

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

Current report according to Article 113 point A, paragraph (1) 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 Article 99 of the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments.

Important events to be reported:

Financial Supervisory Authority has endorsed certain amendments to the Constitutive Act

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (“**the Fund Manager**”), in its capacity as sole administrator and fund manager of Fondul Proprietatea SA (“**the Fund**”), would like to update shareholders that on 17 April 2014 the Financial Supervisory Authority (“**FSA**”) has issued Decision no. 3/17 April 2014 whereby it has endorsed certain amendments to the Fund’s Constitutive Act approved by the shareholders starting with April 2013, as follows:

- FSA has endorsed all of the amendments approved by the shareholders during the 25 April 2013 GSM to the Fund’s Constitutive Act, save for the amendment of Article 12 para. (2) letter (d), which referred to the appointment of the Fund Manager based on a selection organized by the Board of Nominees.
- FSA has endorsed the amendment of Article 19 para. (3) of the Constitutive Act, approved through EGM Resolution no. 17/22 November 2013, whereby the mandate of the Fund’s administrator was set to two years.
- FSA has endorsed the amendment of Article 14 para. (4) and (5) of the Constitutive Act, approved through EGM Resolution no. 1/3 February 2014, whereby the 50% quorum requirement for the share capital decrease was reduced to the one of 25% mentioned in the Romanian Company Law.

For your ease of reference, you can find in Annex 1 herein a comparative table describing the amendment to the

Report date:

22 April 2014

Name of the issuing entity:

Fondul Proprietatea S.A.

Registered office:

78-80 Buzesti St.,
7th 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 13,538,087,407

Paid share capital:

RON 13,174,101,815

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange

Constitutive Act that was not endorsed by FSA, along with the translation of the FSA's Decision no. 3/17 April 2014 (Annex 2 herein).

The Constitutive Act updated with the amendments endorsed by FSA is published on the webpage of the Fund, and may be accessed [here](#).

The Fund Manager will continue to update shareholders and investors of further material developments and will continue to vigorously defend the interests of the Fund on behalf of all its shareholders.

