

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 Investment Management Agreement

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch ("**FTIML Bucharest Branch / the Fund Manager**"), in its capacity as sole administrator and fund manager of Fondul Proprietatea SA ("**the Fund**"), would like to inform shareholders and investors that the Financial Supervisory Authority ("**FSA**") has issued Endorsement no. 70/19 June 2014, whereby it has endorsed certain amendments to the Investment Management Agreement concluded between the Fund and FTIML Bucharest Branch ("**IMA**"), according to Addendum no. 3/17 May 2013, which was approved by Resolution no. 3 of the Fund's Ordinary General Shareholders Meeting held on 25 April 2013.

Please note that FSA has not endorsed the amendments indicated under point 9 first paragraph and point 9.2, letter r), which shall have the following content :

- Point 9, first paragraph - *"The remuneration of the Fund Manager for the services supplied under this Management Agreement is established according to the requirements in the Regulation for Organizing the Tender, in the Tender book, as well as in the final offer formulated following negotiation, and in the annexes to this contract, as endorsed by NSC (The National Securities Commission; CNVM in Romanian)."*
- Point 9.2 - *"r) expenses related to the additional evaluation of unlisted portfolio holdings carried out by independent valuers, upon the explicit request of the shareholders, based on the prior approval of the Board of Nominees, other than the expenses that shall be covered by the Fund Manager as manager of the UCIT*

Report date:

24 June 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

portfolio, according to the lawful provisions."

for which, according to FSA's Endorsement mentioned above, the Fund has the obligation to seek the shareholders' approval within the next ordinary general shareholders meeting.

For your ease of reference, please find enclosed herein the FSA's Endorsement no. 70/19 June 2014 (Annex 1 herein), along with a comparative table describing the amendments to the IMA that were not endorsed by FSA (Annex 2 herein).

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.

Adrian CIGHI
Legal Representative

Seal: The Financial Supervisory Authority
Registration no.: DAS6151
Day: 19 Month: 06 Year: 2014



REGULATED ENTITIES SURVEILLANCE AND LICENSING
DIRECTORATE

FINANCIAL INSTRUMENTS AND INVESTMENTS SECTOR
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
In the attention of Mr. Grzegorz Konieczny – Leader

Seal: S.C. Fondul Proprietatea S.A.
Registration no. 1186
Day: 19, Month: 06 Year: 2014

We hereby enclose in the annex the original F.S.A. Notice no. 70/19.06.2014 on the amendments brought to the Management Contract concluded on 25.02.2010 between S.C. Fondul Proprietatea SA and Franklin Templeton Investment Management LTD United Kingdom - Bucharest Branch, according to Addendum no. 3/17.05.2013, concluded by the two parties.

Respectfully yours,

Director
Radu Toia
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Seal: Financial Supervisory Authority
FSA
Director

THE FINANCIAL SUPERVISORY AUTHORITY
ENDORSEMENT NO. 70/19.06.2014

On the grounds of the provisions of art. 1, paragraph 2, art. 2, paragraph 1, points a) and d), art. 3, point a), art. 6, paragraphs 1 and 3, art. 14 and art. 27 of Government Emergency Ordinance no. 93/2012 on the establishment, organization and operation of the Financial Supervisory Authority (hereinafter referred to as F.S.A.), approved as amended and completed by Law no. 113/2013, as subsequently amended and completed,

according to the provisions of art. 14 of NSC no. 4/2010 on the registration with the National Securities Commission and the operation of S.C. "Fondul Proprietatea" S.A., as well as on the trading of the shares issued by the same,

whereas the provisions of art. 6 of GEO no. 32/2012 on the undertakings for collective investment in transferable securities and fund managers, as well as amending and completing Law no. 297/2004 on the capital market, according to which, the asset evaluation activity represents a component of the collective portfolio management activity carried out by the fund manager of an UCITS, for which it collects a management fee from the respective UCITS,

taking into account NSC Decision no. 48/22.01.2013 rejecting the request of S.C. Fondul Proprietatea S.A. to endorse the amendments brought to the management contract concluded on 25.02.2010 with Franklin Templeton Investment Management LTD United Kingdom - Bucharest Branch, according to the provisions of Addendum no. 2 to the Contract, addendum which is an annex to the Management Contract,

whereas the decision to reject as unfounded the action for annulment in court regarding NSC Decision no. 48/22.01.2012, formulated by SC Fondul Proprietatea SA, delivered in File no. 3819/2/2013 pending before Bucharest Court of Appeal, The Administrative Court,

