



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

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

Report date:	20.10.2011
Name of the issuing entity:	SC Fondul Proprietatea SA
Registered office:	78-80 Buzesti St., 7 th 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 13,405,864,536
Regulated market on which the issued securities are traded:	Bucharest Stock Exchange

Important events to be reported: S.C. Fondul Proprietatea SA - Update regarding the secondary listing

Franklin Templeton Investment Management Limited UK, Bucharest Branch ("we", "the Fund Manager"), as sole director and fund manager of Fondul Proprietatea ("the Fund"), makes the following report in order to ensure all shareholders are equally informed of progress to date in the preparation of a proposal for a secondary listing of the Fund on the Warsaw Stock Exchange ("WSE").

Following our initial recommendation of a secondary listing on the WSE, the Fund Manager has met with numerous investment banks interested in sponsoring the transaction, with the market regulators in Romania and Poland, and with the central depositories in both Bucharest and Warsaw.

Given our stated desire to combine the secondary listing with an offering of up to 10 percent of the Fund's existing shares, we have been considering various methods to accumulate the shares for offering, including acquiring shares by tender offer, by buyback, or by other means. The merits of each method have been discussed with the investment banks and the regulators in Romania and Poland.

The feasibility of some of these methods is dependent on interpretation of some aspects of Romanian law and regulation which have not been widely examined in practice, due to the current stage of development of the Romanian market. Accordingly, we presented some theoretical examples and possible interpretations on these points to Romanian National Securities Commission ("CNVM"), based on our experience of practice in other EU capital markets. From CNVM's initial feedback, it appears that there are more potential obstacles than we envisaged, but these discussions are ongoing and we remain committed to working with CNVM to reach a constructive outcome which will lead to further development of the Romanian market.

It is the Fund Manager's belief that the secondary listing would be not only a major step forward in the development of the Fund, and in the best long-term interests of all shareholders, but also a major milestone in the development of the Romanian capital market. It would build a gateway to an important exchange in



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this region and the attention that the Fund draws from analysts and institutional investors there would be reflected onto the Fund's portfolio companies and other Romanian issuers. Accordingly, the Fund Manager will continue to work closely with all stakeholders, with a view to achieving the progress in both technology and market practice necessary to make it possible.

In light of the above, it is possible that we will need to revise our original estimated timeframes for the secondary listing project and we will revert to shareholders with an updated estimate in the near future.

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



FONDUL
PROPRIETATEA

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Fiscal Identification Code (CIF): 18253260, registered with the Trade Registry under no: J40/21901/2005
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