

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

Current report according to Article 99 of the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments and of Article 113 (A) para. (1) letters b<sup>1</sup>) and c) of the NSC Regulation no. 1/2006 on issuers and operations with securities, with its subsequent amendments and supplementations

**Events to be reported:**

## **The resolutions of the 31 October 2016 Extraordinary and Ordinary General Shareholders Meetings of Fondul Proprietatea SA**

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch ("**FTIML Bucharest**"), in its capacity as Investment Manager of Fondul Proprietatea SA ("**the Fund / the Company**") hereby announces that on 31 October 2016 were held at JW Marriott Hotel, in Bucharest, the Fund's Extraordinary General Shareholders Meeting ("**EGM**") commencing 13:00 hours (Romanian time) and the Fund's Ordinary General Shareholders Meeting ("**OGM**") commencing 14:00 hours (Romanian time).

The meetings were chaired by Mr. Grzegorz Maciej Konieczny, the Permanent Representative of Franklin Templeton International Services S.à r.l., the Sole Director of the Fund.

The shareholders of the Fund decided the following with respect to:

### **A. The EGM agenda:**

1. To approve the decrease of the subscribed share capital of Fondul Proprietatea S.A. from RON 8,562,968,634.10 to RON 5,742,226,025.22 through the reduction of the par value of the shares of Fondul Proprietatea S.A. from RON 0.85 to RON 0.57, and thus to approve its mechanics which incorporates two operations (coverage of accounting losses and distributions to shareholders) described below as follows.
  - 1.1. To approve the coverage of the accumulated accounting losses as reflected in Fondul Proprietatea S.A. financial statements at 31 December 2015 in amount of RON 2,473,157,471.66, in accordance with article 207 paragraph (1) letter b) of Law no. 31/1990 using:
    - RON 156,118,900.08 from *Other reserves*,
    - RON 2,317,038,571.58 from registered capital,through the decrease of the subscribed share capital of Fondul

#### **Report date:**

31 October 2016

#### **Name of the issuing entity:**

Fondul Proprietatea S.A.

#### **Registered office:**

78-80 Buzesti St.,  
7<sup>th</sup> 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 Registry:**

18253260

#### **Order number in the Trade Registry:**

J40/21901/2005

#### **Subscribed share capital:**

RON 9,168,314,116.70

#### **Paid-up share capital:**

RON 8,859,073,619.20

#### **Number of shares in issue:**

10,786,251,902

#### **Number of paid shares:**

10,422,439,552

#### **Regulated market on which the issued securities are traded:**

Proprietatea S.A. from RON 8,562,968,634.10 to RON 6,245,930,062.52 by reducing the par value of the shares of Fondul Proprietatea S.A. from RON 0.85 to RON 0.62.

1.2. To approve the decrease of the subscribed share capital of Fondul Proprietatea SA from RON 6,245,930,062.52 to RON 5,742,226,025.22 through the reduction of the par value of the shares of Fondul Proprietatea S.A. from RON 0.62 to RON 0.57. The decrease is motivated by the optimization of the share capital of Fondul Proprietatea S.A., involving the return to the shareholders of a part of their contributions, proportionally with their participation to the paid-up share capital of Fondul Proprietatea SA. The subscribed share capital decrease will take place on the basis of Article 207 paragraph (2) letter b) of Law no. 31/1990. As such, the shareholders approve the payment to the shareholders registered at the Registration Date of this EGM of RON 0.05/share, proportionally with their participation to the paid-up share capital of Fondul Proprietatea S.A. The payment shall start on the Payment Date of this EGM provided that the Conditions (as defined below) are met.

After the share capital decrease mentioned above, the subscribed share capital of Fondul Proprietatea S.A. shall have a value of RON 5,742,226,025.22 being divided in 10,074,080,746 shares, each having a nominal value of RON 0.57 per share.

To approve the amendment of Article 7 paragraph (1) of the Constitutive Act of Fondul Proprietatea S.A. as follows.

