



NOTE

***For Presenting Point 3 On The Agenda Of The Extraordinary General Shareholders Meeting
On 25 April 2012***

**Re: The Authorization Of The Fund Manager Of SC Fondul Proprietatea SA For Applying
A Buy-Back Programme**

According to Article 31 of Romanian National Securities Commission (RNSC) 4/2010 “*After the admission to trading on a regulated market, the shares may be repurchased in observance of the legal provisions applicable to repurchase operations by a company admitted to trading on a regulated market*”.

According to Article 103¹ of Companies Law 31/1990, republished, with subsequent amendments, the buy-back of shares can take place under the following conditions:

„a) *the authorisation of the purchase of its own shares is given by the extraordinary general assembly of the shareholders that establishes the conditions to acquire the shares, mostly the maximum number of shares which is going to be purchased, the period for which the authorisation is granted and which can not exceed 18 months as from the date when the decision was published in the Official Gazette of Romania, Part IV, and in case of a purchase for a consideration, their minimum and maximum equivalent value;*

b) *the nominal value of the own shares purchased by the company, including those already existing in its portfolio, cannot exceed 10% of the subscribed registered capital;*

c) *the transaction can only have as object fully paid shares;*

d) *the payment of the shares thus purchased shall be done only out of the distributable profits or of the available reserves of the company, as registered in the last approved annual financial statement, except for the legal reserves”.*

According to Article 104 of Companies Law 31/1990, republished, with subsequent amendments, the restrictions mentioned at Article 103¹ are not applied for the buy-back applied for a share capital decrease.

The Article 119 paragraph (2) of Capital Market Law 297/2004 sets that “*Closed-end investment companies may buy-back their own shares in accordance with the conditions laid down in Companies Law 31/1990 and in accordance with RNSC regulations*”.

Also, the article 234 of RNSC Regulation 15/2004 on the authorisation and functioning of investment management firms, collective investment undertakings and depositories sets that “*Subsequent to the admission of the shares of the closed-end investment firm to trading on a regulated market, these may be bought-back in compliance with the legal provisions applicable in the case of repurchasing shares by a firm admitted to trading on a regulated market*”.



According to article 3 of CE Regulation 2273/2003, the sole purpose of that buy-back programme must be:

(a) to reduce the capital of the issuer;

(b) to meet obligations arising from any of the following:

- debt financial instruments exchangeable into equity instruments;
- employee share option programmes or other allocations of shares to employees of the issuer or of an associate company.

In addition, the issuer should respect the following rules during the buy-back programmes, the most important ones being in relation with the price of buying-back and the volumes of shares that can be bought-back:

1. the issuer must not purchase shares at a price higher than the higher of the price of the last independent trade,
2. the issuer must not purchase more than 25 % of the average daily volume of the shares in any one day on the regulated market on which the purchase is carried out.

Taking into consideration the legal provisions in force, we propose the shareholders to authorize the Fund Manager in order to buy-back shares of S.C. „Fondul Proprietatea” S.A., for a maximum number of 1,100,950,684 shares (this figure was obtained decreasing the number of repurchased shares during the last buy-back programme from 10% of the paid-up existing shares) that will be repurchased, during the period of 18 months after the shareholders decision is published in Official Gazette, Section IV, at a price that cannot be lower than 0.2 RON / share or higher than 1.5 RON / share. The nominal value of the own shares repurchased cannot exceed RON 1,100,950,684 (this value represents 10% of the paid-up share capital of S.C. „Fondul Proprietatea” S.A minus the value of the repurchased shares during the first buy-back programme). The transaction can only have as object fully paid shares. The buy-back programme has as object the share capital decrease. The shareholders’ decision regarding the share capital decrease and the change of the Constitutive Act will be approved by shareholders, with the respect of the Constitutive Act, after the buy-back programme is completed. The buy-back programme execution will be subject to the availability of the necessary cash.

Considering the above mentioned, we submit for approval to the Extraordinary General Shareholders Meeting of SC Fondul Proprietatea SA the authorization of the Fund Manager of SC Fondul Proprietatea SA for applying a buy-back programme, as set out above.

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

Grzegorz Maciej Konieczny

Legal Representative