
**Sole Director's Proposal for Profit Allocation
for the Financial Year ended 31 December 2013**

PROFIT ALLOCATION PROPOSAL

In the financial statements of Fondul Proprietatea S.A. ("Fund") for the year ended 31 December 2013, prepared in accordance with Romanian accounting regulations (National Securities Commission ("CNVM") Regulation no. 4/2011 approved by CNVM Order no.13/2011), as subsequently amended, the Fund reported an audited net profit of RON 682,154,399.

The Fund is obliged to make transfers to the legal reserves until those reserves reach a value equivalent to 20% of the value of the issued share capital of the Fondul Proprietatea. Following the 2013 transfer of RON 34,107,720 the value of those reserves is RON 192,259,194 (being 1.40% of the issued share capital).

Result for the year 2013 - net profit (RON)	682,154,399
Less mandatory transfer to legal reserves: 5% of gross profit (RON)	(34,107,720)
Unallocated profits (RON)	648,046,679

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch in the capacity of Sole Director of Fondul Proprietatea S.A. proposes to keep the remaining RON 648,046,679 under unallocated retained earnings, taking into account that the Fund Manager has already recommended, and the shareholders have approved, a cash distribution of RON 0.05 per share via the decrease of the share capital through the reduction of the nominal value of the Fund's shares.

In the General Shareholders Meeting on 3 February 2014, shareholders approved the decrease of the Fund's share capital from RON 13,538,087,407 to RON 12,861,183,036.65 through the reduction of the nominal value of the Fund's shares from RON 1.00 to RON 0.95 and to distribute the difference of RON 0.05 per share to the Fund's shareholders registered with Central Depository on 30 April 2014, proportionally with their participation in the paid share capital of Fondul Proprietatea. The payment shall start 30 days after the decrease of the share capital mentioned above is effective.

The RON 0.05 per share distribution is equivalent to the value of the potential 2013 dividend based on the dividend policy of the Fund as documented in the Fund's Prospectus.

Such a cash distribution to shareholders is a more tax efficient option for the Fund's shareholders. Based on our current understanding of Romanian tax law, no Romanian tax will arise for the Fund or its shareholders on this distribution, which means that the net cash distribution received by the shareholders will be higher by the applicable dividend withholding rate.

The decrease of share capital is subject to the endorsement from the FSA. If this regulatory approval, or any litigation or other event will delay or block the implementation of cash distribution, the Fund Manager may consider proposing a dividend distribution of the unallocated profits for 2013, to ensure that shareholders will receive an annual cash distribution.

In addition, the Fund Manager will seek to return further value to shareholders by continuing to buy-back shares. The Fund Manager has already received authorisation from shareholders during the 22 November 2013 General Shareholders Meeting to launch a third buy-back programme to repurchase 252,858,056 shares or 1.89% of the paid share capital. The third buy-back programme can start after the shareholders' resolution approving the buy-back is published in the Official Gazette. The publication in the Official Gazette is in progress.

Furthermore, the Fund Manager will submit for shareholders' approval in the Annual Shareholders Meeting on 28 April 2014, the authorisation for a fourth buy-back programme, for a maximum number of (i) 990,855,616 shares or (ii) 10% of the issued share capital at the relevant time, whichever is the lesser. This will commence on the date when the buy-back programme approved through the Extraordinary General Meeting of Shareholders Resolution no. 15/22 November 2013 is completed (or otherwise cancelled by the shareholders), and will take place for a maximum period of 18 months as of the date when the shareholders' resolution is published in the Official Gazette of Romania, Part IV. The buy-back shall be performed at a price that cannot be lower than RON 0.2 per share or higher than RON 2.0 per share. The shares repurchased in the third and fourth buy-back programmes will be cancelled.

Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch
acting in the capacity of Sole Director of Fondul Proprietatea S.A.

Grzegorz Maciej Konieczny
Legal Representative