

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

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 all litigations between a litigant shareholder and Fondul Proprietatea SA

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 update shareholders and investors on all ongoing cases between a minority shareholder, Ioana Sfiraiala (**the “Litigant”**) and the Fund, as set out in the table enclosed as an Annex to this report.

The Fund Manager would like to inform shareholders that in file no. 7930/2/2013, in which the Fund applied for revision of the Bucharest Court of Appeal’s Decision issued in file no. 7548/3/2011 (relating to the Litigant’s request to challenge the EGM Resolution no. 5/2010 which modified the Constitutive Act approved by shareholders on 29 November 2010), the Bucharest Court of Appeal has published on its official webpage a short decision announcing that it ruled against the Fund’s application. The decision issued by the Bucharest Court of Appeal is irrevocable.

It should be noted that the subject matter of the annulled resolution - being the Constitutive Act - has been modified, approved and/or confirmed by subsequent shareholder resolutions of April 2012, November 2012, April 2013, November 2013, February 2014 and April 2014.

The updated table of all pending files, as well as all closed files with the same Litigant, is available on the Fund’s webpage and can be accessed [here](#).

Report date:

30 May 2014

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 13,538,087,407

Paid share capital:

RON 13,174,101,815

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange

The Fund Manager will continue to update shareholders and investors of further material developments in these files and will continue to vigorously defend the interests of the Fund on behalf of all its shareholders.

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

Oana Valentina TRUTA
Legal Representative

Crt.	File number	Court	The object of the court file	Status	Next hearing
1.	File no. 16425/3/2013	Bucharest Court	The file is formed as a result of the legal action in court initiated by the Fund against the Litigant, for the recovery of the damages incurred by the Fund as a result of the Litigant's actions which delayed significantly the implementation of the second buy-back programme approved by the Shareholders as of 25 April 2012 (please refer to the description of the file no. 15964/3/2012).	Ongoing. The first hearing has been set for 25 September 2013. Following the hearing on 25 September 2013 the Court rejected the suspension request and set a new hearing for 18 October 2013. On 18 October 2013, the Court postponed the hearing for 6 November 2013. On 6 November 2013, the Court postponed the hearing for 20 November 2013 due to procedural reasons. On 20 November 2013, the Court decided to postpone the hearing for 18 December 2013. On 18 December 2013, The Court postponed the hearing due to procedural reasons. On 15 January 2014, the Court postponed the hearing for 12 February 2014. On 12 February 2014 the Court postponed the hearing for 26 February 2014. On 26 February 2014, the Court postponed the hearing for 26 March 2014. On 26 March 2014 the Court postponed the hearing for 7 May 2014. On 7 May 2014 the Court postponed the hearing for 4 June 2014.	4 June 2014
2.	File no. 10424/3/2014	Bucharest Court	Request for annulment of ESM Resolution no. 2/3 February 2014 for approving the share capital decrease of the Fund	Ongoing. The Court set the first hearing on 16 April 2014. On 16 April 2014, the Court decided to join files 10428/3/2014 and 10430/2/2014 with this file and to send the files to another panel due to jurisdiction reasons. The Court postponed the hearing for 23 April 2014 On 23 April 2014 the Court decided to split files no.	18 June 2014

				10428/3/2014 and 10430/3/2014 from this file and to send the files back to the competent panels initially vested. A new hearing has been set for 18 June 2014.	
3.	File no. 16453/3/2013	Bucharest Court	<p>The file has as subject the annulment request filed by the Litigant against the following Shareholders' Resolutions of the Fund:</p> <ul style="list-style-type: none"> - EGM Resolution no. 4/25 April 2012 regarding the approval of the buy-back programme; - EGM Resolution no. 5/25 April 2012 regarding the ratification of EGM Resolutions no. 1 and 2 of 6 September 2010; - EGM Resolution no. 6/25 April 2012 regarding the approval of EGM Resolutions no. 1 and 2 of 6 September 2010; - EGM Resolution no. 7/25 April 2012 regarding the ratification of EGM Resolutions; - EGM Resolution no. 8/25 April 2012 regarding the approval of EGM Resolution; - EGM 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; - EGM 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; - OGM Resolution no. 11/25 April 2012 regarding the ratification of OGM Resolutions no. 8 and 9 of 6 September; - OGM Resolution no. 12/25 April 2012 regarding the approval of OGM Resolutions no. 8 and 9 of 6 	Ongoing. On 13 September 2013 Manchester Securities, as a significant shareholder of the Fund, has filed a request of intervention supporting the position of the Fund and asking the court to reject the claim of the Litigant. On 11 October 2013, the Court rejected the request of intervention filed and postponed the hearing for 8 November 2013. On 8 November 2013 the Court suspended the file due to procedural reasons. On 5 February 2014 the procedural reasons were solved by the Court of Appeal and a new hearing in front of the Bucharest Court has been set for 20 June 2014.	20 June 2014

			<ul style="list-style-type: none"> September; - OGM Resolution no. 13/25 April 2012 regarding the ratification of OGM Resolutions; - OGM Resolution no. 14/25 April 2012 regarding the approval of OGM resolutions; - OGM Resolution no. 15/25 April 2012 regarding the ratification of the Investment Management Agreement; - OGM Resolution no. 16/25 April 2012 regarding the approval of the Investment Management Agreement; - OGM Resolution no. 17/25 April 2012 regarding the ratification of all the legal acts of the Fund Manager; - OGM Resolution no. 18/25 April 2012 regarding the approval of all the legal acts of the Fund Manager. 		
4.	File no. 17692/3/2013	Bucharest Court of Appeal	Challenging EGM Resolution no. 2/04.04.2012 for amending the Constitutive Act and EGM Resolution no. 3/25.04.2012 for subscribed share capital decrease and a request for de-registration with Trade Registry of these resolutions.	Ongoing. Decision in favour of the Fund. The first hearing has been set for 13 June 2013, hearing when the court rejected the Litigant's re-examination request. The file has been rendered for the judgment to continue. The next hearing has been set for 3 October 2013 when the Court postponed the hearing due to procedural reasons for 31 October 2013. On 31 October 2013, the Court admitted the intervention request filed in this file. On 28 November 2013, the Court decided to postpone for 5 December 2013 the decision regarding the objection raised by the Fund regarding the right of the Litigant to start such a case. On 5 December 2013, the Court rejected the Litigant's request arguing that the Litigant had no right to start such a case. The Litigant filed an appeal and the Bucharest Court of	24 June 2014

				Appeal set the first hearing on 27 May 2014. On 27 May 2014, the Court postponed the hearing, due for procedural reason for 24 June 2014.	
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