

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

Current report according to the provisions of 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, in its capacity as Investment Manager of Fondul Proprietatea SA ("*Fondul Proprietatea / the Company*"), hereby, would like to present the updated Annual Cash Distribution Policy that will be implemented in the interest of the shareholders of the Fund.

Thus, the Investment Manager remains committed to returning cash to shareholders on an annual basis (subject to applicable law and necessary approvals, to any restrictions under Romanian legal or tax regulations and subject to available financing sources) and has amended the Fund's Annual Cash Distribution Policy, as enclosed in the Annex to this report.

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

**Johan MEYER**  
**Legal Representative**

**Report date:**

15 May 2019

**Name of the issuing entity:**

Fondul Proprietatea S.A.

**Registered office:**

78-80 Buzesti Street  
7<sup>th</sup> floor, district 1,  
Bucharest, 011017

**Phone/fax number:**

Tel.: + 40 21 200 9600

Fax: + 40 21 200 9631

**Email:**

office@fondulproprietatea.ro

**Internet:**

www.fondulproprietatea.ro

**Sole Registration Code with the Trade Register Office:**

18253260

**Order number in the Trade Register:**

J40/21901/2005

**Subscribed share capital:**

RON 4,733,020,898.32

**Paid-up share capital:**

RON 4,543,838,476.32

**Number of shares in issue:**

9,101,963,266

**Number of paid shares:**

8,738,150,916

**Regulated market on which the issued securities are traded:**

Shares on Bucharest Stock Exchange  
GDRs on London Stock Exchange

## ANNUAL CASH DISTRIBUTION POLICY

### 1. Scope

In order to comply with the requirements of Bucharest Stock Exchange Code of Corporate Governance and in accordance with the Investment Policy Statement (“IPS”), Fondul Proprietatea SA (the “Fund”) decided to adopt this Annual Cash Distribution Policy (“ACDP”).

The scope of this Policy is to set a series of guidelines and principles on the cash distributions made by the Fund.

### 2. General principles

In accordance with the IPS, the Alternative Investment Fund Manager (the “Fund Manager”) may propose cash distributions for shareholders’ approvals. The level of such cash distributions is proposed by the Fund Manager by applying this ACDP and in correlation with the other on-going Discount Control Mechanism measures (e.g. buy-backs).

The Fund Manager intends to recommend to shareholders for their approval a cash distribution of at least RON 0.05 per share in cash, on an annual basis, subject to applicable law and necessary approvals, to any restrictions under Romanian legal or tax regulations and subject to available financing sources.

Under exceptional market conditions or circumstances (e.g. events that may significantly impact the discount), the Fund Manager may propose a change of the mix of cash distribution and share buy-backs to allocate more of the distributable cash towards share buy-backs, if it considers this to be in the best interest of the Fund’s shareholders to enhance shareholder value.

ACDP does not limit additional cash distributions and share buy-backs that can be recommended by the Fund Manager separately, subject to available financing sources, regulatory and corporate approvals and depending on the discount level, in accordance with the IPS and the Discount Control Mechanism.

### 3. Cash distributions

Under current Romanian legislation and the Constitutive Act, each fully paid share gives its owner the right to receive cash distributions (in the form of dividends or other types of cash distributions, such as return of capital). Unpaid shares and treasury shares will not be entitled to receive cash distributions.

Cash distributions are paid to the shareholders on a pro rata basis, proportionately to their participation in the paid share capital of the Fund.

#### a. Dividend distributions

In the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations and subject to available financing sources, in case of dividend distributions (where permitted by applicable law), the distributable amount is calculated by the Fund Manager and proposed for shareholders’ approval as sum of the following elements:

- i. the Fund’s annual dividend income from portfolio companies, except special cash distributions,
- ii. plus interest on cash balances,

- iii. less expenses and taxation and
- iv. less compulsory allocations to reserves according to the regulations in force.

The Fund Manager may propose the dividend level up to the amount computed as above, by considering the on-going measures imposed by Discount Control Mechanism and the available cash.

Any dividend distribution will be based on audited financial statements.

b. Return of capital

In case of a return of capital, the distributable amount is subject to the restrictions under Romanian legal or tax regulations and to available funding and will be based on the Fund Manager's best estimate according to the latest available financial statements at the time of proposing the respective distribution for the shareholders' approval.

#### **4. Payment of Cash Distributions**

The cash distributions will be proposed by the Fund Manager and paid in compliance with the General Shareholders Meeting Resolutions under the terms and conditions provided by Romanian law. The Fund publishes information on the payment of dividends and other cash distributions to shareholders on the Fund's website ([www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)) in compliance with the effective laws.

#### **5. Review of the Annual Cash Distribution Policy**

The ACDP may be revised by the Fund Manager after the consultation with the Board of Nominees, on an annual basis, in compliance with the applicable law and regulations or in case of new regulations or mandatory legal provisions regarding the scope of the policy. The current policy is published on the Fund's website ([www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)) and any update to the policy shall be disseminated to the market and uploaded on the website.