*“(1) The subscribed share capital of Fondul Proprietatea is in amount of RON 5,742,226,025.22, divided in 10,074,080,746 ordinary, nominative shares, having a nominal value of RON 0.57 each. The capacity as shareholder of Fondul Proprietatea is attested by a statement of account issued by Depozitarul Central SA”.*

To approve the amendment of Article 9 paragraph (2) of the Constitutive Act of Fondul Proprietatea S.A. as follows.

*“(2) The nominal value of a share is RON 0.57”.*

The subscribed share capital decrease herein from RON 8,562,968,634.10 to RON 5,742,226,025.22 will be effective after the following conditions (“**Conditions**”) are met:

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Exchange

- (i) this resolution is published in the Official Gazette of Romania, Part IV for at least two months;
  - (ii) Financial Supervisory Authority (“**FSA**”) endorses the amendment of Article 7 paragraph (1) and Article 9 paragraph (2) of the Constitutive Act of Fondul Proprietatea S.A. as approved by shareholders during this meeting, where required by applicable law or regulation;
  - (iii) the share capital decrease approved by the shareholders on 11 October 2016 is effective;
  - (iv) the shareholders’ resolution for approving this share capital decrease is registered with the Trade Registry.
2. To approve the amendment of the Constitutive Act of Fondul Proprietatea S.A. as follows.

**2.1. Article 12 paragraph (3) letter (h) shall be amended and shall read as follows.**

*“(h) The execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables”.*

**2.2. Article 16 paragraph (2) shall be amended and shall read as follows.**

*“(2) The Chairperson of the Board of Nominees or, during his/her absence, a member of the Board of Nominees appointed through vote by the other members to chair the meeting, ensures the proper unfolding of the meetings. The meetings of the Board of Nominees shall be held at the headquarters of Fondul Proprietatea or at such other location as may be agreed among the members of the Board of Nominees or by means of electronic communications (e.g. telephone, videoconference)”.*

**2.3. Article 17 paragraph (16) shall be amended and shall read as follows.**

*“(16) Proposes to the general meeting of shareholders the prior approval or rejection of the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables”.*

**2.4. Article 21 paragraph (4) points (ix) and (x) shall be amended and shall read as follows.**

*“(ix) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting of shareholders the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables.*

*(x) execute contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value does not exceed, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables, without the approval of the ordinary or extraordinary general shareholders' meeting”.*

As the shareholders of Fondul Proprietatea S.A. voted in favour of the amendments of the Constitutive Act herein, these amendments will be effective subject to their prior endorsement by the FSA, where required by applicable law or regulation.

3. To authorize the sole administrator to execute any acts over any holdings in the portfolio companies of Fondul Proprietatea S.A., which either individually or cumulatively during 2017 financial year, exceed 20% of the total value of the non-current assets, less receivables, in view of the provisions of Article 12 paragraph (3) letter (h) of the Constitutive Act and Article 241 paragraph (1) of Law no. 297/2004, as follows.

The sole administrator is empowered to take all the necessary measures which will be required for the execution of such an act, including engaging brokers, advisors and legal consultants if needed. The value of the transaction contemplated herein or of the aggregated ones (if the case) performed within the term of this mandate, will not exceed in 2017 financial year 30% of the total value of the non-current assets, less receivables of Fondul Proprietatea S.A. This herein authorization expires on 31 December 2017.

