
**SHAREHOLDERS REPRESENTATIVES COUNCIL of
SOCIETATEA DE INVESTITII FINANCIARE MUNTENIA S.A.**

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**REPORT
OF THE SHAREHOLDERS REPRESENTATIVES COUNCIL OF
SOCIETATEA DE INVESTITII FINANCIARE MUNTENIA S.A.
for the mandate exercised during 2015**

Members of the Shareholders Representatives Council of SIF Muntenia S.A. (S.R.C.), elected at the Shareholders General Ordinary Meeting of S.I.F. Muntenia S.A. (S.G.O.M.) dated 24 June 2014 respectively dated 30 April 2015, on 24 March 2016 adopted this Report for the mandate exercised during 2015.

I. Brief context

The existence of correlations between changes in the capital market and macroeconomic developments lead us, in the introduction, to make synthetic remarks on the evolution of the main indicators characterizing the economic and financial component of the domestic macroeconomic environment.

Thus, for 2015, at the macroeconomic level: according to "signal" estimations of the National Institute of Statistics, annual growth rate of gross domestic product (GDP) reveals a growth beyond expectations (estimates exceeds the European Union forecast for Romania +3, 5% for 2015), confirmed by quarter and half quantifications of 2015; budget execution resulted in a general government deficit of 1.47% of GDP, being within the budget deficit target set by fiscal and budgetary strategy for 2015 of 1.85%; The annual inflation rate fell to negative values (in November 2015 the National Bank of Romania (N.B.R.) revised downwards the annual forecast to - 0.7%).

At the money market level, in 2015: the N.B.R. interest rate of monetary policy has seen a downward trend (to 1.75%), thus making it possible to reduce interest in the commercial banking system, with effects in the process of reducing yields on bank deposits and the credit growth potential of the economy; Commercial banks ended 2015 with significant profits, exceeding the cusp of losses from previous years and ensuring the foundations for increasing the resources available for lending and payment of dividends.

In this context, amid Financial Supervision Authority's (F.S.A.) ongoing efforts to implement the necessary steps to obtain the status of emerging market for the Romanian capital market, the Bucharest Stock Exchange (B.S.E.) unfortunately, limited opportunities for generating interest and growth could be identified, due mainly to lack of listing companies from both the

private sector and especially from the public sector (capitalization of the BSE rose, but transaction volume decreased a lot).

As a perspective, in order to generate favorable effects on the capital market and thus on the Romanian economy as a whole, we foresee as necessary the consideration of several issues: listing of new issuers on the domestic capital market (entities with potential from the state portfolio or private equity companies); encouraging small and medium enterprises to find sources of financing on the capital market as well; dynamic capital market following the launch and development of AeRo market; continuation of the FSA's action plan for obtaining the status of emerging market, together with shaping in 2019 the single capital market in the European Union and including the absorption of European funds for the multiannual financial framework 2014-2020 (with effects on performance and attractiveness of the issuers).

II. Attributions and organizational framework for the operation the Shareholders Representatives Council

S.I.F. Muntenia S.A. is a collective undertakings entity classified as "Other Undertakings for Collective Investment Schemes" (NON-UCITS.), managed by the Societatea de Administrare a Investițiilor Muntenia Invest S.A. (S.A.I. Muntenia Invest S.A.). At the SGOA dated 26 June 2014, S.I.F. Muntenia S.A.'s shareholders appointed a Shareholders Representatives Council for a period of 4 (four) years, aimed at supervising the administration carried out by Muntenia Invest S.A.. During 2015 SRC expressed responsibilities of shareholder interests' representation and supervised the work and commitments of the administrator S.A.I. Muntenia Invest S.A., within the limits imposed by the provisions of the establishment deed of S.I.F. Muntenia S.A., of the administration contract and decisions of S.I.F. Muntenia S.A.'s Shareholders general meetings (S.G.M.).

