

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

Current report according to Article 113 of the Romanian National Securities Commission Regulation no. 1/2006 regarding the issuers and the operations with securities, as subsequently amended and completed, as well as the provisions of Article 99 of the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments.

Important events to be reported:

Announcement regarding the payment of the 2016 return of capital distribution to shareholders

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, in its capacity as Investment Manager of Fondul Proprietatea SA ("**the Fund**"), would like to inform shareholders that the payment of the 2016 return of capital distribution will commence on 27 June 2016 ("**Payment Date**") as approved by the Fund's Extraordinary General Meeting of Shareholders held on 27 January 2016 ("**EGM**"),

The value of the return of capital approved by the EGM is RON 0.05 per share. Holders of fully paid-up shares registered in the Fund's shareholders' registry, kept by the Central Depository, on the registration date 6 June 2016 ("**Registration Date**") are entitled to receive the said amount.

The payment shall be performed as follows:

- a) Directly by the custodian bank or broker for shareholders having a custodian/brokerage account;
- b) for all other shareholders:
 - (i) by the Central Depository, through the Payment Agent, for bank transfers when the supporting documentation required by the Central Depository, along with a payment request, have been submitted. The Payment Agent is BRD Groupe Societe Generale.

Report date:

1 June 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 9,869,265,720.90

Paid-up share capital:

RON 9,541,834,605.90

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

- (ii) by the Payment Agent for cash payments at any of its agencies or by bank transfer (when the supporting documentation required by the Payment Agent, along with a payment request, has been submitted to the Payment Agent).

As an important notice to shareholders, the payment of the return of capital amounts due to the Fund's shareholders for 2016 is subject to a general statute of limitation. As such, shareholders may request the payments only within a three year term starting with the Payment Date, namely until 27 June 2019.

More details regarding the 2016 distribution procedure can be found in the annex of this report.

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

**Oana Valentina Truța
Legal Representative**

2016 RETURN OF CAPITAL PAYMENT PROCEDURE

Following the resolution of the Extraordinary General Meeting of the Shareholders ("EGMS") of Fondul Proprietatea S.A. ("FP"/"Fondul Proprietatea"), held on 27 January 2016, Fondul Proprietatea announces that the payment of the return of capital distribution will commence on June 27, 2016 ("Payment Date").

The EGMS approved value of the return of capital is RON 0.05 per share. Entitled to receive the said amount, proportionally with their participation to the FP's paid-up share capital, are those shareholders registered in the shareholders' registry kept by Depozitarul Central S.A. on the registration date June 6, 2016 ("Registration Date").

According with the legislation in force, the payments shall be performed as follows:

1. Through Participants (Custodian Banks or Brokers): Individuals and legal entities / other entities having accounts opened with a Participant (respectively, an intermediary participating in the clearing-settlement and registry system of the Depozitarul Central S.A.):

For shareholders that are individuals, legal entities or other entities who, on the Registration Date, hold shares in Section II in Fondul Proprietatea's Shareholders Registry in an account opened with a Participant, the 2016 return of capital amounts shall be paid automatically by bank transfer via Depozitarul Central S.A. ("Depozitarul Central") into the Participants' account on the Payment Date.

2. Only for payments through bank transfer as per shareholder's request addressed directly to Depozitarul Central

Depozitarul Central provides all shareholders not represented by Participants with the possibility to receive any due amount of money, through bank transfer into a bank account, irrespective of the issuer distributing such money, and such option remains valid for future distribution unless expressly notified otherwise.

The shareholders who want to use this option have to fill in a specific payment request form (specifying the bank account and IBAN code, in Romanian "Formular Colectare Cod IBAN"), available at www.depozitarulcentral.ro, and to submit it with Depozitarul Central along with the documents described in Annex 1 herein, by registered mail or directly at its headquarters at 34 - 36 Carol I Boulevard 020922, Floors 3, 8 and 9, Bucharest, 2nd district, Romania.

In order to benefit of this payment method, shareholders are invited to contact directly Depozitarul Central using phone numbers 021.408.58.56 or 021.408.59.23 and / or the e-mail address: dividende@depozitarulcentral.ro.

