

To Bucharest Stock Exchange

Romanian National Securities Commission

*The current report according to Art. 99 of the Rule book of the Bucharest Stock Exchange Market Operator, Title II, Issuers and Financial Instruments*

Report date:	18 June 2012
Name of the issuing entity:	SC Fondul Proprietatea SA
Registered office:	78-80 Buzesti St., 7 <sup>th</sup> floor, district 1, Bucharest, 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

**Important events to be reported: SC Fondul Proprietatea SA (“The Fund”) - Update regarding SC Hidroelectrica SA**

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (FTIML Bucharest Branch or the Fund Manager), in its capacity of Sole Administrator and Fund Manager of the Fund acknowledges the fact that an insolvency request for SC Hidroelectrica SA was filed by the company with the Bucharest Court on 15 June 2012, as published on the Romanian Courts Website Portal. The Bucharest Court has set the first hearing in this file on 20 June 2012.

Please note that, if Hidroelectrica’s insolvency request is admitted by the Court, this will result in changing the value of the holding in the company in the Fund’s NAV to RON 0 (the value of the holding in Hidroelectrica in the 31 May 2012 NAV report was RON 3,288.71 million or 20,98 % of the total NAV), until the finalisation of the above mentioned procedure, according to CNVM regulation no. 4 /2010. Also, for the Fund’s outstanding dividend receivable from Hidroelectrica’s 2010 profits and for the related penalty interest for the delay in payment, in the total amount of RON 46.87 million, an impairment adjustment will be recorded for the whole amount if the insolvency procedure is admitted by the Court.

The Fund Manager reiterates its commitment to continue its efforts to protect and increase the long term value of all underlying portfolio companies within the Fund, including Hidroelectrica, and will consider all measures necessary and appropriate to achieve this.

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

**Grzegorz Maciej KONIECZNY**

**Legal Representative**