

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

Current report according Article 99 letter s) of the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments

Important events to be reported:

The Financial Supervisory Authority Endorsement of the amendments to the Constitutive Act of Fondul Proprietatea SA

Franklin Templeton International Services S.À R.L., in its capacity as Alternative Investment Fund Manager and sole director of Fondul Proprietatea SA (the “**Fund**”), would like to inform shareholders that the Financial Supervisory Authority (the “**FSA**”) issued the Endorsement no. 38 / 8 February 2021 (the “**FSA Endorsement no. 38 / 8 February 2021**”), whereby it endorsed a part of the amendments to the Fund’s Constitutive Act, as approved by the Fund’s Extraordinary General Shareholders’ Meeting Resolution no. 4 of 13 November 2020 (“**EGSM Resolution no. 4 / 13 November 2020**”), namely the amendments of Article 12 para. (2) letter f), and of Article 12 para. (2) by introducing a new letter f¹).

The amendments of Article 28 para. (2), (3) and (5), and of Article 31 para. (1) letter d) were approved by shareholders through EGSM Resolution no. 4 / 13 November 2020 as already endorsed by the FSA through Endorsement no. 164 / 22 July 2020; thus they were not endorsed once again through FSA Endorsement no. 38 / 8 February 2021.

Also, through the FSA Endorsement no. 38 / 8 February 2021, the amendment of Article 33 approved through EGSM Resolution no. 4 / 13 November 2020 was endorsed with amendments by the FSA and it will be subject to a further Extraordinary General Shareholders’ Meeting of the Fund.

Please find the English translation of the FSA Endorsement enclosed in the Annex to this report. Also, please note that the Fund’s Constitutive Act in force can be accessed on the Fund’s webpage, at: <https://www.fondulproprietatea.ro/files/live/sites/fondul/files/en/corporate-governance/Constitutive%20Act%2015%20Feb%202021.pdf> .

Franklin Templeton International Services S.À R.L. in its capacity of alternative investment fund manager and sole director of FONDUL PROPRIETATEA S.A.

**Johan MEYER
Permanent Representative**

Report date:

17 February 2021

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

Subscribed share capital:

RON 3,749,282,292.08

Paid-up share capital:

RON 3,560,099,870.08

Number of shares in issue:

7,210,158,254

Number of paid shares:

6,846,345,904

Regulated market on which the issued securities are traded:

Shares on Bucharest Stock Exchange

GDRs on London Stock Exchange

Exchange

ENDORSEMENT NO. 38/08.02.2021

Under the provisions of Article 2, paragraph (1), letter a) and letter d), Article 3, paragraph 1, letter a), Article 6, paragraphs (1) and (3), Article 7, paragraph (2), Article (14) and of Article 27 of Government Emergency Ordinance no. 93/2012 on establishment, organisation and operation of the Financial Supervisory Authority, approved as amended and supplemented under Law no. 113/2013, as subsequently amended and supplemented,

considering the provisions of Article 6, paragraphs (2), Title VII, Chapter II of of Law no. 247/2005 on the reform in the field of property and justice, as well as other adjacent measures, subsequently amended and supplemented,

considering the provisions of Article 1, paragraph (4), Article 3, sections 1 and 3 and of Article 4, paragraph (1), letter a) of Law no. 74/2015 on alternative investment fund managers, as subsequently amended and supplemented,

considering the provisions of Article 17, paragraph (5) of F.S.A. Regulation no. 10/2015 regarding the management of alternative investment funds, as subsequently amended and supplemented,

considering the provisions of Article 47, paragraph (1) of F.S.A. Regulation no. 7/2020 regarding authorization and operation of alternative investment funds, as subsequently amended and supplemented, according to which "The value of the net asset of a F.I.A.I.R. established as investment company (F.I.A.S.) is determined as the difference between the total value of the assets and the aggregate value of the debts of the concerned F.I.A.S. and the accrued revenues,

considering the provisions of section 10 of IAS 37 according to which "A provision is a debt with uncertain chargeability or value", and "A debt is a current obligation of the entity resulted from previous events, whose settlement is expected to determine an outflow of resources incorporating economic benefits from the entity",

considering the provisions of Article 50 of Regulation no. 7/2020 according to which the reporting regarding the Net Asset Value (NAV) and the Unitary Net Asset Value (UNAV) calculated by the manager and certified by the depository, in the case of a F.I.A.R. of F.I.A.S. type, shall be submitted to F.S.A. in the format provided at Annex no. 10 containing the provisions distinctly from the total debt,

