

To: **Bucharest Stock Exchange
Romanian National Securities Commission**

The current report according to Art. 99 in the Code of the Bucharest Stock Exchange, Title II, Issuers and Financial Instruments.

Important events to be reported:

Romanian National Securities Commission ("CNVM") issues decision not to endorse the Addendum 2 of the Investment Management Agreement ("IMA") approved by shareholders on 4 April 2012

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch ("FTIML Bucharest Branch / The Fund Manager"), in its capacity as Sole Administrator and Fund Manager of SC Fondul Proprietatea SA (the "Fund"), would like to announce shareholders and investors that on 23 January 2013, CNVM communicated the Decision no. 48/22.01.2013 not to endorse the Addendum 2 of the IMA approved by shareholders on 4 April 2012.

We would want to remind that on 4 April 2012, the Fund's shareholders approved the amendment of the IMA concluded between FTIML and Fondul Proprietatea, establishing an additional fee equivalent to a fixed percentage of the value of the Excess Distribution as follows:

For Excess Distributions that are executed before 31 December 2012	1.5% of the Excess Distribution
For Excess Distributions that are executed in calendar year 2013	1.5% of the Excess Distribution
For Excess Distributions that are executed after calendar year 2013 and before termination of the IMA	1.0% of the Excess Distribution

According to CNVM Regulation 4/2010 any changes to the IMA must be endorsed by CNVM, and as a result the Fund asked for CNVM's endorsement in April 2012. After 9 months, CNVM communicated their decision with the following

Report date:

24 January 2013

Name of the issuing entity:

S.C. 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 13,778,392,208

Paid share capital:

RON 13,412,780,166

Regulated market on which the issued securities are traded:

Bucharest Stock Exchange

statements:

- the structure of fees (fixed fee, performance fee) provided in the final offer document of FTIML submitted in the international tender for appointing the portfolio manager of the Fund;
- the fees provided by the Appendix 2 of the IMA were not set in accordance with the Regulation for organizing the international tender for appointing the portfolio manager of the Fund;
- providing supplemental distribution through special dividend does not meet the objective proposed by FTIML in course the international tender for appointing the portfolio manager of the Fund.

Given that the IMA and subsequent addendums are approved by the Fund's shareholders and concluded between the Fund and the Fund Manager, the Fund Manager will carefully consider further steps that may be appropriate and will update investors of any further material developments.

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, acting as Sole Administrator on behalf of S.C. FONDUL PROPRIETATEA S.A.

Grzegorz Maciej KONIECZNY
Legal Representative