taking into account the Decision of the F.S.A. Council adopted on 17.03.2014, as well as the provisions of F.M.A Decision no. 80/19.03.2014 admitting the previous claim lodged by S.C. Fondul Proprietatea S.A. against F.S.A. Notices no. 28-29/12.08.2013, including the annexes to the same,

according to the provisions of art. 7., paragraph 2 of GEO no. 93/2012 on the establishment, organization and operation of the Financial Supervisory Authority, as subsequently amended and completed,

on the grounds of Parliament Decision no. 60/2013 appointing the members of the Council of the Financial Supervisory Authority, published in Part I of Romanian Official Journal no. 680 of 05.11.2013,

on the grounds of Parliament Decision no. 14/2014 on the appointment of the president and of a non-executive member of the Council of the Financial Supervisory Authority, published in Part I of Romanian Official Journal no. 232 of 01.04.2014,

on the grounds of Parliament Decision no. 26/2014 on the appointment of the vice-president and of a non-executive member of the Council of the Financial Supervisory Authority, published in Part I of Romanian Official Journal no. 443 of 17.06.2014,

based on the analysis of the specialized guidelines and of the deliberations reached in the session of 18.06.2014,

The Council of the Financial Supervisory Authority hereby issues this individual act:

NOTICE

Art. 1. We endorse the amendments brought to the management contract concluded on 25.02.2010 between S.C. Fondul Proprietatea S.A. and Franklin Templeton Investment Management LTD United Kingdom - Bucharest Branch, according to Addendum no. 3/17.05.2013 concluded by the two parties, based on the Decision of the General Ordinary Meeting of Shareholders no. 3/25.04.2013, except for the amendments indicated under point 9, the first paragraph and point 9.2., r), which shall have the following content:

Point 9, first paragraph - "The remuneration of the Fund Manager for the services supplied under this Management Agreement is established according to the requirements in the Regulation for Organizing the Tender, in the Tender book, as well as in the final offer formulated following negotiation, and in the annexes to this contract, as endorsed by NSC (The National Securities Commission; CNVM in Romanian)."

Point 9.2 - "r) expenses related to the additional evaluation of unlisted portfolio holdings carried out by independent valutors, upon the explicit request of the shareholders, based on the prior approval of the Board of Nominees, other than the expenses that shall be covered by the Fund Manager as manager of the UCIT portfolio, according to the lawful provisions."

Art. 2. S.C. Fondul Proprietatea S.A. shall subject for approval the management contract amended according to this Notice, at the next General Ordinary Meeting of the Shareholders.

Art. 3. This Notice comes into effect on the date of its communication to S.C. Fondul Proprietatea S.A. and it shall be published in the Bulletin of the Financial Supervisory Authority.

CHAIRMAN
MISU NEGRITOIU

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Seal: Financial Supervisory Authority

FSA

Council

Clause 9 as stipulated in Amendment 3 to the IMA	Clause 9 as proposed by FSA through Endorsement no. 70/19 June 2014	Comments
<p>Point 9, first paragraph: The Fund Manager's remuneration for its services under this Management Agreement is established according to the requirements in the Regulation for Organizing the International Tender, the Tender Book and the final offer formulated following the negotiations and the annexes of this agreement.</p>	<p>Point 9, first paragraph: The remuneration of the Fund Manager for the services supplied under this Management Agreement is established according to the requirements in the Regulation for Organizing the Tender, in the Tender book, as well as in the final offer formulated following negotiation, and in the annexes to this contract, as endorsed by NSC</p>	<p>FSA refused the endorsement of this paragraph through Endorsement no. 70/19 June 201; this amendment was approved through Resolution no. 3 of the Fund's Ordinary General Shareholders Meeting held on 25 April 2013.</p>
<p>Point 9.2.- r) expenses relating to the valuation of unlisted portfolio holdings by independent valuers with the prior approval of BoN, according to the Ordinary General Meeting of Shareholders Resolution no. 22/27.06.2012;</p>	<p>Point 9.2 - "r) expenses related to the additional evaluation of unlisted portfolio holdings carried out by independent valuers, upon the explicit request of the shareholders, based on the prior approval of the Board of Nominees, other than the expenses that shall be covered by the Fund Manager as manager of the UCIT portfolio, according to the lawful provisions."</p>	<p>FSA refused the endorsement of this paragraph through Endorsement no. 70/19 June 201; this amendment was approved through Resolution no. 3 of the Fund's Ordinary General Shareholders Meeting held on 25 April 2013.</p>