due to the fact that distinct presentation of provisions from other debts at Annex no. 10 to F.S.A. Regulation no. 7/2020 does not reflect the idea of their exclusion from the category of the debts of an entity, Separate presentation of this element is made exclusively for reasons concerning reporting transparency, and it is also in accordance with the structure of the status of the financial position provided by IAS I "Presentation of financial statements" precisely in order to distinguish it from the other commercial and financial debts of the concerned entity. Even in the definition provided at Article 47 of the aforementioned regulatory act it is referred to the deduction of the total amount of the debts, which, in our opinion, determines the totalization of all the debts of an entity in order to calculate the monthly NAV, irrespective of the presentation form/denomination of such debts at Annex no. 10. Moreover, even the concept of net asset leads to the idea of asset free of debts. Thus, when establishing the calculation formula for NAV, the purpose for which the net asset is calculated/presented in a statement/documents should also be considered in order for their users to be informed on the value of an entity at a certain moment (net wealth of the shareholders), the amount remaining in case of winding-up of the entity after capitalizing the asset and paying its debts.

considering the provisions of Article 72, paragraph (4), letter b) and letter c) of F.S.A. Regulation no. 7/2020 regarding the management of alternative investment funds, as subsequently amended and supplemented,

Counterpart no. 2/4

In accordance with the provisions of Article 14, paragraph (1), letter b), paragraph (2) and paragraph (3), letters a), b) and j) and of Article 15, paragraph (1) of Regulation no. 4/2010 regarding registration with the National Securities Commission and operation of Societatea Comerciala "Fondul Proprietatea" S.A, and also trading of the shares issued by it, as subsequently amended and supplemented,

considering the request of Franklin Templeton International Services S.A.R.L., acting in the capacity of manager of Fondul Proprietatea S.A., registered with the Financial Supervisory Authority under no. RG/33729/19.11.2020,

based on the Note of Directorate General - Financial Instruments and Investments Sector, and on the decision of F.S.A. Council adopted in the meeting of 03.02.2021,

the Financial Supervisory Authority issues the following

ENDORSEMENT

Article 1. The amendments made to the Articles of Incorporation of Fondul Proprietatea S.A. under the Resolution of the Extraordinary General Meeting of Shareholders no. 4 of 13.11.2020 are approved in the form provided in the annex which is integral part of this Endorsement.

Article 2. Fondul Proprietatea S.A. is bound to notify the shareholders in the following Extraordinary General Meeting of the Shareholders with regard to the amendments made to the Articles of Incorporation of Fondul Proprietatea S.A. in accordance with Article 1 of this Endorsement.

Article 3. Fondul Proprietatea S.A. is bound to provide the Financial Supervisory Authority with the copy of the Certificate of Recorded Amendments within maximum five days as of the date of registration with the Trade Register Office of the amendments provided at Article 1, but no later than 90 days as of the date of the Endorsement issued by F.S.A.

Article 4. This Endorsement shall enter into force on the date of its communication to Franklin Templeton International Services S.A.R.L., (F.T.I.S.), acting in the capacity of manager of Fondul Proprietatea S.A., and it shall be published in the Bulletin of the Financial Supervisory Authority in electronic format.

PRESIDENT

Nicu Marcu

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Annex to Endorsement no. 38/08.02.2021

➤ **Article 12, paragraph (2), letter f) is amended and it shall have the following content:**

“(2) The General Ordinary Meeting of the Shareholders has the following competences, prerogatives and functions:”

“f) to approve the remuneration policy applicable to the members of the Representative Committee and AHA and to establish the remuneration of the financial auditor for financial audit services;”

➤ **at Article 12, paragraph (2), after letter f), another letter f¹ shall be entered with the following content:**

“(2) The General Ordinary Meeting of the Shareholders has the following competences, prerogatives and functions: “

“f¹) to vote on annual basis the remuneration report afferent to the latest financial year; this vote is purely advisory, and Fondul Proprietatea shall explain in the following remuneration report the way in which the vote of the General Meeting was considered;”

➤ **Article (33) is amended and it shall have the following content:**

“(1) In order to determine the amount of the net asset of Fondul Proprietatea, portfolio holdings shall be evaluated and reflected into the net asset of Fondul Proprietatea at values established in accordance with the valid accounting regulations and the provisions of the valid regulations. The value of the net asset shall be determined as the difference between the total value of the assets and the aggregate value of all accrued debts and revenues. The calculation of the aggregate value of the debts includes both current debts and non-current debts, and also the provisions set-up by Fondul Proprietatea,

(2) The total value of the assets shall be calculated according to the valid legal regulations by cumulating:

- a) fixed assets;
- b) current assets;
- c) derived financial instruments;
- d) deferred costs,

(3) The total amount of debts, provisions and deferred revenues shall be determined based on the information provided by own accounting organised and managed in accordance with the valid legal provisions.

(4) The net asset of Fondul Proprietatea shall be calculated by the Manager of Fondul Proprietatea and certified by the depository bank on monthly basis, for the last calendar day of the month, and also in case of share capital increases or decreases, and for the date of registration with the Trade Register of such share capital increases or decreases.”

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