

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 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 Ioana Sfiraiala (**the “Litigant”**) and the Fund, as set out in the table enclosed as an Annex to this report.

In particular, the Fund Manager would like to highlight the following:

1. In file no. 16425/3/2013, regarding the claim filed by the Fund against the Litigant for abusive litigious behaviour, the Bucharest Court ruled partially in favor of the Fund and issued a decision ascertaining that the Litigant has abused procedural rights against the Fund in the following three ways:
 - a. The Litigant has filed various claims having the same subject and only selectively chooses which ones to continue in court afterwards;
 - b. The Litigant has filed repeated claims within ongoing files which were obviously not grounded;
 - c. The Litigant has filed repeated claims for engaging judges’ liability without fulfilling procedural obligations (e.g. payment of stamp duties).
2. The Court has ordered the Litigant to immediately stop such behavior and has forbidden the Litigant from taking any similar abusive actions in future. This decision could

Report date:

3 July 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 12,861,183,036.65

Paid share capital:

RON 12,515,396,724.25

Regulated market on which the

issued securities are traded:

Bucharest Stock Exchange

apply to numerous ongoing cases but a full analysis of its implications can only be conducted after receipt of the full decision.

3. The Court has rejected the other claim of the Fund for damages from the Litigant for delaying the second buy-back programme. We will review the Court's reasoning for this conclusion when the full decision is handed down.
4. The Court has obliged the Litigant to pay the legal fees of the Fund for this case (RON 50,000).

The court decision in this file can be appealed within 30 days after the full decision is handed down.

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](#).

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.**

Adrian Cighi
Legal Representative

Crt.	File number	Court	The object of the court file	Status	Next hearing
1.	File no. 10424/3/2014	Bucharest Court	Request for annulment of EGM Resolution no. 14/23 November 2012 regarding the ratification of the Constitutive Act.	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. 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. On 18 June 2014 the Court postponed the hearing for 3 September 2014.	3 September 2014
2.	File no. 46293/3/2012	Bucharest Court of Appeal	Request of intervention filed by the Litigant for blocking the mentioning of OGM Resolution no. 25 of 23 November 2012 for the ratification of the appointing of FTIML as Sole Administrator of the Fund.	Suspended. Initial Decision in favour of the Fund. File suspended. On 18 December 2012 the Bucharest Court ruled in favour of the Fund. The litigant filed an appeal. The first hearing in the appeal has been set for 5 March 2013. On 5 March 2013 the Court postponed the trial due for procedural reasons for 2 April 2013. On 2 April 2013 a recusal request was filed; the hearing for solving the recusal request was set for 12 April 2013, when the recusal request was dismissed. A new hearing was set for 4 June 2013. On 4 June 2013 the Court suspended the appeal. A hearing has been set for 9 September 2014 to discuss whether the appeal is stale.	9 September 2014
3.	File no. 8541/3/2012	Bucharest Court of	Challenging the followings Resolutions:	Ongoing. On 13 December 2012,	10 September

