

To Bucharest Stock Exchange  
Romanian National Securities Commission

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

<b>Report date:</b>	10 October 2012
<b>Name of the issuing entity:</b>	SC Fondul Proprietatea SA
<b>Registered office:</b>	78-80 Buzesti St., 7 <sup>th</sup> floor, district 1, Bucharest, postal code 011017
<b>Phone/fax number:</b>	Tel.:+40 212009600; Fax:+40212009631
<b>Sole Registration Code with the Trade Register Office:</b>	18253260
<b>Order number in the Trade Register:</b>	J40/21901/2005
<b>Subscribed share capital:</b>	RON 13,778,392,208
<b>Paid share capital:</b>	RON 13,412,780,166
<b>Regulated market on which the issued securities are traded:</b>	Bucharest Stock Exchange

**Important events to be reported: S.C. Fondul Proprietatea SA (the “Fund”) - Update on litigations started by a shareholder of the Fund**

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (“FTIML / Fund Manager”), in its capacity as Sole Administrator and Fund Manager of SC Fondul Proprietatea SA would like to update shareholders and investors on litigations started by Ioana Sfirăială.

I. The Fund Manager received the Bucharest Court’s reasoning in the file no. 26254/3/2012, having as object the registration with the Trade Register of the Extraordinary General Meeting of Shareholders’ Decision no. 11/27 June 2012 for the approval of the secondary listing plan (“EGM Resolution no. 11/2012”).

In this file, the Bucharest Court rejected the Fund’s request to register EGM Resolution 11/2012 with the Trade Register on 26 September 2012 based on procedural argumentation only; the Court decided that the Fund should have used a different form of registration, not the one used following the recommendation received from the Trade Register. It should be noted that the Court rendered this decision using its own argumentation and rejected all arguments raised by Ioana Sfirăială in her request filed against the Fund. The Fund Manager is now in dialogue with the Trade Register to agree interpretation of the Court’s decision and to complete registration of EGM Resolution no. 11/2012.

It is important to note that EGM Resolution no. 11/2012 has been effective since it was approved in the Extraordinary General Meeting of Shareholders on 27 June 2012 and remains so; accordingly, the Fund Manager does not consider this court decision to have any material effect on the Fund. The Fund Manager has adopted a policy of registering all Shareholders’ Resolutions with the Trade Register, in the interests of transparency and in the spirit of article 131 paragraph (4) of Law 31/1990.

II. In another file with a similar subject, yesterday the Bucharest Court also announced that ruled against the Fund and rejected the Fund’s request in file no.18019/3/2012, having as object the registration with the Trade Register of the Extraordinary General Meeting of Shareholders’ Resolution no. 3 of 25 April 2012 for the approval of the Fund’s share capital decrease (“EGM Resolution no. 3/2012”).

The Fund has not yet received any official documents from the Bucharest Court regarding the Court's decision in this file; once this is available, the Fund Manager will closely consider the Court's reasoning and what further legal steps may be appropriate and update shareholders accordingly.

As a reminder, EGM Resolution no. 3/2012 recorded the shareholders' approval of the decrease of the subscribed share capital of the Fund from RON 13,778,392,208 to RON 13,538,087,407, pursuant to the cancellation of 240,304,801 own shares acquired by the Fund.

Further details about the most important cases started by this shareholder for which we received subpoenas from the courts are set out in the table attached as an Annex to this report.

The Fund Manager will inform shareholders and investors of any further developments in these files, continuing to vigorously defend the interests of the Fund and all its shareholders from adverse parties.

**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**

File number	Court	The object of the court file	Status	Next hearing
File no. 18019/3/2012	Bucharest Court	Blocking the registration of: - EGM Resolution no. 3 of 25 April 2012 for the approval of the share capital decrease of SC Fondul Proprietatea SA	On 9 October 2012, the Bucharest Court ruled against the Fund.	N/A
File no. 26255/3/2012	Bucharest Court	Blocking the registration of OGM Resolution no. 20/2012 approved on 27 June 2012 - the second Addendum for 2012 budget.	On 5 October 2012, the Court set a new hearing for presenting additional documentation.	11 October 2012
File no. 15960/3/2012	Bucharest Court	Blocking the registration of: - the Fund's Ordinary General Shareholders Meeting (OGM) Resolution no. 13 of 25 April 2012 for the ratification of all OGM resolutions as at 6 September 2010 (other than Resolutions no. 8 and 9); - OGM Resolution no. 14 of 25 April 2012 for the adoption of all OGM resolutions as at 6 September 2010 (other than resolution 8 and 9) - OGM Resolution no. 15 of 25 April 2012 for the ratification of the Investment Management Agreement.	On 8 October 2012, the Bucharest Court postponed the decision for 15 October 2012.	15 October 2012
File no. 15963/3/2012	Bucharest Court	Blocking the registration of: - OGM Resolution no. 9 of 25 April 2012 for the approval of the Annual Activity Report of the Sole Administrator for the year 2011 and the financial statements for the year 2011, - OGM Resolution no. 10 of 25 April 2012 for the approval of the dividend distribution for the financial year 2011, - OGM Resolution no. 11 of 25 April 2012 for the ratification of Resolutions 8 and 9 of 6 September 2010, - OGM Resolution no. 12 of 25 April 2012 for the adoption of Resolutions 8 and 9 of 6 September 2010	On 4 October the Court set a new hearing for presenting additional documentation.	16 October 2012
File no. 15964/3/2012	Bucharest Court	Blocking the registration of: - The EGM Resolution no. 4 of 25 April 2012 for the approval of the buyback programme, - EGM Resolution no. 5 of 25 April 2012 for the ratification of EGM Resolutions 1 and 2 of 6 September 2010, - EGM Resolution no. 6 of 25 April 2012 for the adoption of Resolutions 1 and 2 of 6 September 2010, - EGM Resolution no. 7 of 25 April 2012 for the ratification of all the EGM Resolutions as at 6 September 2010 (other than EGM Resolutions no. 1 and 2), - EGM Resolution no. 8 of 25 April 2012 for the adoption of	In this case there were filed several requests for recusal for the judge managing the file.	16 October 2012

