

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

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 endorsed Addendum no. 4 to the Investment Management Agreement

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (the "**Fund Manager**"), in its capacity as Sole Director and Fund Manager of Fondul Proprietatea SA (the "**Fund**"), would like to inform shareholders and investors that the Financial Supervisory Authority ("**FSA**") issued Endorsement no. 1 / 7 January 2016 ("**Endorsement**"), whereby it endorsed with comments the Addendum no. 4/2 November 2015 to the Investment Management Agreement concluded between the Fund and the Fund Manager on 29 April 2014 ("**IMA**"), proposing a different wording. Please find the FSA Endorsement enclosed in Annex 1.

Also, for ease of reference, please find enclosed in Annex 2, a comparative table describing the amendments to the IMA that were endorsed with comments by the FSA.

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

**Adrian Cighi
Legal Representative**

Report date:

8 January 2016

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 10,074,080,745.90

Paid-up share capital:

RON 9,746,649,630.90

Number of shares in issue:

11,193,423,051

Number of paid shares:

10,829,610,701

Regulated market on which the issued securities are traded:

Shares on Bucharest
Stock Exchange

GDRs on London Stock
Exchange

Translation from Romanian

ROMANIA - Financial Supervisory Authority (FSA)
Stamp of the Financial Supervisory Authority
Incoming/Outgoing number SI/DRA 6832.4
January 7th, 2016
Stamp of Fondul Proprietatea SA
Incoming no. 16/January 7th, 2016

To:
FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED
United Kingdom Bucharest Branch
78-80 Buzesti St., floors 7-8, Premium Point
District 1, 011017, Bucharest, Romania
Fax: 021 200 96 31/32

To the attention of Ms. Oana Valentina TRUȚA – Manager

Dear Madam,

Following your notice registered by FSA under no. 95985/November 5th, 2015, supplemented by notices registered under no. 102372/04.12.2015, no. 108264/December 29th, 2015 and no. 108358/December 29th, 2015, whereby you send for endorsement purposes Addendum no. 4 to the Investment Management Agreement no. 45/April 29th, 2014 executed with Fondul Proprietatea SA, as approved by the Resolution of the Ordinary General Shareholders' Meeting of Fondul Proprietatea SA of October 29th, 2015, please find attached, in original, FSA's Endorsement no. 1/7 January 2016.

Sincerely yours,

Florentina Boboc
Manager
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Stamp of the FSA

FINANCIAL SUPERVISORY AUTHORITY
ENDORSEMENT No. 1 / 7 January 2016

Based on the provisions of Article 1 par. (2), Article 2 par. (1) letter a) and d), Article 3 letter a) and d), Article 6 par. (1) and (3), Article 14 and Article 27 din Government Emergency Ordinance no. 93/2012 on the establishment, organization and operation of Financial Supervisory Authority (hereinafter FSA), approved as amended and supplemented by Law no. 113/2013, as further amended and supplemented,

According to the provisions of Article 14 of Regulation no. 4/2010 of the National Securities Commission on the registration with the National Securities Commission of the operation of Trading Company "Fondul Proprietatea" SA, as well as the trading of the shares issued by it, as further amended and supplemented,

Given the application of Franklin Templeton Investment Management Ltd United Kingdom – Bucharest Branch, registered with the FSA under no. 95985/November 5th, 2015, supplemented by notices registered under no. 102372/04.12.2015, nr. 108264/29.12.2015 and no. 108358/29.12.2015,

Whereas:

- on October 29th, 2015, the shareholders of Fondul Proprietatea SA, within the Ordinary General Shareholders' Meeting adopted Resolution no. 6 on the approval of Addendum no. 4 to Investment Management Agreement no. 45/29.04.2014, concluded between Franklin Templeton Investment Management Ltd. United Kingdom – Bucharest Branch (FTIML) and Fondul Proprietatea SA,
- the provisions of Article 14 par. (1) letter a) of Regulation no. 4/2010 of the National Securities Commission presented hereinafter, according to which any amendment of the Management Agreement becomes applicable and enters into force as of the endorsement of the FSA, which does not allow FTIML to enforce and charge the amended distribution fees retroactively,

"(1) The following changes occurring in the documents considered at the time of the establishment of Fondul Proprietatea shall be subject to the endorsement of the national Securities Commission before their entry into force:

- a) *the amendment of the management agreement concluded by Fondul Proprietatea with the investment management company designated according to the provisions of Article 12 par. (2) of Law no. 247/2005;...."*
- Franklin Templeton Investment Management Ltd. United Kingdom - Bucharest Branch has already charged the management fees for the period March 2015 – to this day (base fee and distribution fees, payable quarterly), which were collected according to the current applicable provisions of Addendum no. 2 to the Management Agreement, Addendum approved by the shareholders within the Ordinary General Shareholders' Meeting of September 23rd, 2014 and endorsed by the FSA by Endorsement no. 88/March 20th, 2015,

Based on the review of the specialized directorate and the resolution adopted within the meeting of January 6th, 2016, the Council of the Financial Supervisory Authority decided on the issuance of the following individual document,

ENDORSEMENT

Article 1. We hereby endorse the amendments to the Management Agreement no. 45/April 29th, 2014 concluded between Fondul Proprietatea SA and Franklin Templeton Investment Management Ltd. United Kingdom – Bucharest Branch, as approved by the Resolution no. 6 of October 29th, 2015 of the Ordinary General Shareholders' Meeting and included into Addendum no. 4 to the Agreement, with the amendments presented in the schedule herein which is an integral part of this endorsement.

Article 2. Franklin Templeton Investment Management Ltd. United Kingdom - Bucharest Branch has the obligation to inform the shareholders of Fondul Proprietatea SA during the following Ordinary General Shareholders' Meeting on the amendments of the Management Agreement provided for by the schedule herein.

Article 3. Franklin Templeton Investment Management Ltd. United Kingdom - Bucharest Branch has the obligation to present to the shareholders of Fondul Proprietatea SA during the next Ordinary General Shareholders' Meeting an analysis showing the manner under which the share buy-backs and the returns of capital under the form of additional distributions had the intended effect, and respectively the manner under which such operations resulted in the achievement or not of the objective declared by the fund manager of Fondul Proprietatea SA, namely the decrease of the discount between the NAV/share and the trading price of FP's shares.

Furthermore, Franklin Templeton Investment Management Ltd. United Kingdom - Bucharest Branch has the obligation to identify and present to the shareholders during the respective General Shareholders' Meeting alternative solutions which are to be correlated with the major objective of the collective portfolio management activity, namely the reinvestment of the funds resulting from the sale of the assets based on a well-defined strategy.

Article 4. This endorsement shall be enforced on the date of its communication to Franklin Templeton Investment Management Ltd United Kingdom - Bucharest Branch and shall be published in the Journal of the Financial Supervisory Authority in electronic format.

CHAIRMAN

Misu NEGRITOIU

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Stamp of the FSA

Appendix to the Endorsement no. 1 / 7 January 2016

The provisions regarding the retroactive payment of the distribution fees of the Appendix to the Management Agreement shall read as follows:

“2. Distribution Fee

It is recognized that distributions beneficial to shareholders would reduce the notional amount upon which the Base Fee is calculated. To reward the Fund Manager for arranging such distributions, a fee shall be calculated as follows (an amount so calculated in respect of a particular period, a “Distribution Fee”): 200 basis points of total non-dividend distributions (including, without limitation, repurchases of own shares, repurchases of FP GDRs, and returns of share capital) made available at any time starting with the date this Addendum was endorsed by the FSA, and up to 31 March 2016.”

<p>IMA Addendum 4 extract - Form approved by the Fund's shareholders on 29 October 2015</p>	<p>IMA Addendum 4 extract - Form amended by the FSA through the Endorsement</p>
<p>2. Distribution Fee</p> <p>It is recognized that distributions beneficial to shareholders would reduce the notional amount upon which the Base Fee is calculated. To reward the Fund Manager for arranging such distributions, a fee shall be calculated as follows (an amount so calculated in respect of a particular period, a "Distribution Fee"): 200 basis points of total non-dividend distributions (including, without limitation, repurchases of own shares, repurchases of FP GDRs, and returns of share capital) made available at any time in between 20 March 2015 and 31 March 2016.</p>	<p>2. Distribution Fee</p> <p>It is recognized that distributions beneficial to shareholders would reduce the notional amount upon which the Base Fee is calculated. To reward the Fund Manager for arranging such distributions, a fee shall be calculated as follows (an amount so calculated in respect of a particular period, a "Distribution Fee"): 200 basis points of total non-dividend distributions (including, without limitation, repurchases of own shares, repurchases of FP GDRs, and returns of share capital) made available at any time starting with the date this Addendum was endorsed by the FSA, and up to 31 March 2016.</p>