		Appeal	EGM 13, OGM 28 and OGM 29, all from 23 November 2012.	<p>the Court set a new hearing for 10 January 2013.</p> <p>On 7 February 2013 the Court postponed the hearing, due for procedural reasons, for 7 March 2013. On 7 March 2013 the hearing was postponed, due for procedural reasons for 4 April 2013. On 4 April 2013 the Court postponed the trial due for procedural reasons for 16 May 2013. On 16 May 2013 the Court postponed the hearing for 27 June 2013. On 27 June 2013 the Court postponed the hearing for 10 October 2013. On 10 October 2013 the Court decided to postpone the hearing for 24 October 2013. On 24 October 2013, the Court rejected the Litigant's request for joining this file with file no. 43424/3/2012 and ordered sending file no. 8541/3/2012 back to Panel C23. On 5 December 2013 the Court decided to postpone the hearing for 16 January 2014. On 16 January 2014, the Court postponed issuing a decision for 23 January 2014 for the object regarding the lack of interest of the Litigant raised. The Court announced that it has rejected this exception regarding the Litigant and set a new hearing for 13 March 2014. On 13 March 2014 was the last hearing – the issuance of a decision was postponed one week. On 20 March 2014, the Court announced that it postponed issuing a decision. On 27 March 2014, the Court announced that it postponed issuing a decision. On 4 April 2014, the Bucharest Court announced that it ruled against the Fund and</p>	2014
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				<p>annulled the following resolutions of the Fund's shareholders:</p> <ul style="list-style-type: none"> - EGM Resolution no. 13/2012; - OGM Resolution no. 28/2012; - OGM Resolution no. 29/2012. <p>The Fund appealed the decision and the first hearing is set for 10 September 2014.</p>	
4.	File no. 27522/3/2013	Bucharest Court	Challenging EGM Resolutions no. 1, 2, 5, 6, 7, 8, 9, 11, 12 and 13 of 25 April 2013 and OGM Resolutions no. 3, 4, 7, 8, 9 and 10 of 25 April 2013	<p>Ongoing. The first hearing was set on 10 January 2014. On 10 January 2014, the Court sent the file to Panel F1. A new hearing has been set for 7 March 2014. On 7 March 2014, the Court postponed the hearing for 4 April 2014. On 4 April 2014 the Court is expected to issue a procedural decision on the panel competent to solve the file. On 11 April 2014 the Court decided to postpone the issuance of the decision for 18 April 2014. On 18 April 2014, the Court postponed issuing a decision for 23 April 2014. On 23 April 2014 the Court postponed the hearing for 9 May 2014. On 9 May 2014 the Court decided to send the file to another panel within the 6th Civil Section due to jurisdiction reasons. A new hearing has been set for 20 June 2014. Following this term, the Court postponed the hearing for 19 September 2014 due for procedural reasons.</p>	19 September 2014
5.	File no. 43424/3/2012	Bucharest Court of Appeal	Request for annulment of the following GSM Resolutions: EGM 14, 15 and 16 and OGM 25, 26, 27, 30, 31, 32, 33, 34, 35 and 36 all from 23 November 2012.	<p>Ongoing. On 21 February 2013 the Court postponed the hearing for 21 March 2013. On 21 March 2013 the Court decided to send this file to file no. 8541/3/2012 in order for the joining of these two files to be</p>	29 September 2014

discussed. The next hearing in 8541/3/2012 has been set for 4 April 2013. On 4 April 2013 the Court rejected the request of joining these two files and set a new hearing for 16 May 2013. On 16 May 2013 the Court postponed the hearing for 27 June 2013. On 27 June 2013 the Court postponed the hearing for 26 September 2013. Following the hearing on 26 September 2013 the Court is expected to issue a decision on the suspension of the file on 3 October 2013. On 3 October 2013, the Court rejected the suspension request and set a new hearing for 24 October 2013. On 24 October 2013 the Court decided to postpone the hearing for 7 November 2013. On 7 November 2013, the Court decided to send the file to Panel C13 to settle the recusal request filed by the Litigant. The next hearing was set on 19 December 2013. On 19 December 2013, the Court postponed the hearing for 30 January 2014 to give the Litigant time to file documentation in supporting its claims. On 30 January 2014 the Court postponed the issuance of a decision for a week on the exception related to the Litigant's interest. The Court postponed the issuance of a decision for 20 February 2014. On 20 February 2014 the Court ruled in favour of the Fund and rejected the Litigant's request for lack of interest. The Litigant appealed the decision and the first hearing has been in set for 30 June 2014. On 30 June 2014 the Court

				postponed the hearing for 29 September 2014 due for procedural reasons.	
6.	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 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. On 24 June 2014 the Court postponed the hearing for procedural reasons for 30 September 2014.	30 September 2014