Following the election of the SRC members at the SGOM dated 26 June 2014 and following the events reported in 2014, the SRC activity started in 2015 with the following composition: Marius Ioan PANTEA - President; Liviu Andrei DIACONESCU - Vice President; Iulian Aursulesei - member; George BÎLTEANU - member; Sergiu BUSILA - member; Emil CAZAN - member; Daniel Florian MIRON - member; Peter Pavel SZEL - member; Vincentiu Octavian ZORZOLAN - member. In January 2015 Mr. George BÎLTEANU suspended himself from the SRC. As a result, following changes in the SRC composition during 2014 and 2015, SGOM dated 30 April 2015 validated the candidacy of Mr Adrian STAVARU. The new SRC composition resulted after the election of Mr. Adrian STAVARU, was maintained throughout 2015.

Preparation, organization and conduct of meetings of the Shareholders Representatives Council is done by SIF Muntenia SA's personnel. To implement these activities, and for communication between SRC members, communication with the administrator, the shareholders or with various institutions, and for keeping own records, SRC was provided with a technical secretariat.

SRC's meetings calendar was established according to the financial calendar communicated by S.I.F. Muntenia S.A., to events or specific need for information, analysis, endorsement or recommendation. Thus, during 2015, SRC. met in 12 working sessions, seven (7) meetings taking place at S.I.F. Muntenia S.A. and five (5) sessions being electronically held. The topics addressed on the agenda were directly correlated with the SRC duties recorded in the establishment deed of S.I.F. Muntenia S.A. and with the rights and obligations of the SRC stipulated in the administration contract and targeted specific requirements for representation

of shareholders and administrator's surveillance. Whenever it is considered necessary and appropriate meetings were attended by representatives of the administrator.

Implementation of the SRC budget was done in accordance with the budget approved by the SGOM as of 30 April 2015 and in strict correlation with the operational needs of the SRC so that at the end of 2015 the level of expenses available to the SRC was below the budget approved by the shareholders, achieving cost savings.

We underline that during the entire year 2015 the SRC statutory functioned, all decisions having been taken under unanimous vote and quorum and transparent decision making process.

At the same time, we underline that from the legal point of view, the SRC does not perform acts of administration, so S.A.I. Muntenia Invest S.A., as administrator, is and remains responsible for the administration activity, adoption and implementation of investment policies and for preparing and presenting briefings and materials made available to SRC and SGOM. As a result, SRC's surveillance activity does not exonerate S.A.I. Muntenia Invest S.A. for acts and operations engaged as administrator nor the obligation to ensure the compliance with applicable legislation and the administration contract throughout his administration activity.

III. Analysis of information materials and reports sent by the administrator S.A.I. Muntenia Invest S.A.

In exercising its powers, SRC targeted that the interests of S.I.F. Muntenia S.A.'s shareholders to be respected by applying the administration program approved by the SGOM dated April 30, 2015 and following the implementation of the approved budget.

Subordinated to this goal, in addition to regular reports, current reports, press releases and monthly information materials prepared and presented by S.A.I. Muntenia Invest S.A., SRC conducted also punctual inquiries to the administrator regarding: management of liquid assets (cash and bank deposits) from portfolio of S.I.F. Muntenia S.A.; changes in the value of certain financial instruments; share capital increases in portfolio companies; the degree of collecting dividends from the companies where there is owned equity; portfolio management of UCITS/NON UCITS; the manner of exercising the voting rights conferred by owning portfolio securities by S.I.F. Muntenia S.A, defending S.I.F. Muntenia S.A. rights and interests in court, arbitration and any jurisdictional and administrative bodies, the administrator developing and presenting answers and the SRC analyzing and making recommendations contained in this report. From this point of view, the SRC considers that the relationship with the administrator was within normal limits, strictly professional, the administrator cooperating with the SRC.

