entitled to participate 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.

(18) The votes of the shareholders will be sent electronically or by letter at the headquarters of Fondul Proprietatea, in a clear and precise form, containing the mention "for", "against" or "abstained" to each issue subject to approval.

(19) The votes transmitted electronically shall be cancelled if they do not observe the procedure set by the Fund Manager drawn up according to the National Securities Commission regulations and such votes will not be taken into consideration in calculating the attending quorum.

I. Exercising the voting right in the general meeting of the shareholders

(20) 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 decisions of the general meetings of the shareholders are taken by open vote, except for the cases the law or this constitutive act does not provide differently.

(22) Only the shareholders registered in the company shareholders' register at the reference date established by the Fund Manager or the Board of Nominees, as the case may be, when calling the general meeting of the shareholders shall be entitled to participate to the meeting and vote after proving their identity.

(23) Secret vote is compulsory for electing and revoking the Fund Manager, the members of the Board of Nominees, the financial auditors and for taking some measures/decisions regarding the liability of the Fund Manager or of the members of the Board of Nominees and of the financial auditors of Fondul Proprietatea.

(24) The procedures referring to the secret vote, where applicable will be approved by the Fund Manager and will be made public on the website of Fondul Proprietatea at the date of convening notice at least by the date of publishing of convening notice for general meeting of shareholders.

(25) The decisions of the general meeting of the shareholders are binding for all shareholders, even for the absent shareholders or who voted against or abstained.

(26) The shareholders who do not have capacity to act, as well as the legal entities may be represented by their legal representatives who, in their turn, may grant power of attorney to other persons for that



particular general meeting of the shareholders.

CHAPTER V
The Board of Nominees

ARTICLE 15
Organisation

- (1) The ordinary general meeting of the shareholders shall appoint the Board of Nominees, formed of 5 members, and shall establish their remuneration.
- (2) Any shareholder will have the right to make proposals on the members of the Board of Nominees. 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 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 Fund Manager needing the approval of the Board of Nominees are made to the advantage of the shareholders.
- (3) The mandate of the members of the Board of Nominees is of 3 years, period to be extended by right, by the first meeting of the General Meeting of the Shareholders.
- (4) The Board of Nominees elects from amongst its members a chairman of the Board.

ARTICLE 16
Functioning

- (1) The meetings of the Board of Nominees are held at least once every quarter, however they may be called upon whenever needed. The call for the meeting of the Board of Nominees is made by the chairman, any of its members or upon the request of the Fund Manager. The Board of Nominees shall meet in at most 7 days as of the calling.
- (2) The Chairperson of the Board of Nominees or, during his absence, a member of the Board of Nominees appointed through vote by the other members to chair the meeting, ensures the proper development of the meetings. The meetings of the Board of Nominees shall be held at the HQ of Fondul Proprietatea.
- (3) The Board of Nominees takes valid decisions provided the absolute majority of its members. The members of the Board of Nominees may be represented to the meetings of the Board of Nominees only by other members of the Board of Nominees on the basis of a special written empowerment, presented in its original form at the beginning of the meeting. One member of the Board of Nominees may represent only one absent member. The decisions of the Board of Nominees shall be taken with the absolute majority of the votes of its members and are signed by all the members which participated to the meeting. If some of the members of the Board of Nominees have been represented, the empowerment will be annexed to the minute of the meeting.
- (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 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 Fund Manager to convoke the general meeting of the shareholders in order to properly decide on the respective decisions; in case that 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.
- (5) In case of vacancy of the seat of one or more members of the Board of Nominees, the general meeting of the shareholders shall immediately convoke for the appointment of new members. For the period in time by the decision of the general meeting, the other members of the Board of Nominees will nominate members ad



interim to fulfil the vacant positions. The decision of the Board of Nominees on nominating members ad interim will be communicated to FM, the auditor and will be filed with the Trade Register.

