



To

Bucharest Stock Exchange

Romanian National Securities Commission

The current report according to art. 113 point A, paragraph (1) letters i) and j) in the Regulation of the Romanian National Securities Commission no. 1/2006 regarding the issuers and the operations with securities, as subsequently amended and completed, as well as the provisions of art. 99 in the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments

Report date:	31 May 2011
Name of the issuing entity:	SC Fondul Proprietatea SA
Registered office:	78-80 Buzesti St., 7 th 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:	13,778,392,208 RON
Paid share capital:	13,756,955,963 RON
Regulated market on which the issued securities are traded:	Bucharest Stock Exchange

Important events to be reported - S.C. Fondul Proprietatea S.A. (Fondul Proprietatea): Update regarding legal action against S.C. ELECTROMECHANICA Ploiești S.A. (Electromecanica):

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as Sole Administrator and Fund Manager of Fondul Proprietatea announces that the Romanian High Court of Justice and Cassation rejected the second appeal filed by Fondul Proprietatea against the decision issued by the Ploiești Court of Appeal in the file regarding S.C. ELECTROMECHANICA S.A. Ploiești. The decision issued by the Romanian High Court of Justice and Cassation is irrevocable.

S.C. Fondul Proprietatea S.A. reminds its shareholders that in 2009, the Fund lodged with the Prahova Court a claim against S.C. Electromecanica S.A., requesting the court to render a decision that the defendant Electromecanica be compelled to register with its shareholders' registry the ownership of the Fund in relation to 1,002,301 shares issued by Electromecanica pursuant to the Emergency Government Ordinance no. 81/2007, valued at RON 21,436,245 according to the Finevex SRL report, but reflected at zero in the Fund's Net asset value (NAV).

By Decision no. 24 of 31 May 2011, FTIML Bucharest, as the Sole Administrator and Fund Manager of Fondul Proprietatea, confirmed the failure of the Romanian State, represented by the Ministry of Public Finances, to satisfy the payment of share capital due to SC Fondul Proprietatea S.A. in respect of the Fund's shares which had been transferred to the State in exchange for a contribution in kind of the aforementioned shares of S.C. Electromecanica Ploiesti SA.

Thus, the subscribed capital of S.C. Fondul Proprietatea S.A. is RON 13,778,392,208, and the paid-up capital is RON 13,756,955,963.



FONDUL PROPRIETATEA

Therefore, the potential impact on the Fund's NAV per share would have an increase of RON 0.0026 taking into account the Fund's NAV as at 30 April 2011.

In this regard, the Sole Administrator will take all necessary measures on behalf of S.C. Fondul Proprietatea S.A for recovering the unpaid capital amounts from the Romanian State, represented by the Ministry of Public Finances.

For additional information regarding this case please read the Prospectus.

Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch, in capacity of Sole Director of S.C. FONDUL PROPRIETATEA S.A.

Grzegorz Maciej KONIECZNY

Legal Representative