

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

Current report according to Article 113 (A) para. (1) letter i) 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 letter f) of the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments.

Important events to be reported:

Registration with the Trade Registry of the decrease of the subscribed share capital following the cancellation of 179,598,899 shares

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (**“the Investment Manager”**), in its capacity as investment manager of Fondul Proprietatea SA (**“the Fund”**), would like to inform shareholders and investors that the share capital decrease from the cancellation of 179,598,899 was registered by the Trade Registry on 26 October 2016. Therefore, the capacity of the current buy-back programme executed by the Investment Manager increases with 179,598,899 shares.

As a reminder, this relates to the Resolution no. 4/26 April 2016 of the Fund’s Extraordinary General Shareholders Meeting to approve the decrease of the subscribed registered share capital from RON 9,320,973,180.85 to RON 9,168,314,116.70, by cancelling a number of 179,598,899 own shares acquired by the Fund (**“EGM Resolution no. 4/26 April 2016”**), endorsed by the Financial Supervisory Authority’s Endorsement no. 264/12 October 2016.

Therefore, starting 26 October 2016, the new value of the Fund’s subscribed share capital is RON 9,168,314,116.70 divided into 10,786,251,902 shares with a nominal value of RON 0.85 / share. The value of the paid-up share capital is RON 8,859,073,619.20 divided into 10,422,439,552 shares with a nominal value of RON 0.85 / share.

Please find enclosed herein the full text of the English translation of FSA’s Endorsement no. 264/12 October 2016. Please note that the Fund’s Constitutive Act in force can be accessed on the Fund’s webpage, at: http://www.fondulproprietatea.ro/sites/default/files/constitutive_act_updated_as_at_26_october_2016_to_be_published_on_the_website.pdf.

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

Oana Valentina TRUȚA

Legal Representative

Report date:
27 October 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 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:
Shares on Bucharest
Stock Exchange

GDRs on London Stock
Exchange

Unofficial Translation from Romanian



To:
FRANKLIN TEMPLETON INTERNATIONAL SERVICES SARL
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
Entry / Exit No. SI/ DRA 4712.1/ 13 October 2016*

*Stamp applied: Fondul Proprietatea S.A.
Entry no. 1051/ 13 October 2016*

To Mrs. Oana Valentina TRUTA – Permanent Representative

Dear Madam,

With regards your letter registered with the FSA under no. RG/65982/14 September 2016, whereby you have requested the endorsement of the changes of the documents in question at the time of registration of S.C. Fondul Proprietatea S.A., namely the Constitutive Act of the company, as approved by Resolution no. 1/27 January 2016 of the Extraordinary General Shareholders Meeting of Fondul Proprietatea SA, we enclose in the Annex herein, the FSA Endorsement no. 264/12 October 2016, in original.

Sincerely yours,

Florentina Boboc
Manager
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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. 264 / 12 October 2016

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

According to the provisions of Art. 14 paragraph (1) letter b) and letter c) and paragraph (3) 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. 65982/14 September 2016,

On the basis of the analysis of the specialized direction and of the resolution of the Board of the Financial Supervisory Authority adopted during the meeting held on 12 October 2016, the Financial Supervisory Authority issues the following

ENDORSEMENT

Art. 1. The amendments provided under Art. 7 para. (1) of the Constitutive Act of S.C. Fondul Proprietatea SA are hereby endorsed, following the decrease of the share capital from RON 9,320,973,180.85 to RON 9,168,314,116.70, in accordance with the Extraordinary General Shareholders Meeting Resolution of S.C. Fondul Proprietatea SA no. 4/ 26 April 2016.

Art. 2. This Endorsement becomes effective as of the date it is communicated to S.C. Fondul Proprietatea S.A. and shall be published in the Bulletin of the Financial Supervisory Authority, in electronic format.

CHAIRMAN
Misu NEGRITOIU
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