ARTICLE 17

Attributions of the Board of Nominees

The Board of Nominees has the followings duties and functions:

- (1) Following the information received from the 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;
- (2) Receives from the Fund Manager the information in connection with the answers to the written requests submitted before the date of the general meeting of the shareholders, by the shareholders on topics regarding Fondul Proprietatea's activity;
- (3) Receives from the Fund Manager the annual financial statements, the annual activity report presented by the Fund Manager and the financial auditors' report, before being made available to the shareholders and analyzes them, being able to formulate an opinion to be presented to both the Fund Manager and the general meeting;
- (4) Receives from the Fund Manager for analysis the annual report on the management and the business policy of Fondul Proprietatea and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (5) Receives from the Fund Manager for analysis the yearly income and expenditure budget and business plan before to be submitted to the approval of the general meeting of the shareholders and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (6) Receives from the Fund Manager for analysis the strategy in accordance with the Fondul Proprietatea's investment policy before to be submitted to the approval of the general meeting of the shareholders and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (7) Receives from the 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 Fund manager according to legal provisions in force, capital market rules and regulations;
- (8) Receives from the Fund Manager for analysis the proposal to the ordinary general meeting of the shareholders for the conclusion of the financial audit agreement and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (9) Reviews on a regular basis the investment policy of Fondul Proprietatea and presents an opinion to the general meeting of the shareholders as any time it deems necessary, but in any case, at least once a year to the annual ordinary meeting;
- (10) Receives the report of the internal auditor and presents an opinion to the Fund Manager and to the general meeting of the shareholders;
- (11) Monitors the following, based on information and reports received from the Fund Manager:
 - the list of all portfolio investments and percentage breakdown by each investment type;
 - a list of major transaction occurring in the Fondul Proprietatea portfolio for the period under review;
 - the total profit of the portfolio and comparison of profit with the appropriate benchmark;
 - comparison of return on the portfolio with the portfolio objective;
 - the extent of compliance with the investment policy statement, any variations and actions taken to correct variations;
 - the performance evaluation report.all the above with the purpose of drafting and presenting a report regarding the developed monitoring activity any time is required by the shareholders, but in any case at least once a year, to the general meeting of the shareholders;
- (12) Represents the general meeting of the shareholders in relation with the Fund Manager from the communication point of view between the two corporate bodies, except for the cases expressly regulated by this constitutive act as a direct communication between the general meeting and the Fund Manager;

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-
- (13) Verifies the report of the Fund Manager and the exercise of the permanent monitoring over the management of Fondul Proprietatea by the Fund Manager, and verifies if the operations carried on by the Fund Manager are in compliance with the applicable law, the constitutive act and/or with any relevant decision of the general meeting of the shareholders;
 - (14) Under the conditions of art. 13 paragraphs (11) and (14) calls upon the general meeting of the shareholders;
 - (15) Participates to the meetings of the general shareholders' meetings and presents in this meeting reports in all cases provided by this constitutive act or with regard to any issue it deems to be relevant for the shareholders;
 - (16) Proposes to the general meeting of the shareholders the approval or rejection of any contract/document which may create binding obligations to Fondul Proprietatea (including without limitation buying, selling, exchanging, pledging of assets of Fondul Proprietatea) whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables
 - (17) Recommends to the General Meeting of the Shareholders the termination of the management contract for the case when the Board of Nominees is considered is to the benefit of the shareholders.
 - (18) Recommends to the general meeting of the shareholders on any other issues the Board of Nominees is considered relevant to the shareholders.
 - (19) Following of proposal of Fund Manager, recommends to the Extraordinary General Meeting of the Shareholders the appointment of the public offer intermediate, as well as on his remuneration , when it will become necessary that such a company be appointed related to the admission to trading of Fondul Proprietatea.
 - (20) Approves the delegation by the Fund Manager of certain activities. The delegation will be in force after the approval of NSC, where required by legislation in force.
 - (21) Is responsible for monitoring the Fund Manager performance of the Investment Management Agreement.

ARTICLE 18

The obligations of the members of the Board of Nominees

- (1) The members of the Board of Nominees have diligence and loyalty duties towards the shareholders of Fondul Proprietatea.
- (2) The members of the Board of Nominees are held liable towards the general meeting of the shareholders of Fondul Proprietatea, in accordance with the mandate rules. The decisions of the members of the Board of Nominees will be taken after due enquiries into the relevant circumstances existing at the specific moment at which such decisions have been taken.
- (3) The members of the Board of Nominees cannot disclose the confidential information and the commercial secrets of Fondul Proprietatea, to which those persons have access. Such obligation remains in force as well as after the termination of the mandate.
- (4) If a member of the Board of Nominees has, directly or indirectly, adverse interest to the interest of Fondul Proprietatea, in a certain operation, that member must give notice of such situation to the other members and to the internal auditors and not take part in any deliberation regarding that operation.
- (5) The same obligation must be observed by the member of the Board of Nominees, who acknowledges that in a certain operation, his/her wife or husband, relative or related persons by the 4th grade inclusive are interested.
- (6) The prohibitions stipulated in paragraphs (4) and (5) regarding the participation, deliberation and voting of the members of the Board of Nominees, are not applicable if the vote refers to:
 - a) the offer of shares or obligations of Fondul Proprietatea for subscription, to a member of the Board of Nominees or to the persons mentioned in paragraph (5);
 - b) the granting by a member of the Board of Nominees or by the persons mentioned in paragraph (5) of a loan or establishing a guarantee in favour of Fondul Proprietatea.
- (7) The member of the Board of Nominees not observing the provisions of paragraphs (4) and (5) is held liable for the damages caused to Fondul Proprietatea.



