

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

Current report according to Article 113 point A, paragraph (1) letter j) 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:**

**Update on litigations between a litigant and Fondul Proprietatea SA**

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (**“the Investment Manager”**), in its capacity as investment manager of Fondul Proprietatea SA (**“the Fund”**), would like to update shareholders and investors on ongoing cases between Ioana Sfiraiala (**the “Litigant”**) and the Fund, as set out in the table enclosed as Annex 1 to this report.

In particular, the Investment Manager would like to note that on 20 February 2017 the Bucharest Court of Appeal announced that it has rejected the Litigant’s claim in file no. 16453/3/2013\*, which targeted the annulment of the shareholders’ resolutions described in Annex 2 herein. The court’s decision is final.

The Fund Manager also notes that this was the last file of the several ongoing annulment cases started by the Litigant against the Fund’s shareholders’ resolutions.

The updated table of all pending files, as well as all closed files with the same Litigant, is available on the Fund’s webpage at [http://www.fondulproprietatea.ro/sites/default/files/list\\_of\\_pending\\_and\\_closed\\_cases\\_21\\_february\\_2017.pdf](http://www.fondulproprietatea.ro/sites/default/files/list_of_pending_and_closed_cases_21_february_2017.pdf).

**Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, in its capacity of Investment Manager of FONDUL PROPRIETATEA S.A.**

**Oana Valentina Truța**  
**Legal Representative**

**Report date:**  
21 February 2017

**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 8,562,968,634.10

**Paid-up share capital:**  
RON 8,253,728,136.60

**Number of shares in issue:**  
10,074,080,746

**Number of paid shares:**  
9,710,268,396

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

Shares on Bucharest Stock Exchange

GDRs on London Stock Exchange

Crt.	File number	Court	The object of the court file	Status	Next hearing
1.	File no. 2808/2/2013	Supreme Court of Justice	Challenging CNVM Decision no. 34/18.08.2010 for registering the Fund as closed-end investment company	Decision in favour of the Fund. On 27 November 2013, the Litigant asked the Court to summon the Fund as defendant in this file. It was the last hearing and the Court decided to postpone the issuance of a decision in this file for 4 December 2013. On 4 December 2013 the Court decided to postpone the issuance of a decision for 11 December 2013. On 11 December 2013, the Court decided to rule in favour of CNVM and the Fund and thus rejected the Litigant's request. An appeal was declared.	16 March 2017
2.	File no. 692/299/2014*	1 <sup>st</sup> District Court House	Legal action filed by the Fund against the Litigant and her husband for the annulment of certain legal deeds concluded between them with an aim of separating the assets between them; this legal case in relation to the forced execution initiated by the Fund against the Litigant for the recovery of legal fees.	After first procedural hearings, the next hearing has been set for 10 December 2014. Next hearing has been set for 28 January 2015. On 28 January 2015 the Court has postponed the hearing for 11 March 2015. On 11 March 2015 the Court set a new hearing for 22 April 2015. A new hearing has been set for 17 June 2015. On 17 June 2015 the Court postponed the hearing for 16 September 2015. Litigant filed a recusal claim, which was dismissed. On the last hearing on 23 March 2016, the judge declared that she abstains. The abstention was dismissed and trial resumed.	22 March 2017

*Short description of the Shareholders' Resolutions challenged by the Litigant in File no. 16453/3/2013\**

- Extraordinary General Meeting Resolution no. 4/25 April 2012 regarding the approval of the buy-back programme;
- Extraordinary General Meeting Resolution no. 5/25 April 2012 regarding the ratification of EGM Resolutions no. 1 and 2 of 6 September 2010;
- Extraordinary General Meeting Resolution no. 6/25 April 2012 regarding the approval of EGM Resolutions no. 1 and 2 of 6 September 2010;
- Extraordinary General Meeting Resolution no. 7/25 April 2012 regarding the ratification of EGM Resolutions;
- Extraordinary General Meeting Resolution no. 8/25 April 2012 regarding the approval of EGM Resolution;
- Extraordinary General Meeting Resolution no. 9/25 April 2012 regarding the ratification of the Articles of Association in the form approved through EGM Resolution no. 1/6 September 2010;
- Extraordinary General Meeting Resolution no. 10/25 April 2012 regarding the approval of the Articles of Association in the form approved through EGM Resolution no. 1/6 September 2010;
- Ordinary General Meeting Resolution no. 9/25 April 2012 regarding the approval of the annual report;
- Ordinary General Meeting Resolution no. 11/25 April 2012 regarding the ratification of OGM Resolutions no. 8 and 9 of 6 September;
- Ordinary General Meeting Resolution no. 12/25 April 2012 regarding the approval of OGM Resolutions no. 8 and 9 of 6 September;
- Ordinary General Meeting Resolution no. 13/25 April 2012 regarding the ratification of OGM Resolutions;
- Ordinary General Meeting Resolution no. 14/25 April 2012 regarding the approval of OGM resolutions;
- Ordinary General Meeting Resolution no. 15/25 April 2012 regarding the ratification of the Investment Management Agreement;
- Ordinary General Meeting Resolution no. 16/25 April 2012 regarding the approval of the Investment Management Agreement;
- Ordinary General Meeting Resolution no. 17/25 April 2012 regarding the ratification of all the legal acts of the Fund Manager;
- Ordinary General Meeting Resolution no. 18/25 April 2012 regarding the approval of all the legal acts of the Fund Manager.