

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

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

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For the purposes of the UK Prospectus Rules only, this announcement is an advertisement and not a prospectus. For the purposes of the Romanian securities legislation, this announcement does not represent an Offering announcement, advertisement or prospectus. Investors should not subscribe for or purchase any securities referred to in this announcement except on the basis of information in the prospectus to be published by OMV Petrom S.A. following its approval by the Romanian Financial Supervision Authority (the "Prospectus"). Subject to satisfying certain eligibility criteria, application will be made for the admission to listing of global depositary receipts representing OMV Petrom S.A.'s shares to the Official List of the UK Financial Conduct Authority and to trading on the London Stock Exchange plc's main market for listed securities. The prospectus will, following approval and publication, be available on the website of OMV Petrom S.A. at www.omvpetrom.com and the website of Fondul Proprietatea S.A. at www.fondulproprietatea.ro.

The filing of the application for the approval of the Prospectus with the Romanian Financial Supervision Authority does not constitute a guarantee that the Fund will actually proceed with the offering; the Fund's decision to launch the offering will depend on several factors (including market conditions, the approval of the Prospectus by the Romanian Financial Supervision Authority and the confirmation of the UK Listing Authority regarding the eligibility of the Company for admission to the Official List of the UK Financial Conduct Authority)

Important events to be reported:

Fondul Proprietatea S.A. to proceed with a partial sale of its shares in OMV Petrom S.A. by way of a secondary public offering

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, in its capacity as Investment Manager of Fondul Proprietatea S.A. (the "**Fund**"), announces that, as part of its ongoing commitment to increase value for its shareholders and to improve the liquidity of the assets in the Fund's portfolio, the Fund has taken a decision to proceed with a partial sale of its ownership interest in OMV Petrom S.A. (the "**Company**" and together with its subsidiaries, the "**Group**") via a public offering of both shares and global depositary receipts representing interests in the existing shares of the Company ("**GDRs**"), with the GDRs intended to be admitted to listing on the standard segment of the official list (the "**Official List**") of the UK Financial Conduct Authority (the "**UK FCA**") and to trading on the London Stock Exchange's main market for listed securities (the "**Main Market**") (subject to satisfying certain eligibility criteria). The Company is the largest vertically integrated oil and gas producer in South-Eastern Europe.

Report date:

23 September 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 9,320,973,180.85

Paid-up share capital:

RON 9,011,732,683.35

Number of shares in issue:

10,965,850,801

Number of paid shares:

10,602,038,451

Regulated market on which the issued securities are traded:

Shares on Bucharest Stock Exchange

GDRs on London Stock Exchange

Offering Highlights

- The Fund to proceed with a sale of part of its interest in OMV Petrom S.A. through a public offering of both shares and GDRs. The offering will consist of the Fund's owned shares only. The Company will not raise new capital in connection with the public offering and will not receive any of the proceeds from it;
- The shares and GDRs will be offered to retail and institutional investors in Romania through a public offering. The shares and GDRs will be offered in the US to QIBs in reliance on Rule 144A under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and outside of the US in reliance on Regulation S under the Securities Act and in accordance with locally applicable laws and regulations;
- The partial reduction of the Fund's shareholding in OMV Petrom S.A. is envisaged to increase the free float of the Company's shares;
- The Fund currently holds approximately 19% of the issued share capital of the Company (representing 22.87% of the Fund's NAV as at 31 August 2016) and aims to enhance the trading liquidity of the Company's shares while remaining committed as a long term core shareholder to its successful development;
- Shareholders of OMV Petrom S.A confirmed, by means of a decision of the shareholders' assembly, their support for the Company's GDRs to be admitted to listing on the Official List of the UK FCA and to trading on the London Stock Exchange's Main Market, in addition to the existing listing of its ordinary shares on the Bucharest Stock Exchange;
- The offering is expected to be completed in the fourth quarter of 2016, subject to market conditions, approval of the Prospectus by the Romanian Financial Supervision Authority and the confirmation of the UK Listing Authority regarding the eligibility of the Company for admission to the Official List of the UK Financial Conduct Authority;
- In respect of its residual ownership interest in OMV Petrom S.A., the Fund has committed to a 360-day lock-up following closing of the offering, subject to certain exceptions.

In relation to the offering, Goldman Sachs International is acting as Sole Global Coordinator and Joint Bookrunner and Banca Comercială Română, Erste Group and WOOD & Company are acting as Joint

Bookrunners.

Full details of the offering will be included in the Prospectus expected to be published in due course.

Company Overview

OMV Petrom S.A. is the largest integrated oil and gas group in South-Eastern Europe, with an annual oil and gas production of approximately 65 mn boe in 2015. The Group has a refining capacity of 4.5 mn tons / year and operates an 860 MW high efficiency power plant and a 45 MW wind park. The Group is present on the oil products retail markets in Romania and neighbouring countries through 784 filling stations, as at 30 June 2016.