3. Through the Payment Agent – BRD Groupe Societe Generale ("BRD") (either for cash or bank transfer payments)

i. In cash: only for private individuals who do not have a bank account opened with a Participant and did not apply for payments through bank transfer: at BRD cash desks, in any BRD unit

For private individual shareholders who do not fall under items 1 and 2, the 2016 return of capital payment shall be made in cash at BRD cash desks, in any BRD unit. The list of BRD units is available on the website www.brd.ro. Payments in cash shall be made within limits set forth by applicable legislation. The payment requests shall be accompanied by the documents described in Annex 2 herein.

ii. Through bank transfer: private individuals and legal entities / other entities who do not have a bank account opened with a Participant

Private individuals and legal entities / other entities who intend to receive payment of the 2016 return of capital amount through bank transfer may request to BRD the payment by bank transfer, by submitting to BRD cash desks the application form for payment of the return of capital through bank transfer accompanied by supporting documents set forth in Annex 2 herein.

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Fees applied by BRD and Depozitarul Central for payment of 2016 return of capital amounts in RON, are paid by Fondul Proprietatea SA.

BRD and Depozitarul Central, as the case may be, reserve the right to request from the shareholder / corresponding attorney additional documents following applications for payment of Fondul Proprietatea return of capital. Additional data on return of capital payment procedure may be requested from:

- Payment Agent BRD at e-mail address titluri@brd.ro or phone numbers: +4 021 200 8372, +4 021 200 8387 or +4 021 200 8385.
- Depozitarul Central, at e-mail address dividende@depozitarulcentral.ro or phone numbers: +4 021 408 5856, +4 021 408 5923.
- For any other questions concerning Fondul Proprietatea return of capital or shares, please visit the company website www.fondulproprietatea.ro or contact Investor Relations Department of Fondul Proprietatea at phone number +4 021 200 96 00. Also, Fondul Proprietatea shall publish a list of FAQs related to return of capital payments on its website www.fondulproprietatea.ro.

Annex 1 - Supporting documents for 2016 return of capital payment required by Central Depository

Individual shareholders shall submit with Depozitarul Central, personally or through legal or conventional representative, a written request specifying the bank and account (IBAN code) opened on behalf of the shareholder (the request is available on Depozitarul Central website - www.depozitarulcentral.ro in Romanian and English language), accompanied by:

- A copy of the valid ID where the personal identification code is legible – authorized by the shareholder as a „certified true copy”;
- Statement of account or document issued by the bank (signed and stamped) confirming the existence of the account on behalf of the shareholder, specifying the IBAN account (original);
- Copy of the documents attesting the capacity of legal or conventional representative for the request signatory, if necessary - authorized by the shareholder as a „certified true copy”

Institutional shareholders (or those without legal personality) shall submit with Depozitarul Central, personally or through legal or conventional representative, a written request, specifying the bank and account (IBAN code) opened on behalf of the shareholder (the request is available on Depozitarul Central website - www.depozitarulcentral.ro in Romanian and English language), accompanied by:

- Copy of the registration certificate or a similar document for the entities not having this registration requirement – authorized by the shareholder as a „certified true copy”;
- Copy of the documents attesting the capacity of legal representative of the company (confirmation of company details issued by the Trade Register/equivalent entity or similar document proving this quality – for foreign entities) – authorized by the holder as a „certified true copy”;
- Copy of the documents attesting the capacity of conventional representative of the request signatory, if necessary – authorized by the shareholder as a „certified true copy”;
- Statement of account or document issued by the bank (signed and stamped) confirming the existence of the account on behalf of the shareholder – legal person, specifying the IBAN account (original).

Documents submitted in another language than Romanian shall be accompanied by a legalized translation into Romanian, and if issued by a foreign authority these must be apostilled or over legalized if the case (save for ID documents).

Annex 2 – Supporting documents for 2016 return of capital payment required by BRD

I. Individual – Payments processed by cash/bank transfer at the desks of the Paying Agent:

As Romanian individual shareholders:

- payment request form signed by the shareholder (proxy) for the bank transfer payments;
- the identity card having the Personal Identification Number (PIN); the identification of the shareholder by the Paying Agent shall be performed based on the information recorded in the Personal Identification Number field.

As non-resident individual shareholder:

- payment request form signed by the shareholder (proxy) for the bank transfer payments;
- the identification document of the shareholder containing data which match the data recorded for the shareholder in the records of the Central Depository.

