

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

Current report according to Article 113 point A, paragraph (1) letter (i) of 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 Article 99 of the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments.

Important events to be reported:

Update regarding Hidroelectrica SA (“Hidroelectrica”)

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (the “Fund Manager”), in its capacity as sole administrator and fund manager of the Fund, would like to update shareholders and investors that on 25 February 2014 the Bucharest Court of Appeal announced that it has taken the following decisions:

- Cancelled the initial decision of Bucharest Court whereby the judicial reorganisation procedure of Hidroelectrica was closed for procedural reasons. As a result, the case will be sent back to the syndic judge for a retrial. As a consequence, the company is placed back under the reorganisation procedure and the former judicial administrator is reinstated with an immediate effect.
- Cancelled and sent back to the syndic judge for retrial two other cases, the first one filed by Hidroelectrica against a decision through which the syndic judge admitted the claim of Termoelectrica and the second one filed by Elsid Titu against a decision of the syndic judge through which he did not admit a claim worth around RON 13 million following the application of the force majeure clause in 2011.

The Fund Manager will continue to update shareholders and investors on further material developments in the insolvency files. The Fund Manager will engage an independent evaluator for updating the value of Hidroelectrica in the Fund’s NAV.

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

**Oana Valentina Truta
Legal Representative**

Report date:

26 February 2014

Name of the issuing entity:

S.C. Fondul Proprietatea S.A. (“the Fund”)

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 13,172,832,785

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange