

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.

Events to be reported:

Further details regarding the secondary listing of Fondul Proprietatea on the London Stock Exchange

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch ("**the Fund Manager**"), in its capacity as sole administrator and fund manager of Fondul Proprietatea S.A. ("**the Fund**"), would like to inform shareholders that, further to the announcement on 20 April 2015 regarding the update of the global depositary receipts ("**GDR**") listing on the Specialist Fund Market of the London Stock Exchange ("**LSE**"), it has prepared in the annex herein a document describing further its intention to list the GDRs on the LSE.

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

Oana Valentina Truta
Legal Representative

Report date:

21 April 2015

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 11,575,064,733.65

Paid share capital:

RON 11,229,443,001.15

Number of shares in issue:

12,184,278,667

Number of paid shares:

11,820,466,317

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange

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For the purposes of the UK Prospectus Rules, this announcement is an advertisement and not a prospectus and not an offer of securities for sale in any jurisdiction, including in or into the United States, Australia, Canada or Japan. Investors should not subscribe for or purchase any securities referred to in this announcement except on the basis of information in the prospectus (the "**Prospectus**") expected to be published by Fondul Proprietatea S.A. ("**Fondul Proprietatea**" or the "**Company**") following approval by the UK Financial Conduct Authority (the "**FCA**") in connection with its application for admission to trading of global depository receipts representing the Company's shares to the Specialist Fund Market of the London Stock Exchange. The Prospectus will, following approval and publication, be available on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and on the website of the Company at <http://www.fondulproprietatea.ro>.



FONDUL PROPRIETATEA S.A.

(A joint stock company incorporated under the laws of Romania managed by Franklin Templeton Investment Management Limited, United Kingdom, Bucharest Branch)



FOR IMMEDIATE RELEASE

21 April 2015

FONDUL PROPRIETATEA ANNOUNCES INTENTION TO PROCEED WITH AN APPLICATION FOR ADMISSION TO TRADING OF GDRs REPRESENTING ITS SHARES ON THE SPECIALIST FUND MARKET OF THE LONDON STOCK EXCHANGE

Fondul Proprietatea today announces its intention to apply for admission to trading to the Specialist Fund Market ("**SFM**") of the London Stock Exchange plc (the "**London Stock Exchange**") of Global Depositary Receipts ("**GDRs**") representing interests in its shares (the "**Shares**"), following the approval of a prospectus by the FCA.

Fondul Proprietatea is a closed-end investment company, incorporated under the laws of Romania as a joint-stock company, supervised by the Romanian Financial Supervisory Authority (the "**FSA**"). Fondul Proprietatea was incorporated by the Romanian State with the special purpose of providing compensation to the individuals whose real estate assets had been abusively confiscated by the Romanian State during the communist regime and which could no longer be subject to in-kind restitution thereto. Fondul Proprietatea has been admitted to trading on Tier 1 (currently Premium Category) of the Spot Regulated Market managed by the Bucharest Stock Exchange since January 2011.

Highlights

- Proposed admission to trading of GDRs on the Specialist Fund Market of the London Stock Exchange on or around 29 April 2015
- The purpose of the transaction is to enable wider investment in Fondul Proprietatea by international institutional investors and thereby broaden the foreign institutional investor base not currently active in Romania, which should benefit the Company as well as other Romanian companies (including companies in the Company's portfolio) and ultimately contribute to the narrowing of the discount to NAV at which the Shares currently trade
- The GDR facility will be limited to one-third of the Company's issued share capital under Romanian securities regulations. During the first 90 days following admission, The Bank of New York Mellon (the "**GDR Depositary**") will waive GDR issuance fees. The GDR Depositary expects to begin to accept deposit / issuance requests for GDRs commencing on the opening of business on or around 27 April 2015. No GDRs will be offered by Fondul Proprietatea
- Fondul Proprietatea will be one of the largest funds (in terms of asset value) traded on the London Stock Exchange with a net asset value of RON 12.6 billion (USD 3.1 billion)¹ as at 31 March 2015 and a market capitalisation of RON 9.6 billion (USD 2.35 billion) as at 17 April 2015

¹ Net asset value computed in accordance with FSA regulations (conversion rate used of 4.1 RON per USD).

- The Company's portfolio is managed by Franklin Templeton Investment Management Limited, a UK company and a subsidiary of Franklin Templeton Investments acting through its Bucharest branch. Franklin Templeton Investments provides global and domestic investment management to retail, institutional and sovereign wealth clients in over 150 countries and had \$880.1 billion assets under management as at 31 December 2014
- The Company declared gross dividends per Share of 0.03854 RON in 2012, 0.04089 RON per Share in 2013 and a gross cash distribution of 0.05 RON per Share in 2014. A gross cash distribution of 0.05 RON per Share has been approved by Shareholders for payment on or around 29 June 2015 (equivalent to a yield of 5.6% based on the closing price of the Shares as at 17 April 2015)
- In addition, over the period from 12 April 2013 to 17 April 2015, the Company has returned over RON 2.28 billion (USD 664.1 million) to Shareholders through the implementation of Share buy-back programmes, in accordance with its investment objective
- Romania has continued to outpace other countries in the European Union with one of the highest Gross Domestic Product ("**GDP**") growth rates of 2.9% in 2014. Rising private consumption, supported by growing wages, and a continued fall in the unemployment rate have contributed significantly to this evolution, while exports, industrial production, and agriculture also positively impacted GDP growth in 2014

Comment

Grzegorz Konieczny, CEO Romania, Director of Eastern European Strategy, Templeton Emerging Markets Group and legal representative of the Fund Manager commented:

"Fondul Proprietatea is ideally placed to offer investors exposure to a diversified range of Romanian listed and unlisted equity securities that should benefit from Romania's steady growth and strong economic fundamentals. Our focus as Fund Manager continues to be to maximize returns for the Company's Shareholders, increase the NAV per Share, and decrease the discount at which the Company's Shares currently trade. In addition to regular Share buy-back programmes, cash distributions, and a proactive investor relations programme, we view the Company's secondary listing on the London Stock Exchange as an integral part of our discount reduction mechanism."