(8) It is forbidden the crediting by the Fondul Proprietatea of the members of the Board of Nominees, through operations such as:

- a) granting loans;
- b) granting financial facilities for or after the conclusion by Fondul Proprietatea with the members of delivery operations of goods, providing of services or performance of works;
- c) direct or indirect guarantee, in whole or in part, of any loans granted to the member of the Board of Nominees, concomitant or after granting the loan;
- d) direct or indirect guarantee, in whole or in part, of performance by the members of any other personal obligation of those towards third parties;
- e) direct or indirect guarantee, in whole or in part, of any receivables having as object a loan granted by a third party to the members of the Board of Nominees or other personal service of those members.

(9) The provisions of paragraph (8) are applicable and the operations in which the husband or wife, relatives or related persons by the 4th grade inclusive of the members of the Board of Nominees are interested; also, if the operation concerning a civil or a commercial company at which one of the persons above mentioned is director or holds, solely or together with one of the persons above mentioned, a quota of at least 20% of the value of the subscribed share capital.

(10) The provisions of paragraph (8) are not applicable for the case when the operation is concluded by Fondul Proprietatea during its current business, and the clauses of the operations are not more favourable to the persons specified in paragraphs (8) and (9) than the ones usually practiced by Fondul Proprietatea towards third parties

(11) The Board of Nominees shall promptly decide on all requests for approval from the Fund manager within a reasonable time frame to allow the Fund Manager to comply with it's own obligations.

CHAPTER VI

Provisions regarding the company's management

ARTICLE 19

Organisation

(1) Fondul Proprietatea is managed by Franklin Templeton Investment Management Limited through its Romanian branch, with headquarter in Bucharest, 78-80 Buzesti street, floors 7-8, sector 1, fiscal registration no. 25851096, registration number at Trade Registry J40/8587/2009, legally represented by Grzegorz Maciej Konieczny, Polish citizen, borned on 22.11.1970 at Slupsk, Poland, with home adress in Poland, identified with identification documentation issued by Polish Authorities on 14.05.2009, with valability date by 14.05.2019, with personal identification number 7011220001 and by Adrian Cighi, Romanian citizen, with home adress on Bucuresti, 57 Aron Cotrus street, sc. D, et. 5, ap. D31, district 1, identified with ID RT number 768358 issued by S.P.C.E.P. District 1 on 18.05.2011, valid by 10.08.2021, with personal identification number 1830810314000 and by Oana - Valentina Truța, Romanian citizen, domiciled in Cluj-Napoca, 18 Iuliu Moldovan Str., ap.13, Cluj county, identified with Identity Card series KX number 361489 issued by Cluj-Napoca on 08.06.2004, valid by 20.08.2014, having as Personal Identification Number 2800820260032, under Investment Management Agreement signed on 25 February 2010, which holds the position of sole director, as well as of asset management company referred to throughout this document as the Fund Manager.

(2) The Fund Manager is elected by the general meeting of the shareholders, with the observance of the legal provisions and of this constitutive act.

(3) The mandate of the Fund Manager is of 4 years and is renewed automatically, if there is no adverse decision of the general meeting of the shareholders, entitled to decide on the termination of the mandate even before its regular lifespan. The Fund Manager will call the Ordinary General Meeting of Shareholders with at least 3 months before of the termination of Investment Management Agreement having on the agenda the extension of the mandate or the appointing of a new Fund Manager. The Fund Manager will organize the Ordinary General Meeting of Shareholders before the termination of Investment Management Agreement.

(4) The legal entity appointed as Fund Manager of Fondul Proprietatea must expressly accept such position, by executing the management agreement and must have in place professional liability insurance.

