

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

Current report according to Article 99 letter (s) of the Rule book of the Bucharest Stock Exchange Market Operator, Title II, Issuers and Financial Instruments

Events to be reported:

Financial Supervisory Authority endorsed the special cash distribution approved by the shareholders on 31 October 2016

Franklin Templeton International Services S.à r.l., in its capacity as Alternative Investment Fund Manager and Sole Director ("**Fund Manager**") of Fondul Proprietatea S.A. (the "**Fund**"), would like to inform shareholders that the Financial Supervisory Authority ("**FSA**") announced on 22 March 2017 that it has endorsed the decrease of the share capital by reducing the shares' nominal value for the coverage of the cumulated accounting losses and distribution to shareholders of RON 0.05 per share, as approved in the Fund's Extraordinary Shareholders' Meeting Resolution no. 10 of 31 October 2016. FSA's endorsement is enclosed herein for shareholders' reference.

The Fund Manager will revert during this week with further details on the distribution such as the availability of the payment procedure and of the payment request forms.

Franklin Templeton International Services S.à r.l., in its capacity of Sole Director of FONDUL PROPRIETATEA S.A.

Johan Meyer
Permanent representative

Report date:

22 March 2017

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 8,562,968,634.10

Paid-up share capital:

RON 8,253,728,136.60

Number of shares in issue:

10,074,080,746

Number of paid shares:

9,710,268,396

Regulated market on which the issued securities are traded:

Shares on Bucharest Stock Exchange

GDRs on London Stock Exchange

Unofficial Translation from Romanian

Letterhead of the Financial Supervisory Authority

To:
FRANKLIN TEMPLETON INTERNATIONAL SERVICES SARL – Sole Director

Franklin Templeton Investment Management Ltd.
Bucharest Branch – Investment Manager

78-80 Buzesti Street, 7-8 floors, Premium Point
1st district, 011017, Bucharest, Romania
Fax: 021.200.96.31/32

*Stamp applied: Financial Supervisory Authority
Exit no. SI/ DRA 300.8 /22 March 2017*

*Stamp applied: Fondul Proprietatea S.A.
Entry no. 377 /22 March 2017*

To Mrs. Oana Valentina TRUTA – Permanent Representative

Dear Madam,

In response to your request registered with the FSA under no. 1630/ 18 January 2017, supplemented by letters no. 3849 / 2 February 2017, no. 6631/22 February 2017 and no. 6701/23 February 2017, whereby you requested the endorsement of the amendments brought to the documents considered upon the registration of SC Fondul Proprietatea SA, namely the Company's Constitutive Act, following the share capital decrease in accordance with the Extraordinary General Shareholders Meeting Resolution no. 10/ 31 October 2016, we enclose in the Annex herein, in original, Endorsement no. 79 /22 March 2017.

Sincerely yours,

Florentina Boboc
Manager
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FSA - RAD stamp applied

Regulation and Authorization Division

Financial Supervisory Authority – Financial Instruments and Investments Sector
15 Splaiul Independentei, 5th district, Bucharest, code 050092
Tel: 0216596206; Fax: 0216596051
www.asfromania.ro, office@asfromania.ro
FSA is a personal data operator registered under the no. 33477

FINANCIAL SUPERVISORY AUTHORITY

ENDORSEMENT NO. 79 / 22 March 2017

Whereas the provisions of Article 2 paragraph (1) letters a) and d), Article 3 paragraph (1) letters a), Article 5 letter a), Article 6 paragraphs (1) and (3), Article 14, Article 27 and Article 28 of the Government Emergency Ordinance no. 93/2012 on the establishment, organization and operation of the Financial Supervisory Authority, approved as amended and supplemented by Law no. 113/2013, as subsequently amended and supplemented,

According to Article 6 paragraph (1), Title VII, Chapter II of Law no. 247/2005 as subsequently amended and supplemented,

Considering the provisions of Art. 207 and Art. 208 of Law no. 31/1990, republished, as subsequently amended and supplemented,

According to the provisions of Article 14 paragraph (1) letter b) and letter c) of Regulation no. 4/2010 on the registration with the National Securities Commission and operation of the trade company "Fondul Proprietatea" SA and the trading of its shares issued thereof, with further amendments and supplementing,

Considering S.C. Fondul Proprietatea SA request registered with the FSA under no. 1630 / 18 January 2017, supplemented by letters no. 3849 / 2 February 2017, no. 6631/22 February 2017 and no. 6701/23 February 2017,

Considering Fondul Proprietatea's Sole Director information provided in the memo regarding the share capital decrease whereby it has justified this operation, and in terms of the Romanian legal requirements perspective, which require that all accounting losses must be covered before any distribution in cash to shareholders is performed,

On the basis of the resolution of the Board of the Financial Supervisory Authority adopted during the meeting held on 21 March 2017, the Financial Supervisory Authority issues the following

ENDORSEMENT

Art. 1. The share capital decrease of Fondul Proprietatea SA from RON 8,562,968,634.10 to RON 5,742,226,025.22 is hereby endorsed, in accordance with the Extraordinary General Shareholders Meeting Resolution no. 10/ 31 October 2016, which incorporates two successive operations, in compliance with the legal provisions, as follows.

- The subscribed share capital decrease of the Fund from RON 8,562,968,634.10 to RON 6,245,930,062.52 by reducing the nominal value of the shares from RON 0.85 to RON 0.62, for the coverage of the accumulated accounting losses as reflected in the Fund's financial statements as at 31 December 2015 in amount of RON 2,473,157,471.66, using: RON 156,118,900.08 from Other reserves and RON 2,317,038,571.58 from registered subscribed share capital;
- The share capital decrease from RON 6,245,930,062.52 to RON 5,742,226,025.22 through the reduction of the nominal value of the Fund's shares from RON 0.62 to RON 0.57.

Art. 2 The amendments provided under Article 7 para. (1) and Article 9 para. (2) of the Constitutive Act of Fondul Proprietatea are hereby endorsed, following the decrease of Fondul Proprietatea's share capital from RON 8,562,968,634.10 to RON 5,742,226,025.22, and the

reduction of the nominal value of the share from RON 0.85 to RON 0.57, endorsed as per Article 1.

Art. 3. This Endorsement becomes effective as of the date it is communicated to Fondul Proprietatea's Sole Director and shall be published in the Bulletin of the Financial Supervisory Authority, in electronic format.

CHAIRMAN
Misu NEGRITOIU
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FSA Stamp applied