

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 all 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 all ongoing cases between Ioana Sfiraiala (**the “Litigant”**) and the Fund, as set out in the table enclosed as Annex 1 to this report. The Fund Manager notes that, of the three ongoing litigations described in Annex 1, only one pertains to the annulment of shareholders’ resolutions and this is in the final appeal phase, having been won in the first instance by the Fund.

In particular, the Fund Manager would like to note that the on 22 December 2016 Bucharest Court of Appeal announced that it has rejected the Litigant’s claim in file no. 17692/3/2013 (retrial phase and new number of file 1311/2/2016). The said Litigant’s claim targeted the annulment of the 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. The court’s decision 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 at http://www.fondulproprietatea.ro/sites/default/files/list_of_pending_and_closed_cases_with_is_23_dec_2016.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:

27 December 2016

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 9,168,314,116.70

Paid-up share capital:

RON 8,859,073,619.20

Number of shares in issue:

10,786,251,902

Number of paid shares:

10,422,439,552

**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. 17107/3/2014	Bucharest Court of Appeal	Annulment action against: <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. 	Decision in favour of the Fund. 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. Next hearing has been set for 23 February 2015. On 23 February 2015 the Court postponed the hearing for 9 March 2015. On 9 March 2015 it was the last hearing in this file and the Court announced afterwards that it has rejected the Litigant's claim. The Litigant filed an appeal. A hearing is to be set.	10 Jan 2017
2.	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. 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. This claim is to be solved and a new hearing is to be set.	11 Jan 2017
3.	File no. 2808/2/2013	Supreme Court of	Challenging CNVM Decision no.	Decision in favour of the Fund. On	16 Mar 2017

		Justice	34/18.08.2010 for registering the Fund as closed-end investment company	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 and the first hearing is pending	
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