		all the EGM Resolutions as at 6 September 2010 (other than EGM Resolutions no. 1 and 2).		
<b>File no.</b> <b>22045/3/2012</b>	Bucharest Court	Blocking the registration of OGM Resolution no. 10 of 25 April 2012 for the approval of the dividend distribution for the financial year 2011.	The file was sent to the same judge that rules the file no. 15963/3/2012 because it has the same object. On 18 September 2012, Ioana Sfirăială filed a request for recusal of the judge that manages this file.	16 October 2012
<b>File no.</b> <b>15961/3/2012</b>	Bucharest Court	Blocking the registration of: - OGM Resolution no. 16 of 25 April 2012 for the adoption of the Investment Management Agreement. - OGM Resolution no. 17 of 25 April 2012 for the ratification of all the legal acts concluded by FTIM Bucharest Branch as Sole Administrator of Fondul Proprietatea S.A., OGM Resolution no. 18 of 25 April 2012 for the adoption of all the legal acts concluded by FTIM Bucharest Branch as Sole Administrator of Fondul Proprietatea S.A.	On 9 October the Court set a new hearing for settling the recusal request.	23 October 2012
<b>File no.</b> <b>26253/3/2012</b>	Bucharest Court	Blocking the registration of OGM Resolution no. 22/2012 approved on 27 June 2012 - the approval for hiring independent evaluators for NAV calculation.	On 9 October the Court set a new hearing for settling the recusal request.	23 October 2012
<b>File no.</b> <b>77743/3/2011</b>	Bucharest Court	Challenging the EGM Resolution for modifying the Constitutive Act approved by shareholders on 23 November 2011.	During the first hearing the Fund filed a set of documentation and the plaintiff asked for a delay to study the documentation..	30 October 2012
<b>File no.</b> <b>4499/3/2012</b>	Bucharest Court	Challenging the EGM Resolution for modifying the Constitutive Act approved by shareholders on 23 November 2011.	On 2 October 2012, the Court fixed a new hearing for 6 November 2012. The file has the same object as file 77743/3/2011.	6 November 2012
<b>File no.</b> <b>15966/3/2012</b>	Bucharest Court	Blocking the registration of EGM Resolution no. 2 of 25 April 2012 for approving several amendments to the Constitutive Act and the approval of the amended Constitutive Act of the Fund	On 24 September 2012, Ioana Sfirăială filed additional documentation.	19 November 2012
<b>File no.</b> <b>8541/3/2012</b>	Bucharest Court	Challenging the convening notice for General Meeting of shareholders organized for 25 April 2012.	This is the first hearing.	13 December 2012
<b>File no.</b> <b>7548/3/2011</b>	Bucharest Court	Challenging the EGM Resolution for modifying the Constitutive Act approved by shareholders on 29 November 2010.	The Bucharest Court decided to suspend this file until the date when the file 40739/3/2010 is irrevocably solved.	N/A
<b>File no.</b> <b>26251/3/2012</b>	Bucharest Court	Blocking the registration of OGM Resolution no. 19/2012 approved on 27 June 2012 - the approval of the secondary listing budget.	The Court ruled against the Fund on 19 September 2012.	N/A
<b>File no.</b>	Bucharest	Blocking the registration of EGM Resolution no. 11 / 2012	The Court ruled against the Fund on 26	N/A

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26254/3/2012	Court	approved on 27 June 2012 - the approval of the secondary listing plan.	September 2012.	
File no. 47039/3/2010	Bucharest Court of Appeal	Challenging the Extraordinary General Meeting of Shareholders Resolution (EGM Resolution) for modifying the Constitutive Act approved by shareholders on 6 September 2010, the EGM Resolution for setting the date for appointing Franklin Templeton Investments Management Limited, Bucharest Branch as Sole Administrator of the Fund.	On 10 October, The Bucharest Court of Appeal ruled against the Fund.	N/A