4. To ratify and to approve all EGM resolutions and all legal acts (including resolutions, decisions, notices for convening all EGM and contracts) concluded, adopted and issued in the name of Fondul Proprietatea S.A. through its sole administrator and/or its alternative investment fund manager between 6 September 2010 and 30 October 2016 and to approve and ratify any implementation acts, facts and operations based on such, including the management of Fondul Proprietatea S.A. under an unitary system, as well as to approve all the changes to the Constitutive Act approved by all the extraordinary general meetings of shareholders between 6 September 2010 and 30 October 2016, as endorsed by FSA.
5. To approve, in accordance with Article 129<sup>2</sup> of Regulation no. 1/2006:
  - (i) **6 March 2017** as the **Ex – Date**, computed in accordance with the provisions of Article 2 paragraph (2) letter f<sup>1</sup>) of Regulation no. 1/2006;
  - (ii) **7 March 2017** as the **Registration Date**, computed in accordance with the provisions of Article 238 paragraph (1) of Capital Market Law no. 297/2004;
  - (iii) **27 March 2017** as the **Payment Date**, as it is defined by Article 2 letter g) of Regulation no. 6/2009.
6. To empower, with authority to be substituted, Grzegorz Maciej KONIECZNY to sign the shareholders' resolutions and the amended and restated form of the Constitutive Act, as well as any other documents in connection therewith, and to carry out

all procedures and formalities set out by law for the purpose of implementing the shareholders' resolutions, including formalities for publication and registration thereof with the Trade Registry or with any other public institution.

### B. The OGM agenda:

1. In accordance with Article 9.7 of the Management Agreement signed on 2 November 2015 between Fondul Proprietatea and Franklin Templeton International Services S.à r.l. ("**Management Agreement**"), the shareholders decided the following:
  - 1.1. To approve the continuation of the current mandate of Franklin Templeton International Services S.à r.l. as the alternative investment fund manager and sole director of Fondul Proprietatea;
  - 1.2. Not to approve:
    - a) the simultaneous termination of the mandate of Franklin Templeton International Services S.à r.l. as the alternative investment fund manager and sole director of Fondul Proprietatea, and of the Management Agreement, beginning with the earliest of (i) the appointment of a new alternative investment fund manager and sole director of Fondul Proprietatea in accordance with the terms of the Management Agreement and (ii) 1 May 2017, and
    - b) the procedure to be observed for the selection of a new alternative investment fund manager and sole director of Fondul Proprietatea, as described in the OGM supporting materials.
2. To approve the 2017 budget of Fondul Proprietatea SA.
3. To appoint DELOITTE AUDIT S.R.L. as the financial auditor of Fondul Proprietatea SA, setting the duration of the financial audit agreement for the period starting with the date of approval of this decision and 31 August 2017; setting the scope of work of the financial audit agreement: audit of the financial statements of

Fondul Proprietatea SA for the year that will end on 31 December 2016, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and setting the level of remuneration for the financial auditor for the current financial year.

4. To ratify and to approve all OGM resolutions and all legal acts (including decisions, notices for convening all OGM and contracts) concluded, adopted or issued on behalf of Fondul Proprietatea S.A. through its sole administrator and/or its alternative investment fund manager, as well as any management/administration measures adopted and/or implemented by its sole administrator and/or its alternative investment fund manager, or otherwise approved or concluded between 6 September 2010 and 30 October 2016.
5. To approve, in accordance with Article 129<sup>2</sup> of Regulation no. 1/2006:
  - (i) **6 March 2017** as the **Ex – Date**, computed in accordance with the provisions of Article 2 paragraph (2) letter f<sup>1</sup>) of Regulation no. 1/2006;
  - (ii) **7 March 2017** as the **Registration Date**, computed in accordance with the provisions of Article 238 paragraph (1) of Capital Market Law no. 297/2004;
  - (iii) **27 March 2017** as the **Payment Date**, as it is defined by Article 2 letter g) of Regulation no. 6/2009.
6. To empower, with authority to be substituted, Grzegorz Maciej KONIECZNY to sign the shareholders' resolutions, as well as any other documents in connection therewith, and to carry out all procedures and formalities set out by law for the purpose of implementing the shareholders' resolution, including formalities for publication and registration thereof with the Trade Registry or with any other public institution.

**Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch acting as Investment Manager of FONDUL PROPRIETATEA S.A.**

**Grzegorz Maciej KONIECZNY**  
**Legal Representative**