

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 note that the Bucharest Court of Appeal has rejected the appeal filed by the Litigant in case no. 3295/3/2012 (3858/2/2014) having as subject the annulment action entered by the Litigant against EGM Resolution no. 1/23 November 2011 for amending the Fund’s Constitutive Act, whereby the rule of 1 share = 1 vote was adopted by the Fund’s shareholders.

The decision of the Court of Appeal maintains the initial decision of the Bucharest Court issued in favor of the Fund, whereby the Litigant’s interest to promote an annulment action while having only one share was ascertained as not being a legitimate one.

The decision of the Bucharest Court of Appeal is final.

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](#).

**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**

Report date:

19 November 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 11,815,279,886.85

Paid share capital:

RON 11,469,658,154.35

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

Bucharest Stock Exchange

Crt.	File number	Court	The object of the court file	Status	Next hearing
1.	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.	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 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	24 November 2014

				exception related to the Litigant's interest. The Court postponed the issuance of a decision for 20 February 2014. On 20 February 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. On 29 September 2014 the Court postponed the hearing for 24 November 2014.	
2.	File no. 8541/3/2012	Bucharest Court of Appeal	Challenging the followings Resolutions: EGM 13, OGM 28 and OGM 29, all from 23 November 2012.	Ongoing. On 13 December 2012, the Court set a new hearing for 10 January 2013. 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	3 December 2014

				<p>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 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. A new hearing has been set for 5 November 2014. On 5 November 2014 the Court postponed the hearing for 3 December 2014.</p>	
3.	File no. 692/299/2014	1 st 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.	10 December 2014
4.	File no. 16453/3/2013 (5804/2/2014)	Bucharest Court	The file has as subject the annulment request filed by the Litigant against the following Shareholders' Resolutions of the Fund:	Ongoing. Decision in favour of the Fund. On 13 September 2013 Manchester Securities, as a significant shareholder of the Fund,	10 December 2014

			<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 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 	<p>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. On 20 June 2014 the Litigant filed a recusal claim. On 26 June 2014 the Court dismissed the said recusal claim. A new hearing has been set for 10 July 2014, when it was the last hearing. The Court postponed the issuance of a decision for 18 July 2014. On 21 July 2014 the Court announced that it has rejected the Litigant's request acknowledging that she does not have an interest to promote such an action. The Litigant filed an appeal (registered under number 5804/2/2014), with the first hearing being set for 10 December 2014.</p>	
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			<ul style="list-style-type: none"> - 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. 		
5.	File no. 14986/3/2014	Bucharest Court	Annulment action against EGM Resolution no. 9/28 April 2014 for the approval of the fourth buy-back programme; OGM Resolution 1/2014 (approval of the new IMA); EGM Resolution 7/2014 (share capital decrease); all EGM Resolutions from 23 September 2014; all OGM Resolutions from 23 September 2014, save for OGM 11/23 September 2014 for the amendment of the audit contract.	Ongoing. The first hearing has been set for 9 October 2014. On 9 October 2014 the Court postponed the hearing for 11 December 2014.	11 December 2014
6.	File no. 10428/3/2014	Bucharest Court	Request for annulment of ESM Resolution no. 2/3 February 2014 for approving the share capital decrease of the Fund	Ongoing. The first hearing has been set for 2 October 2014. On 2 October 2014 the Court postponed the hearing for 13 November 2014. The next hearing was set for 11 December 2014	11 December 2014
7.	File no. 10430/3/2014	Bucharest Court	Annulment action against: <ul style="list-style-type: none"> - EGM Resolution no. 15/22.11.2013 for the approval of the third buy-back programme; - EGM Resolution no. 16/22.11.2013 for the ratification and approval of EGM Resolutions; - EGM Resolution no. 17/22.11.2013 for the amendment of Article 19 (3) of the Constitutive Act regarding the duration of the mandate. - OGM Resolution no. 14/22.11.2013 for the approval of certain provisions regarding the mandate of 4 years if would have been approved; - OGM Resolution no. 15/22.11.2013 for 	Ongoing. The first hearing has been set for 2 October 2014. On 2 October 2014 the Court postponed the hearing for 13 November 2014. Next hearing has been set for 11 December 2014.	11 December 2014

			<p>the ratification and approval of OGM Resolutions;</p> <ul style="list-style-type: none"> - OGM Resolution no. 16/22.11.2013 for the approval of certain provisions regarding the management of the Fund. 		
8.	File no. 14983/3/2014	Bucharest Court	Annulment action against EGM Resolution no. 3/3 February 2014 regarding the ratification and approval of shareholders' resolution and EGM Resolution no.1/3 February 2014 regarding the change of Constitutive Act.	Ongoing. The first hearing has been set for 2 October 2014. On 2 October 2014 the Litigant expanded her claim to EGM Resolution no. 1/2014; the Court postponed the hearing for 13 November 2014. Next hearing has been set for 11 December 2014.	11 December 2014
9.	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	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. On 19 September 2014 the Court postponed the hearing for 14 November 2014. The next	12 December 2014

				hearing has been set for 12 December 2014.	
10.	17107/3/2014	Bucharest Court	<p>Annulment action against:</p> <ul style="list-style-type: none"> - OGM 2/28 April 2014 for the renewal/extension of FTIML Bucharest Branch mandate; - OGM 7/28 April 2014 for the ratification of OGM Resolutions; - EGM 4/28 April 2014 for the amendment of Article 19 (1) of the Constitutive Act; - EGM 6/28 April 2014 for the approval of the secondary listing on London Stock Exchange; - EGM 10/28 April 2014 for the ratification of EGM Resolutions. 	Ongoing. First hearing has been set for 19 September 2014. On 19 September 2014 the Court postponed the hearing for 14 November 2014. The next hearing has been set for 26 January 2015.	26 January 2015