

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

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

**Important events to be reported:**

## Annual Cash Distribution Policy

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch ("the Fund Manager"), in its capacity as Sole Administrator and Fund Manager of Fondul Proprietatea SA ("the Fund"), would like to present the updated Annual Cash Distribution Policy that will be implemented by the Fund Manager in the interest of the shareholders of the Fund.

Following the official interpretation received from the Financial Supervisory Authority on computation methodology for the 'net asset value' to be used by the Fund in the application of Article 69 of Companies Law no. 31/1990, related to the distributions of profits to shareholders, published on the Fund's webpage on 24 June 2014 [here](#), which in essence limits the Fund's current ability to distribute dividends, the Fund Manager remains committed to returning cash to shareholders on an annual basis (subject to applicable law and necessary approvals) and has amended the Fund's Annual Cash Distribution Policy as follows:

"In the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations, the Fund Manager intends to recommend to shareholders a cash distribution related to each financial year equivalent to 100% of the sum of (i) the Fund's dividend income from portfolio companies, (ii) plus interest on cash balances, (iii) less expenses and taxation and (iv) less compulsory allocations to reserves according to the regulations in force, in each case for that year. The cash distributions would be paid to shareholders either in the form of a return of capital (by decreasing the nominal value per share) or in the form of dividends, in each case subject to any restrictions under Romanian legal or tax regulations. In the case of dividend distributions (where permitted by applicable law), the distributable amount will be assessed based on audited financial information. In the case of a return of capital, the

**Report date:**  
3 September 2014

**Name of the issuing entity:**  
Fondul Proprietatea S.A.

**Registered office:**  
78-80 Buzesti St.,  
7<sup>th</sup> 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 12,861,183,036.65

**Paid share capital:**  
RON 12,515,396,724.25

**Regulated market on which  
the issued securities are  
traded:**  
Bucharest Stock Exchange

distributable amount will be based on a best estimate according to the latest management accounts at the time of proposing the resolution.”

The Annual Cash Distribution Policy does not limit additional cash returns and share buy-backs that can be recommended by the Fund Manager separately, subject to available cash and depending on the discount level, according to the Investment Policy Statement.

**Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch, acting as Sole Administrator on behalf of FONDUL PROPRIETATEA S.A.**

**Adrian CIGHI**

**Legal Representative**