(5) The Investment Management Agreement can be modified or replaced in accordance with article 12 and 14,

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with the approval of the shareholders. Any replacement document or addendum of the Investment Management Agreement will be signed on behalf of Fondul Proprietatea by the chairman of the Board of Nominees or by a member of the Board of Nominees empowered by the chairman.

ARTICLE 20 Functioning

The Fund Manager shall appoint a natural person as its permanent representative. The Fund Manager can make changes of its permanent representatives (that are the legal representatives and managers of the Fund Manager), with the prior authorisation of NSC. All changes will be registered at Trade Register.

ARTICLE 21 Attributions of the Fund Manager

(1) The management of Fondul Proprietatea is ensured by the Fund Manager, which fulfils the necessary and useful operations for the fulfilment of the company's business object, except of the operations reserved by the law for the general meeting of the shareholders and has all the obligations attributed to it by the applicable law.

(2) The Fund Manager exercises its attributions under the control of the general meeting of the shareholders and the monitoring of the Board of Nominees.

(3) In excess of the duties provided by the applicable law, the Fund Manager shall be liable to:

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;

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 of the Board of Nominees, regarding the aspects concerning the business of Fondul Proprietatea;

iii) ensure that, if requested by any of the shareholders, a copy of or extract of the minutes of the general meeting shall be given to them and also, after the announcement of the ordinary annual general meeting of the shareholders is published, make available to the shareholders the financial statements of the company and the reports of the Fund Manager and of the company's financial auditors,

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;

v) manages the relationship with the Central Depository with regard to its shareholders register functions,

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;

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;

viii) 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; 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; it has to inform periodically the Board of Nominees on any significant changes in the activities of Fondul Proprietatea and within the structure of its portfolio

ix) approve the outsourcing of certain activities, within the limits of the approved budget; respectively delegating the execution of certain activities, with the prior endorsement of the NSC, where required by applicable legislation,



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- x) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting of the shareholders any agreement / document which may create binding obligations to Fondul Proprietatea,, including but not limited to the purchase, sale, conversion or encumbrance of the assets of Fondul Proprietatea whose value exceeds, either individually or cumulatively during a financial year, 20% of the non-current assets, less any receivables;
- xi) to enter into any agreement / document which may create binding obligations to Fondul Proprietatea, (the purchase, sale, conversion or encumbrance of the assets of Fondul Proprietatea) whose value does not exceed, either individually or cumulated, during a financial year, 20% of the non-current assets, less any receivables, without the approval of the ordinary or extraordinary general shareholders meeting;
- xii) 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;
- xiii) decide the relocation of the registered office, provided that the registered office shall at all times be registered in Romania;
- xiv) make available to the Board of Nominees the reports, as well as other necessary documents for exercising the monitoring duties, in accordance with art. 17 paragraph (11);
- xv) inform at once the Board of Nominees of any litigation or infringement of legislation regarding Fund Manager, any operation which might be an infringement to the investment policy and about the plans/ correction measures for approaching these matters.
- xvi) ask for the calling of the general meeting which shall decide properly whenever an issue appears on which the Board of Nominees has a disagreement with the Fund Manager, which can not be resolved amiably.
- xvii) 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.

ARTICLE 22

The obligations of the Fund Manager

- (1) The Fund Manager has a diligence and loyalty duty towards Fondul Proprietatea. Such duty is exercised taking into consideration the interest of the shareholders generally, and not of some of them.
- (2) The Fund Manager is held liable towards Fondul Proprietatea, according to the law. The decisions of the Fund Manager are taken after due enquiries regarding the relevant circumstances existing at the moment of which those decisions are taken.
- (3) The Fund Manager cannot disclose confidential information or commercial secrets of Fondul Proprietatea, to which it has access. Such obligation remains also after the termination of the mandate.
- (4) If the Fund Manager, respectively its permanent representative and its employees, have in a certain operation, directly or indirectly, adverse interest to the interest of Fondul Proprietatea, the Fund Manager must give notice to the internal auditors and Board of Nominees of this issue and not take part in any deliberation concerning the specific situation.
- (5) The same obligation must be observed by the Fund Manager, respectively by its permanent representative and its employees if, in a certain operation, is being aware that an Affiliate of the Fund Manager or the wife or husband, relatives or related persons by the 4th grade inclusive of the representative and its employees, are interested.

ARTICLE 23

Representation of Fondul Proprietatea

- (1) In relations with third parties, Fondul Proprietatea is represented by the Fund Manager, respectively by its permanent representative.
- (2) The Fund Manager may delegate the representative powers, in accordance with the applicable law and CNVM regulations.