Investment objective

Fondul Proprietatea's investment objective is the maximisation of returns and per-Share capital appreciation via investments mainly in Romanian equities and equity-linked securities.

According to the investment policy statement, the Fund Manager shall, in the absence of investment opportunities offering better returns for Shareholders, use all or a significant part of the proceeds from dividends and disposal of portfolio companies to implement measures aimed at maximising cash returns to Shareholders and fulfilling the Company's performance objectives. To this end, the Fund Manager may employ discount management techniques as

provided for in the investment policy statement, which include (without limitation) the following: (i) recommending of Share buy-back programmes to Shareholders for approval; (ii) decreasing of the nominal value of the Shares, followed by a cash distribution to Shareholders; (iii) subject to available liquidity, carrying out Share buy-back programmes via trading on the regular market or via public tender offers; and (iv) increasing investor demand for the Shares, with the aim of increasing the market price (via, *inter alia*, increasing the stake of listed companies in the Company's portfolio, by maintaining a transparent dividend policy, by building good communication through active investor relations work and also by supporting initiatives to increase the visibility and attractiveness for investors of the Romanian regulated market).

Portfolio

Equity exposure amounted to 98% of the Company's Net Asset Value ("**NAV**") as at 31 December 2014 and the portfolio was composed of holdings in 53 companies (17 listed and 36 unlisted), containing a combination of privately held and State-controlled entities.

As of 31 December 2014 the breakdown of the Company's portfolio by asset type was as follows:

Asset type	% of NAV
Listed securities.....	49.1%
Unlisted securities	48.9%
Net cash and receivables*	2.0%

* bank deposits, current bank accounts, short-term treasury bills and bonds, dividend receivables, as well as other assets, net of all liabilities (including dividends and the liabilities to shareholders related to the return of capital) and provisions.

As of 31 December 2014 the breakdown of the Company's portfolio by industry sector was as follows:

Industry sector	As at 31 December		
	2014	2013 (% of NAV)	2012
Oil & gas*	43.70	47.63	41.88
Electricity & gas**	26.06	22.36	21.33
Electricity production.....	18.88	19.10	23.56
Infrastructure.....	3.85	2.70	2.56
Banking.....	2.76	3.05	2.92
Other sectors	2.76	2.53	2.81
Net cash and receivables***	1.99	2.63	4.94

* production, storage, processing/refining

** transport, distribution, supply

*** bank deposits, current bank accounts, short-term treasury bills and bonds, dividend receivables, as well as other assets, net of all liabilities (including dividends and the liabilities to shareholders related to the return of capital) and provisions.

At the end of 2014, the Company's top ten holdings, accounting together for 82.38% of the Company's NAV, were the oil and gas company OMV Petrom² (33.2% of NAV), the hydropower producer Hidroelectrica (16.5% of NAV), the natural gas producer Romgaz³ (10.3% of NAV), the electricity distributors Enel Distributie Banat (4.8% of NAV) and Enel Distributie Muntenia (3.5% of NAV), the gas supplier and distributor GDF Suez Energy Romania (3.5% of NAV), the electricity and gas distributor E.ON Distributie Romania (3.3% of NAV), the electricity distributor

² OMV Petrom has had its shares admitted to trading on the Bucharest Stock Exchange since 2001.

³ Romgaz has had its shares admitted to trading on the Bucharest Stock Exchange and GDRs admitted to trading on the London Stock Exchange since 2013.

Enel Distributie Dobrogea (3.0% of NAV), the airport operator CN Aeroporturi Bucuresti (2.5% of NAV) and the electricity distributor Electrica Distributie Muntenia Nord (1.8% of NAV).

Details of the admission to trading

The application for admission to trading on the SFM of the London Stock Exchange will be made in respect of up to 81,228,524 GDRs, representing ordinary shares of Fondul Proprietatea, each with a par value of RON 0.95 and carrying one vote in the Company's general meeting of Shareholders, with 1 GDR representing 50 Shares (the "**Admission**").

The Shares have been already admitted to trading on Tier 1 (currently Premium Category) of the Spot Regulated Market managed by the Bucharest Stock Exchange since 25 January 2011 under the symbol "FP" with the ISIN ROFPTAACNOR5 and are traded in RON.

Upon Admission, the GDRs will be admitted to trading under the symbol "FP." for trading in US dollars.

The security code numbers of the GDRs are as follows:

Regulation S GDR Common Code: 121643294

Regulation S GDR ISIN: US 34460G1067

Regulation S GDR CUSIP: 34460G106

Regulation S GDR SEDOL: BWV69Y7

The GDRs will be issued from time to time against the deposit of Shares with Raiffeisen Bank S.A. (the "**GDR Custodian**"), as custodian for the GDR Depositary. The GDRs will be issued pursuant to a deposit agreement to be signed between the Company and The Bank of New York Mellon as the GDR Depositary (the "**GDR Deposit Agreement**").

Jefferies International Limited ("**Jefferies**") has been appointed to act as sole UK financial adviser in relation to the Admission. Clifford Chance Badea SCA and Clifford Chance LLP are advising the Company as to Romanian, US and UK law.

Expected timetable

It is expected that the Prospectus will be published on or around 23 April 2015 and that Admission will take place on or around 29 April 2015.

Enquiries

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