



SOCIETATEA DE INVESTITII FINANCIARE T R A N S I L V A N I A S.A.

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Societate administrată în sistem dualist



No. 2639/02.04.2020

To: **Bucharest Stock Exchange**
Financial Supervisory Authority
- Financial Instruments and Investments Sector

CURRENT REPORT According to Law no. 24/2017 and F.S.A. Regulation no. 5/2018 Report date: 02.04.2020

S.I.F. Transilvania S.A.

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Tax registration code: RO3047687

Order number in the Trade Register: J08/3306/92

Registration number in the NSC Register: PJR 09 SIIR/080004

LEI Code (Legal Entity Identifier): 254900E2IL36VM93H128

Subscribed and paid-in share capital: RON 216,244,379.70

Regulated market on which the issued securities are traded: Bucharest Stock Exchange (ticker: SIF3)

Important event to be reported: Information regarding the conducting of the O.G.M.S., the items on the agenda and the attempt to illegally take over the management of the company

Given the convening of the general meeting of SIF Transilvania shareholders and the state of emergency established as a result of the coronavirus pandemic, the company's management would like to inform the shareholders who are entitled to vote in the O.G.M.S. convened for April 28/29, 2020, that this general meeting will probably not be held with the physical presence of the shareholders, according to the military ordinances in force, therefore the resolutions will be adopted by correspondence, using the ballot papers sent by mail and by electronic means, based on the **user** and **password** that each shareholder will receive in order to be able to vote electronically, according to the instructions available on the company's website: www.siftransilvania.ro, under the *Electronic voting* section.

We inform shareholders that there are four ballot papers, namely the Ballots no.1 and no. 2 for the proposals of the Executive Board and the Ballots no. 3 and no. 4 for the proposals of a group of shareholders coordinated by the group led by Fratila Constantin, group that, year by year, tries to take over the management structures of the company, both at the level of the Supervisory Board, as well as at the Executive Board level, in order to subordinate SIF Transilvania's activity to the interests of this criminal group as established by the prosecutors in the Criminal File no. 582/D/P/2016, instrumented by DIICOT Constanta and in the File nr. 745/P/2015, instrumented by the Prosecutor's Office attached to the Brasov Tribunal. In both files, Fratila Constantin and other persons are criminally prosecuted **in personam**, for the offense of manipulation of the capital market (in the continuous form), according to art. 279 letter b), related to art. 248 and art. 244 para.(5) letter (a) point 1) and letter b) of Law no. 297/2004, as well as art. 279 para. (1) letter a) of Law 31/90, with the application of art. 35 para. 1 of the Criminal Code, the offense of setting up an organized criminal group, according to art. 367 of the Criminal Code, offenses which are under the criminal prosecution exercised by the Prosecutor's Office attached to the Constanta Tribunal and for the offence of tax

evasion, according to art.9 para. 1 letter c), para. 2 of Law 241/2005 with the application of art. 41 para. 2 of the Criminal Code (since 1969) and art. 5 of the Criminal Code.

The above-mentioned criminal files have been brought based on a series of criminal complaints filed by the Financial Supervisory Authority and by SIF Transilvania.

Following the confirmation of the Prosecutor's Office that the criminal prosecution begun, the F.S.A. issued the Decision no. 1095/2018 and revoked the Approval no. 422/2017 regarding the functioning of Fratila Constantin as a member of the Supervisory Board of SIF Transilvania.

The F.S.A. Decision no. 1095/2018 was challenged by Fratila Constantin at the Constanta Court of Appeal which, in File no. 8031/2018, annulled this decision.

Based on this decision of the Constanta Court of Appeal, Fratila Constantin asked to be allowed to rejoin the Supervisory Board of SIF Transilvania, and the F.S.A. asked SIF Transilvania to publish a current report to inform the shareholders and to allow Fratila Constantin to function as a member of the Supervisory Board, completely ignoring the fact that the criminal prosecution ***in personam*** against Fratila Constantin did not cease, on the contrary, a new criminal file was brought, in which Fratila Constantin and other persons are prosecuted ***in personam*** for tax evasion, respectively File no. 745/P/2015. Also, in File no. 582/D/P/2016 the non-commencement of the criminal prosecution for the offence of capital market manipulation was challenged before the preliminary chamber judge by both the F.S.A and SIF Transilvania, the solution of the non-commencement of the criminal prosecution being not final; moreover, that there are other offenses for which the competence to continue the criminal prosecution ***in personam*** is declined to the Prosecutor's Office attached to the Constanta Tribunal.