OMV Aktiengesellschaft, one of Austria's largest listed industrial companies, holds a 51.01% stake in OMV Petrom S.A. The Romanian state, via the Ministry of Energy, holds 20.64% of OMV Petrom S.A. shares, Fondul Proprietatea holds 18.99%, and 9.36% is free float on the Bucharest Stock Exchange.

Fondul Overview

The Fund is a joint stock company incorporated in Romania, operating as an alternative investment fund in accordance with the laws of Romania and is registered with and supervised by the Romanian Financial Supervisory Authority. The Fund's investment objective is the maximisation of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities. The portfolio of the Fund is heavily weighted in the power, oil and gas sectors through a number of listed and unlisted, privately-held and State-controlled entities incorporated in Romania.

Important legal information

This announcement is for information purposes only and is not intended to constitute, and should not be construed as, an offer to sell or subscribe for securities, a solicitation of an offer to buy or subscribe for securities, or an announcement of a forthcoming solicitation of any offer to buy or subscribe for securities and shall not constitute an offer, solicitation or sale in the United States, Australia, Canada or Japan or any jurisdiction in which such offer, solicitation or sale is unlawful prior to

registration, exemption from registration or qualification under the securities laws of such jurisdiction, and the distribution of this communication in jurisdictions may be similarly restricted.

The securities have not been and will not be registered under the Securities Act, and may only be offered or sold in the United States of America (as defined in Regulation S under the U.S. Securities Act) if registered under the U.S. Securities Act or an exemption from such registration is available. There will be no public offering of securities in the United States.

This announcement does not represent an offering announcement, advertisement or prospectus for the purpose of the Romanian securities legislation and does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for any shares or GDRs or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract. The offer and the distribution of this announcement and other information in connection with the transaction in certain jurisdictions may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Any purchase of securities referenced in this announcement in the proposed offering should be made solely on the basis of the information contained in the final Prospectus to be issued in connection with the offering and Admission. Before purchasing any securities referred to in this announcement, persons should ensure that they fully understand and accept the risks which will be set out in the Prospectus when published. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its completeness, accuracy or fairness.

This announcement is addressed to and is only directed at, in any member state of the European Economic Area (other than Romania and the United Kingdom) which applies Directive 2003/71/EC, as amended (together with any implementing measures in any member state, the "Prospectus Directive"), those persons who are qualified investors (within the meaning of Article 2(1)(e) of the Prospectus Directive)

("Qualified Investors") in such member state, and such other persons as this document may be addressed on legal grounds. Any investment or investment activity to which this announcement relates is only available to, in any member state of the EEA (other than Romania and the United Kingdom), Qualified Investors and may only be engaged with such persons. Any person in a member state of the EEA (other than Romania and the United Kingdom) who is not a Qualified Investor should not act or rely on this announcement or any of its contents.

This announcement is addressed to and is directed only at (i) persons who are outside the United Kingdom or (ii) persons in the United Kingdom who are Qualified Investors and who have (a) professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended from time to time (the "Order") or (b) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) of the Order or (c) certified high net worth individuals and certified and self-certified sophisticated investors as described in Articles 48, 50, and 50A respectively of the Order or (d) persons to whom this communication may otherwise be lawfully communicated (all such persons together being referred to as "Relevant Persons"). Any investment or investment activity to which this announcement relates is only available to, in the United Kingdom, Relevant Persons, and may only be engaged with such persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this announcement or any of its contents.

The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy, completeness or fairness. The information in this announcement is subject to change. Any purchase of shares or GDRs in the offer by an investor should be made solely on the basis of information contained in the prospectus to be issued by the Company in connection with the transaction in due course.

Goldman Sachs International, Banca Comercială Română SA, Erste Group Bank AG and WOOD & Company Financial Services, a.s. (together, the "Banks"), are acting exclusively for the Fund and no one else in connection with the transaction and will not regard any other person as its client in relation to the transaction and will not be

responsible to anyone other than the Fund for providing the protections afforded to their respective clients nor for giving advice in relation to the transaction, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

Each of the Banks and any of their respective affiliates, acting as investors for their own accounts, may hold or may, in connection with the offering, subscribe for or purchase the shares or GDRs referred to in this announcement and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such shares and/or GDRs and other securities of the Company or the Fund or related investments in connection with the offering or otherwise. Accordingly, references in the Prospectus, once published, to the shares and/or GDRs being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by any of the Banks and any of their respective affiliates acting as investors for their own accounts. In addition the Banks may enter into financing arrangements and swaps in connection with which they or their affiliates may from time to time acquire, hold or dispose of the shares and/or GDRs referred to in this announcement. None of the Banks nor any of their respective affiliates do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

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No stabilisation activities will be carried out in connection with the proposed offering.

Neither this announcement nor any copy of it may be taken or

transmitted, directly or indirectly, into the United States, Australia, Canada, Japan, Singapore, United Arab Emirates (including the Dubai International Financial Centre), Hong Kong, Kuwait and Qatar.

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, in its capacity of Investment Manager of FONDUL PROPRIETATEA S.A.

Adrian CIGHI
Legal Representative