

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

Current report according to Article 234 para. (1) letter k) of the Financial Supervisory Authority Regulation no. 5/2018 on issuers of financial instruments and market operations, 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 158,508,824 treasury shares

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (“**the Investment Manager**”), in its capacity of investment manager of Fondul Proprietatea SA (“**the Fund**”), would like to inform investors that on 29 June 2018, the Trade Registry registered Resolution no. 4/26 September 2017 of the Fund’s Extraordinary General Shareholders’ Meeting which approved the decrease of the subscribed registered share capital from RON 4,854,034,784.56 to RON 4,771,610,196.08, by cancelling a number of 158,508,824 treasury shares acquired by the Fund (90,849,151 shares repurchased within the seventh buyback programme and 67,659,673 shares repurchased within the eighth buyback programme).

The decrease was endorsed by the Financial Supervisory Authority through Endorsement no. 163/30 May 2018, enclosed herein for reference.

Consequently, as of today, the new value of the Fund’s subscribed share capital is RON 4,771,610,196.08 (divided into 9,176,173,454 shares with a nominal value of RON 0.52/share), while the value of the paid-up share capital is RON 4,582,427,774.08 (divided into 8,812,361,104 shares with a nominal value of RON 0.52/share). The updated Constitutive Act can be also found on the Fund’s webpage at: <https://www.fondulproprietatea.ro/files/live/sites/fondul/files/en/corporate-governance/Constitutive%20Act%20in%20force%20updated%20at%2029%20June%202018.pdf>

Following this decrease, the new limit for the maximum number of shares to be purchased under the current ninth buy-back programme is 1,761,024,502. Considering the treasury shares already acquired as at the end of the trading day of 22 June 2018¹, the Fund may now repurchase up to 385,358,168 shares during the ongoing buy-back programme.

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:

29 June 2018

Name of the issuing entity:

Fondul Proprietatea S.A.

Registered office:

78-80 Buzesti Street
7th floor, district 1,
Bucharest, 011017

Phone/fax number:

Tel.: + 40 21 200 9600
Fax: + 40 21 200 9631

Email:

office@fondulproprietatea.ro

Internet:

www.fondulproprietatea.ro

Sole Registration Code with the Trade Register

Office:

18253260

Order number in the Trade Register:

J40/21901/2005

Register on Data

Protection Notification

Register under number:

18668

Subscribed share capital:

RON 4,771,610,196.08

Paid-up share capital:

RON 4,582,427,774.08

Number of shares in issue:

9,176,173,454

Number of paid shares:

8,812,361,104

Regulated market on which the issued securities are traded:

Shares on Bucharest Stock Exchange

GDRs on London Stock Exchange

¹ As reported on 25 June 2018. This does not include the treasury shares acquired with the trade date after 22 June 2018.

Stamp applied: Fondul Proprietatea S.A.

Entry no. 109/30 May 2018

FINANCIAL SUPERVISORY AUTHORITY

ENDORSEMENT NO. 163/30.05.2018

Based on the provisions of Article 2(1), letters a) and d), Article 3(1), letter a), Article 6(1) and (3), Article 14, Article 27 and Article 28 of 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 further amended and supplemented,

In consideration of the provisions of Article 6(1) under Title VII, Chapter II of Law no. 247/2005, as further amended and supplemented,

In consideration of the provisions of Article 14(1), letters b) and c) of Regulation no. 4/2010 on the registration with the National Securities Commission and the operation of S.C. "Fondul Proprietatea" S.A., as well as the trading of the shares issued by it, as further amended and supplemented,

In consideration of Franklin Templeton International S.a.r.l.'s request to endorse the change occurred in the documents required during the registration of S.C. Fondul Proprietatea S.A., registered with FSA under no. 48009/28.12.2017, supplemented by letters no. 8131/15.03.2018 and no. 13867/26.04.2018,

Based on the review performed by the competent department and on the resolution of the Board of the Financial Supervisory Authority, adopted during the meeting of 30.05.2018, FSA issues this:

ENDORSEMENT

Article 1. It is hereby endorsed the decrease of the share capital of Fondul Proprietatea SA from 4,854,034,784.56 Lei to 4,771,610,196.08 Lei, in compliance with EGMS Resolution no. 4/26.09.2017.

Article 2. It is hereby endorsed the amendment of the provisions of Article 7(1) of Fondul Proprietatea's articles of incorporation as a result of the decrease of the share capital of Fondul Proprietatea SA according to Article 1 above.

Article 3. This Endorsement becomes effective as of its delivery to the director of Fondul Proprietatea and will be published in the Financial Supervisory Authority's Bulletin, in electronic format.

President

Leonardo BADEA

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[Stamp applied: Financial Supervisory Authority]