Although SIF Transilvania made dozens of interventions to the F.S.A. to suspend the endorsement given to Fratila Constantin through the Approval no. 422/2017, based on the provisions of art.15 para. 1 point b) of the Articles of Incorporation of SIF Transilvania, which stipulates the following condition to be fulfilled: .. b) *the member of the supervisory board is not convicted or is not being prosecuted in cases related to (1) offenses provided for by the financial-banking legislation (iii) offenses provided for by the fiscal legislation (iv) other offenses provided for by the legislation regarding the companies, the bankruptcy,* the F.S.A. did not respond to any notification although it is in the possession of the confirmation documents sent by prosecutors regarding the criminal investigation ***in personam***.

Article 4 of the Regulation on the organizing and functioning of the Supervisory Board of SIF Transilvania also provides for the interdiction for a person criminally prosecuted to be a member of the Supervisory Board.

Moreover, the F.S.A. violates the provisions of its own regulation, namely the F.S.A. Regulation no. 1/2019, which specifies that the persons under criminal prosecution cannot be authorized as members in the boards of directors or in the supervisory boards, as provided for by art. 13 of said regulation.

In addition, the F.S.A. completely ignores the provisions of the Civil Code regarding incapacities and incompatibilities, namely art. 211 which provides that:

(1) The incapacitated persons, those with limited exercise capacity, those who lost the right to exercise a function within these bodies, as well as those declared by the law or by the incorporation act as incompatible to hold such a function, **cannot be part of the administrative and control bodies of the legal entity.**

Being illegally allowed, contrary to the above provisions and under the threat of the F.S.A. that we will be sanctioned if we do not allow him to function as an administrator, Fratila Constantin severely disrupts the activity of the Supervisory Board, organizes with other three Board members parallel meetings which issue illegal resolutions of the Supervisory Board, assume official capacities that they

do not have, try to illegally modify the operating regulations of the Supervisory Board, to illegally change the composition of some committees of the Board, to dismiss the management of the Board, to revoke the mandate of the executive president, respectively to revoke the new four-year mandate of the Executive Board— mandate which was legally granted by the Supervisory Board in the meeting of January 15, 2020, with a majority of votes (four votes out of six), threaten the members of the Executive Board, totally boycott the works of the Supervisory Board - all these in connivance with some F.S.A officials, and the F.S.A., instead of imposing the observance of the law, it sanctions the management of the Supervisory Board and of the Executive Board for **the fact that the management refuse to break the law.**

Some of the F.S.A. members became consultants of the criminal group led by Fratila Constantin, advising him on how to eliminate the management of the Supervisory Board and Executive Board, sanctioning the management for refusing to apply illegal decisions, which are in opposition to the AIFM legislation.

One has not seen before in the supervisory activity of the issuers that the Authority itself deliberately violates the Articles of Incorporation of SIF Transilvania. There is an explanation for this illegal attitude, namely the F.S.A. association to an organized criminal group defined as such by the prosecutors instrumenting the two criminal cases: the Executive Board of SIF Transilvania was fined because it dared to sue many illegal decisions of F.S.A. and the High Court of Cassation and Justice ruled in our favor. Those decisions were made public by the Executive Board of SIF Transilvania through the current reports.

The association of some F.S.A. officials to the criminal group intending to take over the management structures of SIF Transilvania is revealed by the fact that starting the second half of January 2020 the F.S.A. is systematically delaying, with no legal reason, the approval of the new mandate of the Executive Board granted by the Supervisory Board on 15.01.2020, given that the current mandate expires on 19.04.2020. In this way, the F.S.A. helps the mentioned criminal group to try to cancel the legally issued new mandate and to impose another Executive Board, totally subordinated to this criminal group, in the detriment of S.I.F. Transilvania's shareholders.