On the patrimonial and financial situation of the implementation of the budget approved by the SGOM as of 30 April 2015, SRC members have given due attention to monitoring the financial position, income and expenditure flows, evolution of the net asset value and hence exchange rate dynamics of the SIF4 share. SRC., according to its powers, has reviewed and approved the periodic reports as of 03.31.2015, 30.06.2015 and 09.30.2015 respectively of the annual one as of 31.12.2015 - prepared in accordance with legal provisions and NSC / FSA regulations (Including individual and consolidated financial statements as of 31.12.2014 prepared in accordance with International Financial Reporting Standards adopted by the European Union (I.F.R.S.), together with the report of the independent auditor KPMG Audit

SRL). Also. The SRC analyzed and debated monthly briefings prepared by S.A.I. Muntenia Invest S.A. on the implementation of the administration program, calculation of the management fee and preparation of the assets and liabilities statements. The statements reflect the operations performed by the administrator without prior consultation of the SRC., who has not examined, not recommended and did not participate in their substantiation or implementation. Subsequent receipt of this information does not constitute an approval or ratification by the SRC of these operations. Finally, SRC considers that in terms of meeting the appropriateness of accounting policies used, as regards the reasonableness of accounting estimates made by S.A.I. Muntenia Invest S.A., the shareholders should refer to the opinions and conclusions provided by the independent financial auditor KPMG Audit S.R.L. In a similarly way there should be approached also reporting of the monthly statements of assets and liabilities certified by the depository B.R.D. - G.S.G .. SRC considers that the opinion issued by the independent financial auditor KPMG Audit SRL can support the conclusion that the individual financial statements presented for the year ended 31.12.2015, prepared in accordance with I.F.R.S. reflect the company's financial and economic situation considered as separate entity.

Important events to report:

- changing the establishment deed of S.I.F. Muntenia S.A. (The new content of article 6, paragraph 8) in accordance with Law 10/2015 - the amendment has been endorsed by FSA in February 2015 and reported properly by the administrator as a significant event to the attention of investors;
- the need to implement the provisions of Law 151/2014 on the transfer of companies whose shares are traded on RASDAQ market or unlisted securities market but traded on BSE at an alternative trading system or their delisting - SRC asked the administrator to be regularly informed on the progress of these issues in companies that S.I.F. Muntenia S.A. holds interests - until 31.12.2015 all companies that were subject to the provisions of this law and that S.I.F. Muntenia S.A. holds the majority received the FSA's approval to be traded on BSE, ATS segment, AeRo category;
- changes in the composition of the Board of Directors of the administrator S.A.I. Muntenia Invest S.A. (BoD) and its effective management - changes that occurred during 2015 have been approved by the FSA and properly reported by the administrator as important events to the attention of investors (subsequent events: in January 2016 ASF authorizes Ms Gabriela Grigore as the General Director of SAI Muntenia Invest SA due to the termination of the mandate of Mr Gabriel FILIMON in November 2015; in February 2016 the BoD approved the election of Mrs Florica Trandafir as Vice President of the BoD following the revocation of Mr. Florin Danut BUZATU);
- emergence of Rule 39/28.12. 2015 approving the Accounting Regulations compliant with International Financial Reporting Standards (I.F.R.S.), applicable to entities authorized, regulated and supervised by the FSA. Investment and Financial Instruments Sector - according to this rule, S.I.F. Muntenia S.A. has an obligation to prepare for the financial year 2015 two sets of financial statements, namely: financial statements prepared in accordance to I.F.R.S. 31.12.2015 consolidated financial statements prepared in accordance I.F.R.S. 31.12.2015 (as compared to the previous year when there were prepared three sets of financial statements: in accordance with Regulation no. 4/2011 regarding accounting regulations compliant with Directive IV of the European Economic Communities applicable to entities authorized, regulated and supervised by NSC - RCR or RAS, individual IFRS and consolidated IFRS);
- obligation to (re) authorize S.A.I. Muntenia S.A. in accordance with Law no. 74/2015 on alternative investment fund managers - ongoing process (to be finished by May 2016), for

which the SRC required continuous information from the administrator during the process of (re) authorization until its completion and obtaining the (re) authorization.

Further, SRC maintains its request to the administrator about the need for a proper vigilance in managing the risks that could spread effects on maintaining the integrity of S.I.F. Muntenia S.A.'s patrimony and the variation in the S.I.F. Muntenia S.A.'s share price, assurance according to the capital market regulations and internal rules and procedures of the Administrator, its management in order to implement under the best conditions of the administration act.