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

Oana Valentina Truta
Legal Representative

Annex 1

Article 12 of the Constitutive Act in the form prior to the FSA's Decision no. 3/17 April 2014	Article 12 of the Constitutive Act in the form after the FSA's Decision no. 3/17 April 2014	Comments
<p style="text-align: center;">ARTICLE 12 General meetings of the shareholders</p> <p>(1) The general meeting of the shareholders may be ordinary and extraordinary.</p> <p>(2) The ordinary general meeting of the shareholders has the following competencies, duties and functions:</p> <p>a) to discuss, approve and amend the annual financial statements after reviewing the reports of the Fund Manager and financial auditor;</p> <p>b) to establish the distribution of the net profit and to establish the dividends;</p> <p>c) to appoint the members of the Board of Nominees ("BoN") and to cancel their appointment;</p> <p>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;</p> <p>e) to appoint and cancel the appointment of the financial auditor and to set the minimum duration of the financial audit agreement;</p> <p>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;</p> <p>g) to rule over the management of the Fund Manager and to evaluate his/her performances and to discharge him/her from its management,</p> <p>h) to decide on the action in a court of law against the Fund Manager or, as the case may be, against the financial auditor, for damages caused to Fondul Proprietatea;</p> <p>i) to approve the strategies and the development policies of Fondul Proprietatea;</p> <p>j) to establish the annual income and expenditure budget, and to approve the business programme for the following financial year;</p> <p>k) to decide upon the pledge, lease or the creation of the movable securities or mortgages on the</p>	<p style="text-align: center;">ARTICLE 12 General meetings of the shareholders</p> <p>(1) The general meeting of the shareholders may be ordinary and extraordinary.</p> <p>(2) The ordinary general meeting of the shareholders has the following competencies, duties and functions:</p> <p>a) to discuss, approve and amend the annual financial statements after reviewing the reports of the Fund Manager and financial auditor;</p> <p>b) to establish the distribution of the net profit and to establish the dividends;</p> <p>c) to appoint the members of the Board of Nominees ("BoN") and to cancel their appointment;</p> <p>d) to appoint the Fund Manager on the basis of the results of an international tender organized by the Board of Nominees and to cancel its appointment;</p> <p>e) to appoint and cancel the appointment of the financial auditor and to set the minimum duration of the financial audit agreement;</p> <p>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;</p> <p>g) to rule over the management of the Fund Manager and to evaluate his/her performances and to discharge him/her from its management,</p> <p>h) to decide on the action in a court of law against the Fund Manager or, as the case may be, against the financial auditor, for damages caused to Fondul Proprietatea;</p> <p>i) to approve the strategies and the development policies of Fondul Proprietatea;</p> <p>j) to establish the annual income and expenditure budget for the following financial year;</p> <p>k) to decide upon the pledge, lease or the creation of the movable securities or mortgages on the assets of Fondul Proprietatea;</p>	<p>FSA refused endorsement of this change through FSA Decision no. 3/17 April 2014; the change was approved by the shareholders through EGM Resolution no. 11/2013 (in the form highlighted in green)' FSA deferred in the said Decision to the former text: "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".</p> <p>The argumentation of FSA was that by amending Art. 12 paragraph (2) letter d) of the Constitutive Act of Fondul Proprietatea SA according to the Resolution adopted during the EGM on 25 April 2013, it has been noted the failure to comply with the provisions of Art. 12 paragraphs (1) and (2), Chapter II, Title VII – The regime of establishing and granting of indemnifications for the immovable assets abusively seized of Law no. 247/2005 regarding the reform in the areas of ownership and justice, as well as some related measures, by means of which:</p> <p><i>"The Fund Manager shall be selected through an international tender, the technical conditions and the duties of the selection commission shall be approved through Government decision. The appointing of the Fund Manager shall be made on the basis of the provisions of Law no. 297/2004 on capital market, as subsequently amended, as well as of the regulations of the National Securities Commissions."</i></p>

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 of 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 on 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.

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

f) issue of 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 on Fondul Proprietatea including, without limitation, 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.

Annex 2

*Affixed the stamp of Fondul Proprietatea S.A.
Entry No. 745 of 17 April 2014*

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**THE FINANCIAL SUPERVISORY AUTHORITY
FINANCIAL INSTRUMENTS AND INVESTMENTS SECTOR
REGULATED ENTITY AUTHORIZATION-SUPERVISION DIVISION**

*Affixed the stamp of the Financial Supervisory Authority
of 17 April 2014
No. SI/DAS/3440.1*

**To
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED
United Kingdom Bucharest Branch
78-80 Buzesti St., 7th-8th floors, Premium Point
District 1, 011017, Bucharest, Romania
Fax: 00 40 200 96 31/32**

Addressed to Mrs. Oana Valentina Truța - Leader

As regards your letters registered with the Financial Supervisory Authority as follows:

- no. 1058/9 May 2013, supplemented by no. 3181/30 May 2013, no. 6989/16 July 2013 and no. 7661/25 July 2013,
- no. 17445/2 December 2013, as supplemented by no. 6020/21 January 2014, no. 8921/30 January 2014, no. 20194/28 February 2014, no. 21338/5 March 2014, no. 23967/12 March 2014 and no. 26200/19 March 2014,
- no. 25111/14 March 2014 and 32195/4 April 2014,

please find enclosed in the Annex herein, in original counterpart, FSA Notice no. 3/17 April 2014.

Concurrently, please note that you have the obligation of publishing a current report, according to the provisions of Art. 226 para. (1) of Law 297/2004 on capital market, with subsequent amendments, and of the provisions of Art. 113 letter A para.1 of *Regulation no. 1/2006 on issuers and securities transactions*.

