

**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 74,210,188 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 the Bucharest Trade Registry registered as of 28 December 2018 the Resolution no. 2/4 September 2018 of the Fund’s Extraordinary General Shareholders’ Meeting which approved the decrease of the subscribed registered share capital from RON 4,771,610,196.08 to RON 4,733,020,898.32, by cancelling a number of 74,210,188 treasury shares acquired by the Fund within the eighth buy-back programme.

The decrease was endorsed by the Financial Supervisory Authority through Endorsement no. 447/14 December 2018, enclosed herein for reference.

Consequently, as of today, the new value of the Fund’s subscribed share capital is RON 4,733,020,898.32 (divided into 9,101,963,266 shares with a nominal value of RON 0.52/share), while the value of the paid-up share capital is RON 4,543,838,476.32 (divided into 8,738,150,916 shares with the same par value as above-mentioned). As a reminder, the difference between the subscribed and paid share capital derives from unpaid subscriptions owed by the Romanian State represented by the Ministry of Public Finance in amount of RON 189,182,422.00 (i.e. 363,812,350 shares with the same par value as above-mentioned).

The updated Constitutive Act can be also found on the Fund’s webpage at: <https://www.fondulproprietatea.ro/about-fund/fund-overview>.

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

**Dan Gheorghe
Legal Representative**

Report date:

28 December 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

Subscribed share capital:

RON 4,733,020,898.32

Paid-up share capital:

RON 4,543,838,476.32

Number of shares in issue:

9,101,963,266

Number of paid shares:

8,738,150,916

Regulated market on which the issued securities are traded:

Shares on Bucharest Stock Exchange
GDRs on London Stock Exchange

Endorsement no. 447/14 December 2018 – Unofficial translation from Romanian

FINANCIAL SUPERVISORY AUTHORITY

ENDORSEMENT NO. 447/14.12.2018

Based on the provisions of Article 2 para. (1), letters a) and d), Article 3 para. (1), letter a), Article 6 para. (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 para. (1) under Title VII, Chapter II of Law no. 247/2005, as further amended and supplemented,

In consideration of the provisions of Article 14 para. (1), letters b) and c) of Regulation no. 4/2010 on the registration with the National Securities Commission and the operation of “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 Fondul Proprietatea S.A., registered with the FSA under no. RG/37709/22 November 2018,

Based on the review performed by the competent department and on the resolution adopted during the meeting of 12 December 2018, the Board of the Financial Supervisory Authority decided to issue this herein individual act:

ENDORSEMENT

Article 1. It is hereby endorsed the decrease of the share capital of Fondul Proprietatea SA from 4,771,610,196.08 Lei to 4,733,020,898.32 Lei, in compliance with the provisions of EGMS’ Resolution no. 2/4 September 2018.

Article 2. It is hereby endorsed the amendment of the provisions of Article 7 para. (1) of Fondul Proprietatea’s Articles of Incorporation as a result of the decrease of the share capital of Fondul Proprietatea SA from 4,771,610,196.08 Lei to 4,733,020,898.32 Lei, endorsed as per 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]