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CHAPTER VII

The audit of Fondul Proprietatea

ARTICLE 24

The internal auditors and the financial audit

- (1) The financial statements of Fondul Proprietatea are subject to financial audit. Also, Fondul Proprietatea shall organise its internal audit in accordance with the legal provisions in force.
- (2) An internal audit department shall be organised within Fondul Proprietatea, having attributions of objective examinations of the company's aggregate business, for the purpose of providing an independent evaluation of the risk management, control and leading development of the company. Fund Manager can decide that internal audit work can be outsourced, in which case it will run on a contractual basis, according to article 3 of Decision of Romanian Chamber of Auditors no. 88/2007, with subsequent amendments.
- (3) The internal audit is independent of the management of Fondul Proprietatea, and the internal auditors shall objectively exercise this activity.
- (4) The internal audit shall evaluate and shall propose the improvement of the risk management, the control and internal rules within Fondul Proprietatea.
- (5) The internal auditors shall not be subject of any interference in determining the purpose of the internal audit and in exercising their activity.
- (6) The internal auditors shall have an impartial, correct attitude and shall avoid the conflicts of interest.
- (7) The internal audit shall transmit the plans of the internal audit activity and the necessary resources, inclusive the significant interim changes, to the Board of Nominees for information, as well as to Fund Manager for approval within the limits of its competencies.
- (8) The internal audit shall establish the policies and procedures for exercising the internal audit activity within Fondul Proprietatea, comprising amongst others, the analysis of the decisions taken by the company's management and the control of their compliance with the statutory requirements and/or with other documents approved by the general meeting of the shareholders.
- (9) The internal audit shall coordinate its activity with the financial auditor, in order to ensure the proper fulfilment of the audit objectives and to minimize any duplication of attributions.
- (10) The internal audit shall give quarterly reports to the Board of Nominees of Fondul Proprietatea and Fund Manager regarding the purpose of the internal audit activity, authority, responsibility and performance according to its plan. The reports shall include also the significant risks and aspects of the control and management, as well as other necessary problems or as requested by the Board of Nominees and the Fund Manager.
- (11) The internal audit shall verify if the management of Fondul Proprietatea has taken appropriate measures concerning the reported significant risks or if the Fund Manager has accepted the risk of not taking any measure and shall inform the Board of Nominees and the general meeting of the shareholders if the Fund Manager has accepted the reported significant risks.
- (12) The internal audit shall establish the procedures for monitoring the implementation of the measures taken by the management of Fondul Proprietatea.
- (13) The internal auditors shall notify the Board of Nominees and the Fund Managers with respect to any flaws in the management or breaches of the legal provisions or of the constitutive act, where such are identified by the internal auditors; the significant cases shall be notified to the general meeting of the shareholders.
- (14) The internal auditors shall take into consideration the complaints of the shareholders when drafting the reports addressed to the general meeting of the shareholders.
- (15) The attributions, duties and the functioning way of the internal auditors, as well as their rights and obligations are completed with the legal provisions in this area.



CHAPTER VIII
Business of Fondul Proprietatea

ARTICLE 25
Financing its own business

For the fulfilment of the business object and in accordance with the attributions established, Fondul Proprietatea uses the financial sources established pursuant to the law, banking credits and other financial sources. Fondul Proprietatea is not allowed to conclude loan agreements for investment reasons.

ARTICLE 26
Financial year

The financial year begins on 1st of January and terminates on 31st December of each year.

ARTICLE 27
Accounting evidence and annual financial statements

- (1) The accounting is kept in Romanian language and in national currency.
- (2) Fondul Proprietatea must draft the annual financial statements according to legal provisions in force.

ARTICLE 28
Calculation and distribution of the profit

- (1) The result of the financial year is determined at the end of the year and represents the final balance of the profit and loss account.
- (2) The profit of Fondul Proprietatea after the payment of the profit tax shall be distributed according to the decision of the general meeting of the shareholders and to the legal provisions in force.
- (3) Fondul Proprietatea creates legal reserves and other reserves, pursuant to the law.
- (4) The payment of dividends owed to the shareholders is made by Fondul Proprietatea, according to the law.
- (5) The dividends are distributed between the shareholders proportional with the number of held shares.
- (6) In case of loss of the net asset, the general meeting of the shareholders shall analyse the causes and decide properly, according to the law.

ARTICLE 29
Registries

Fondul Proprietatea shall maintain, by care of the Fund Manager and internal auditors, all registries provided by the law. The shareholders registry is kept by the Central Depository.