IV. Conclusions and recommendations of the Shareholders Representatives Council addressed to the administrator, S.A.I. Muntenia Invest S.A.

Considering all the above, a 2015 not very good for the local financial market, S.I.F. Muntenia S.A. presented at the end of financial 2015 financial exercise a level of the gross profit according to R.C.R. (Directive IV of the European Economic Community) of approximately 79.6 million lei, by 1.6% higher than budgeted (all on RCR) and a net profit level of about 69.6 million lei (RCR), values lower than in 2014. Individual statement of profit or loss for 2015 under IFRS (FSA Rule39/2015) has a level of profit before tax of approx. 75.6 million lei and a net profit level of approx. 63.8 million lei. As regards the individual financial position on I.F.R.S. there is an increase in asset values compared to 2014, which exceeds the value of 1.076 billion lei at an equity value of about 924 million lei. If we take into consideration the discount to net asset value as of 31.12.2015, together with a decrease of the closing price of the shares and increase of the unit value of the net asset, this increased to 44.5%.

Overall, following discussions with the Administrator S.A.I. Muntenia Invest S.A., the SRC focused on compliance with prudential rules under the laws in force applicable to entities such as S.I.F., in line with the strategic objectives assumed by the administrator and the need for proper management of the company's patrimony and business risks.

In particular, the SRC brought to the attention of the administrator several recommendations concerning mainly:

- adoption of more concrete actions and a better plan developed with programmatic implementation, to provide to investors and the general public data and information on S.I.F. Muntenia S.A.'s activity, namely to protect and improve the image of S.I.F. Muntenia S.A. within public area - aspects considered in the previous year, but without notable steps taken by the administrator in 2015;
- performing all necessary legal steps against directors that harm the patrimony of the companies from S.I.F. Muntenia S.A.'s patrimony, while creating reserves of managers able to take in a short time the managerial activity in the companies where it is necessary - this being able to be a considered a strategic concern to the level of human resources policy of the administrator;
- amid very low, systemic yields at the banking market level, liquidity investment policy review in the sense of choosing exclusively the leading banking entities, much stronger and better protected against risk;
- for avoiding the multiple court of law suits in which S.I.F. Muntenia S.A. is involved (mainly related to challenging the decisions of the general meeting where S.I.F. Muntenia S.A. has minority holdings), S.A.I. Muntenia Invest S.A., following a timely and judicious

analysis, to request the SGOM of S.I.F. Muntenia S.A. an express mandate to sell the minority interests that generate these processes even below the holding value;

- for establishing the area of consolidation of the financial statements prepared in accordance I.F.R.S. for the financial year 2015 (mandatory under the provisions of Regulation 39/2015 of FSA) to take into account reservations expressed by the independent financial auditor KPMG Audit SRL at the audit of consolidated financial statements in accordance to I.F.R.S. for the financial year 2014;
- provide and to ensure reimbursement / recovery of share capital increases at companies that performed such transactions and the administration / office contracts of the persons designated by S.A.I. Muntenia Invest S.A. in the Board of Directors and executive managements of such companies to stipulate express provisions on the undertaking to recover the share capital increases according to repayment schedules that were the basis for an investment decision.

Regarding dividend policy, SRC notices the shareholders' remuneration principle through dividends as a way to increase the attractiveness of the share and maintaining investors' confidence, issues important to an issuer present on the market currently at the time being. But, at the same time, SRC notices as well the principle of results capitalization obtained as a way of providing resources to strengthen and develop S.I.F. Muntenia S.A.'s activities towards honoring future earnings expectations of the shareholders. As a result, the SRC concludes that the shareholders, through their votes are the only ones entitled to decide on the allocation of the net profit on destinations, thus setting the dividend per share following to proceed accordingly for 2015 as well.

This report of the Shareholders Representatives Council of SIF Muntenia S.A. is solely addressed to S.I.F. Muntenia S.A.'s shareholders and to be presented to the Ordinary General Meeting of Shareholders of S.I.F. Muntenia S.A. dated 27/28 April 2016.

Shareholders Representatives Council of S.I.F. Muntenia S.A. by

Marius Ioan PANTEA