Moreover, in the last meeting minutes of an illegal meeting of some members of the Supervisory Board on 30.03.2020, **Fratila Constantin stated in writing that he personally will nominate the new leadership of the Board.**

That is why Fratila Constantin, his family members and the Supervisory Board members Marius Adrian Moldovan and Crinel Valer Andanut requested the supplementation of the agenda of the Ordinary General Meeting of Shareholders of 28/29.04.2020 with the approval of the commencement of the liability action against the Executive President, the President the Supervisory Board and the Vice President of the Supervisory Board, thus hoping to remove these persons from the company's management and to impose other subservient persons, in the detriment of the company and its shareholders.

We remind our investors that Marius Adrian Moldovan was revoked from the management structures of SIF Transilvania for refusing to cooperate in fulfilling his duties, for damages caused to the company; Marius Moldovan sued the company and requested an amount of approximately RON 2 million, but the request was definitely denied by all courts of law, including the High Court of Cassation and Justice.

With the support of the group led by Fratila Constantin and other shareholders who did not know about the damages caused to SIF Transilvania by the former Vice President Marius Adrian Moldovan, he was elected as a member of the Supervisory Board in 2018. Although the F.S.A. was asked not to approve him in this position considering that he had interests opposite with those of the company and he sued the company, the F.S.A. did not take into account anything of the above and issued the approval according to the F.S.A. Regulation no.1/2019, precisely to put in conflict the management structures with this member of the Supervisory Board.

Crinel Valer Andanut has permanently blocked the activity of the Supervisory Board, by always voting "against" or "abstaining" on more than 70% of the draft resolutions, thus trying to block the resolutions and the activity of the Executive Board by preventing the latter from fulfilling the revenue and expenditure budget, implementing the investment strategy and the portfolio restructuring and achieving special performances.

Trying to block the portfolio restructuring, Crinel Valer Andanut asked the statutory auditor to carry out additional checks on the Executive Board's policies, tendentiously inducing to the F.S.A. and the shareholders the idea that the Executive Board does not operate properly. The Executive Board spent significant sums to pay for the additional expertise reports requested by Crinel Valer Andanut in writing to the financial auditor. The auditor found that the Executive Board complies with the AIFM legislation, as it results from the financial auditor's report which was published and submitted to the F.S.A. Details on these expenses, damages caused by Crinel Valer Andanut, are presented on the company's website.

In order to place the company in a difficult situation, this group has requested the supplementation of the agenda of the Ordinary General Meeting of Shareholders, according to Ballot paper no.3, with an unrealistic and damaging proposal for the distribution of the net profit achieved in the financial year 2019; this proposal will deprive the company of the liquidities needed for functioning and investing, in a difficult economic environment caused by the Coronavirus. However, the Executive Board has proposed, according to its legal powers, a substantial remuneration of the shareholders in the form of dividends, ensuring a return of over 10%.

Given the blocking of the management structures of SIF Transilvania and the lack of intervention by the F.S.A. to restore legality, SIF Transilvania' management (namely the Executive Board and the management of the Supervisory Board) have brought and will bring civil and criminal actions before the competent courts to invalidate and sanction the illegal actions of the mentioned group, the lack of action by the F.S.A. which, in fact, through some officials, supports and advises these members of the Supervisory Board instead of applying its own regulations and the AIFM legislation, committing with the three Supervisory Board members the offenses of illegal exercise of a profession or activity and forgery of documents under private signature, facts committed by Fratila Constantin, Marius Moldovan, Crinel Valer Andanut, the offenses of abuse of authority and usurpation of functions with particularly serious consequences, in order to provide patrimonial advantages to Fratila Constantin, facts committed by some F.S.A. officials, even joining an organized criminal group.

The Executive Board and the Supervisory Board of SIF Transilvania will keep the shareholders and the capital market informed on the carrying out of the company's activity under these difficult circumstances and will provide all the information needed so that the shareholders be able to decide through their vote, exerted by mail or electronically, on the items on the agenda of the ordinary general meeting of shareholders.

The shareholders are kindly asked to address all possible questions by email: siftransilvania@siftransilvania.ro or by phone: 0268 401157.

Mihai Fercala
Executive President/C.E.O

Iulian Stan
Executive Vice President/Deputy CEO

Ştefan Szitas
Member of the Executive Board/Director

Marcus Valeriu Marin
Compliance Officer