Very truly yours,

Director,

Radu TOIA

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Affixed the stamp of the Financial Supervision Authority

FINANCIAL SUPERVISORY AUTHORITY

NOTICE NO. 3 / 17 April 2014

According to the provisions of Art. 1, paragraph (2), of Art. 2, paragraph (1) letters a) and d), of Art. 3, letter a), of Art. 6, paragraphs (1) and (3), Art. 14 and Art. 27 of the Government Emergency Ordinance no. 93/2012 regarding the establishment, organization and functioning of the Financial Supervisory Authority (hereinafter referred to as "FSA"), as approved with amendments and supplements by Law no. 113/2013, with further amendments and supplements,

according to the provisions of Art. 14 of C.N.V.M. Regulation no. 4/2010 regarding the registration with the Romanian National Securities Commission and the functioning of S.C. "Fondul Proprietatea" S.A., as well as the trading of shares issued by the latter,

given the request of S.C. Fondul Proprietatea S.A., registered with FSA under no. 1058/9 May 2013, supplemented by the letters registered under no. 3181/30 May 2013, no. 6989/16 July 2013 and no. 7661/25 July 2013,

considering the request of S.C. Fondul Proprietatea S.A. registered with FSA under no. 17445/2 December 2013, supplemented by the letters registered under no. 6020/21 January 2014, no. 8921/30 January 2014, no. 20194/28 February 2014, no. 21338/5 March 2014, no. 23967/12 March 2014 and no. 26200/19 March 2014,

given the requests of SC Fondul Proprietatea SA, registered with FSA under no. 25111/14 March 2014 and no. 32195/4 April 2014,

considering the Board's Resolution adopted on 17 March 2014 and the provisions of the FSA Decision no. 80/19 March 2014 for admitting the preliminary complaint filed by SC Fondul Proprietatea SA against the FSA Notices no. 28 – 29/12 August 2013 appendices included,

given the fact that, by amending Art. 12 paragraph (2) letter d) of the Constitutive Act of SC Fondul Proprietatea SA according to the Resolution adopted during the EGM on 25 April 2013, it has been noted the failure to comply with the provisions of Art. 12 paragraphs (1) and (2), Chapter II, Title VII – The regime of establishing and granting of indemnifications for the immovable assets abusively seized of Law no. 247/2005 regarding the reform in the areas of ownership and justice, as well as some related measures, by means of which:

"The Fund Manager shall be selected through an international tender, the technical conditions and the duties of the selection commission shall be approved through Government decision. The appointing of the Fund Manager shall be made on the basis of the provisions of Law no. 297/2004 on capital market, as subsequently amended, as well as of the regulations of the National Securities Commissions."

on the grounds of the Decision of the Parliament no. 60/2013 for the appointment of the members in the Board of the Financial Supervisory Authority, published in the Official Gazette of Romania, Part I, no. 680 of 5 November 2013, as subsequently amended,

further to the analysis carried out by the specialty directorates and of the deliberations during the meeting held on 16 April 2014,

the Board of the Financial Supervisory Authority hereby issues the following individual act:

NOTICE

Art. 1 There are hereby endorsed the amendments made to the Constitutive Act of SC Fondul Proprietatea SA in accordance with the Extraordinary General Shareholders' Meetings of 25 April 2013,

except the amendment of Art. 12 paragraph (2) letter (d) of the Constitutive Act, which shall have the following content:

“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”;

Art. 2. There are hereby endorsed the amendments made to Art. 19 paragraph (3) of the Constitutive Act of S.C. Fondul Proprietatea S.A., according to the Resolution of the Extraordinary General Shareholders Meeting no. 17 of 22 November 2013.

Art. 3. There are hereby endorsed the amendments made to Art. 14 paragraphs (4) and (5) of the Constitutive Act of S.C. Fondul Proprietatea S.A., according to the Resolution of the Extraordinary General Shareholders Meeting no. 1 of 3 February 2014.

Art. 4. S.C. Fondul Proprietatea S.A. has the obligation of submitting for approval in the next Extraordinary General Shareholders Meeting the Constitutive Act as amended in accordance with this Notice.

Art. 4 This Notice becomes effective on the date of servicing thereof to S.C. Fondul Proprietatea S.A. and it shall be published in the Bulletin of the Financial Supervisory Authority.

Prime Vice-president,

Daniel DĂIANU

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Seal: Board of the Financial Supervisory Authority, Romania