CHAPTER IX
Association, change of the legal form, dissolution and liquidation, litigation

ARTICLE 30
Association



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- (1) Fondul Proprietatea may set-up, solely or together with other Romanian or foreign natural persons or legal entities, other companies or legal entities, according to the law and to this constitutive act.
- (2) The conditions for the participation of Fondul Proprietatea at the setting-up of new legal entities shall be regulated by the constitutive acts, which to be approved by the general meeting of the shareholders.

ARTICLE 31
Dissolution

- (1) The dissolution of Fondul Proprietatea shall take place in the following cases:
- a) impossibility of performing the company's business object;
 - b) declaring the company's nullity;
 - c) by decision of the extraordinary general meeting of the shareholders, in accordance with article 14 paragraphs (4) and (5);
 - d) as consequence of losses, if the net asset value, determined as difference between the total asset and company's debts, represents less than half of the value of the subscribed share capital and if, not later than the termination of the financial year subsequent to the one during which the losses have been ascertained, the general meeting of the shareholders fails to decrease the share capital with an amount at least equal with the one of losses which could not be covered from reserves or to reconstitute the company's net asset up to the value at least equal with half of the subscribed share capital.
 - e) opening of the bankruptcy procedure;
 - f) the number of shareholders reduces under the legal minimum;
 - g) other causes provided by the law or by this constitutive act.
- (2) The dissolution of Fondul Proprietatea cannot take place before the finalisation of the procedures for granting indemnities to the rightful persons.
- (3) The dissolution decision of Fondul Proprietatea must be registered with the commercial registry and published in the Official Gazette of Romania, Part IV.

ARTICLE 32
Liquidation

- (1) The dissolution of Fondul Proprietatea has as consequence the opening of the liquidation procedure.
- (2) The liquidation of Fondul Proprietatea and distribution of the patrimony are made in accordance with the law.

ARTICLE 33
Calculation method of the net asset

The calculation method of the net asset is made according to the legal provisions in force.

ARTICLE 34
Prudential rules concerning the investment policy

- (1) The investment policy is established by the Fund Manager, with the observance of the investment limitation provided by the legal provisions in force and of this Constitutive Act.
- (2) Fondul Proprietatea shall be subject to the investment restrictions provided under Law No. 247/2005 on property and justice reform, and additional measures, as further amended and completed, of Law No. 297/2004 on the capital market, as further amended and completed as well as any other applicable law or



regulation.

(3) Subject to the terms of this Constitutive Act, of the IMA and the applicable law, all decisions in relation to the acquisition of, disposal of, and exercise of all rights and obligations in relation to the assets of Fondul Proprietatea shall be at the sole discretion of the Fund Manager.

(4) Prudential rules concerning the investment policy will be by approved by the shareholders through Investment Policy Statement.

ARTICLE 35

Conditions for the replacement of the depository

(1) Fondul Proprietatea shall conclude a deposit agreement with a depository legal entity authorised and supervised by the National Securities Commission, which performs the deposit operations of securities, as well as any operations in connection with those. The activities to be developed by the depository and the conditions for its replacement shall be provided in the deposit agreement.

(2) The deposit agreement shall include mandatorily clauses related to the replacement of the depository and rules for ensuring shareholders' protection in such situations.

ARTICLE 36

Identity, requirements regarding the qualification, professional experience and integrity of the management members

(1) The Fund Manager, respectively its permanent representative shall cumulatively fulfil with the minimum requirements regarding the integrity, qualification and professional experience provided in the legislation and in other specific provisions; the identity of the Fund Manager is the one registered with the National Office of Trade Registry, based on the decision of the general meeting of the shareholders regarding its election.

(2) Fund Manager means the investment management company, legal person established as a limited company which operates or will be established and operated on the authorization issued by the NSC, including investment management company, foreign entity, authorized by the competent authority of State of origin and which will establish a branch in Romania, the permit issued by the NSC, and NSC entered in the register this branch.

ARTICLE 37

Litigations

The litigations of any type shall be amiably resolved and if this is not possible, they shall be solved by the competent arbitral or judicial courts.

CHAPTER X

Final provisions

ARTICLE 38

Final provisions

The provisions of this constitutive act are completed by the provisions of Company Law No. 31/1990, republished, as further amended and completed, and other applicable legal provisions in force as well as by the provisions of the capital market legislation governing the issuers whose shares are admitted on trading.