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FONDUL PROPRIETATEA UPDATES ITS ANNUAL CASH DISTRIBUTION POLICY

Bucharest, 03 September 2014 - 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 distributable amount will be based on a best estimate according to the latest management accounts at the time of proposing the resolution."

Greg Konieczny, Fund Manager of Fondul Proprietatea, commented: "After the recent success of the Fund's first operation to return capital to shareholders, we have clarified the Fund's distribution policy to acknowledge that return of capital can also be a useful method of cash distribution to shareholders, in addition to dividends. This decision is in line with our commitment to use all means to create value for our shareholders and it continues our transparent and robust policy of ensuring that shareholders receive an annual cash distribution."

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, in accordance with the principles of the Investment Policy Statement.

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Launched in December 2005, Fondul Proprietatea ("the Fund") was established to compensate Romanians whose properties were confiscated by the former communist government. An international tender was announced in December 2008, and Franklin Templeton Investments officially took over as investment manager and sole administrator of the Fund on 29 September 2010. The Fund is a closed-end investment company with the investment objective of long-term capital appreciation via investment primarily in Romanian equity securities.

Franklin Templeton established an office in Bucharest in May 2010, with a team of 28 employees, including 6 locally based investment professionals who are further supported by the over 40 portfolio managers and analysts of the wider Templeton Emerging Markets team.

Franklin Templeton Investment Management Limited is a subsidiary of Franklin Resources, Inc. [NYSE:BEN], a global investment management organization operating as Franklin Templeton Investments. Franklin Templeton Investments provides global and domestic investment management solutions managed by its Franklin, Templeton, Mutual Series, Franklin Bissett, Fiduciary Trust, Darby, Balanced Equity Management and K2 investment teams. The San Mateo, CA-based company has more than 65 years of investment experience and over \$907 billion in assets under management as of July 31, 2014. For more information, please visit www.franklintempleton.co.uk.

Franklin Templeton Investment Management Ltd.'s office in Bucharest is located at Premium Point, 7&8th floors, 78-80 Buzesti, District 1, Bucharest, Romania. Tel: +40.200.96.00, Fax: +40.200.96.31/32. For more information on Fondul Proprietatea, please visit <http://www.fondulproprietatea.ro>.

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