As individual shareholder under 14 years old:

- the identity card of the legal guardian /parent with the Personal Identification Number + 1 true copy thereof (the copy shall be kept by the Paying Agent);
- the shareholder's birth certificate with the Personal Identification Number + 1 true copy thereof (the copy shall be kept by the Paying Agent);
- the legal document which establishes the guardianship if the legal guardian is not one of the parents + 1 true copy thereof (the copy shall be kept by the Paying Agent) and the identity card of the legal guardian / parent + 1 true copy thereof (the copy shall be kept by the Paying Agent).

As curator of an individual shareholder:

- the identity card of the curator with the Personal Identification Number + 1 true copy thereof (the copy shall be kept by the Paying Agent);
- the identity card of the shareholder with the Personal Identification Number + 1 true copy thereof (the copy shall be kept by the Paying Agent);
- the legal document which establishes the curatorship + 1 true copy thereof (the copy shall be kept by the Paying Agent), and

As attorney in fact of an individual shareholder:

- the special power of attorney authenticated by a notary public which grants the authority to collect the distributable amounts, issued no more than 3 years prior to the payment date, unless the power of attorney is valid for more than 3 years and is valid on the payment date + 1 true copy thereof (the copy shall be kept by the Paying Agent);
- the identity card of the attorney in fact with the Personal Identification Number + 1 true copy thereof (the copy shall be kept by the Paying Agent)..

Note 1: In case of the co-owners (shareholders registered in joint accounts), the payments shall be processed provided that all co-owners are present at the BRD desk, in person or by means of their legal and/or conventional representative.

Note 2: Any documents submitted in a foreign language shall be accompanied by their legalized translation in Romanian (save for the identification documents), and, if they are issued by a foreign authority, they shall be apostilled or super-legalized, as the case may be.

Note 3: The Paying Agent shall be entitled to make cash payments only up to the cap amount set out in the applicable legislation (i.e.: according to Law no. 70/2015, in force as of May 8th, 2015, the amounts issued to natural persons beneficiaries are subject to the cap amount of RON 10,000/day)

Note 4: In case of the payments performed by bank transfer to banks other than BRD, the account statement certified by the distributions transfer recipient bank shall also be attached to the aforementioned documents or any other supporting document issued by the bank confirming the holder of the aforementioned bank account. The holder of the account may be the shareholder, or, as the case may be, the shareholder's attorney in fact.

Exceptional cases:

The payments of the distributions shall not be performed at the Payment Agent's desks in the following situations:

- To shareholders whose Personal Identification Number recorded in the documents submitted at the bank is not the same with the one recorded in the Paying Agent's records received from the Central Depository;
- When the payment requests are submitted by the shareholders' heirs.

The payment requests for the above situations shall be referred to the Central Depository.

II. Legal entities – Payments processed by bank transfer at the Paying Agent's desks:

- Payment request form signed and stamped - if the case – by the legal representative of the legal entity (proxy);
- The certificate of registration of the legal entity with the Trade Register / other equivalent document certifying the registration of the legal entity with the competent authority + 1 copy which shall be kept by the Paying Agent;
- The identity card of the legal representative or, as the case may be, of the attorney in fact;
- The confirmation of company details issued by the Trade Register / other equivalent document issued by the competent authority which is not older than 3 months and which mentions the legal representative of the company + 1 copy which shall be kept by the Paying Agent;
- The notarized power of attorney, in original or certified copy (the power of attorney shall be kept by the Paying Agent), if the case may be.

In case of the payments performed by bank transfer to banks other than BRD, the account statement certified by the distributions transfer recipient bank shall also be attached to the aforementioned documents or any other supporting document issued by the bank confirming the holder of the aforementioned bank account. The holder of the account may be the shareholder, or, as the case may be, the shareholder's attorney in fact.

Any documents submitted in a foreign language shall be accompanied by their legalized translation in Romanian (save for the identification documents), and, if they are issued by a foreign authority, they shall be apostilled or super-legalized, as the case may be.

The shareholders can send the documents by mail to the address: BRD-GSG, Directia Titluri, 67-77 Biharia Street, Metav Building A2, District 1, Bucharest Romania.

The documents sent by mail for resident shareholders must be notarised. The documents sent by mail for non-resident shareholders must be notarised and apostilled.

The payment request forms to be used in connection with BRD can be downloaded from BRD's website (<https://www.brd.ro/en/financial-markets/custody-sepository-and-issuer-services/dividends-distribution>) or from Fondul Proprietatea's website (<http://www.fondulproprietatea.ro/investment-snapshot/dividends-and-distributions>).