

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>	5 June 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, 011017
<b>Phone/fax number:</b>	Tel.: + 40 21 200 9600; Fax: +40 21 200 9631
<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: SC Fondul Proprietatea SA (“The Fund”) - Update regarding the litigations started by a shareholder of the Fund to block the registration of the GSM resolutions with the Trade Register**

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 would like to update shareholders and investors on the file no. 15963/3/2012 having as object the request of a shareholder to block the registration with the Trade Register of a number of resolutions of the Ordinary General Meeting of Shareholders (GSM resolutions), including the one for the approval of the dividend distribution for the financial year 2011.

During the hearing held on 5 June 2012, because the shareholder challenged the representation of the Fund, the Court asked for additional documentation. Upon the shareholder’s request, which stated that during 11 - 13 June 2012, neither the shareholder nor its attorney will be in Bucharest, the Bucharest Court decided to postpone the hearing for 19 June 2012, 2 pm. Although The Fund opposed for granting such a prolonged time, asking the court to set a hearing during this week, its request was rejected.

Further details about all 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 immediately inform shareholders and investors of any further developments in this case and will continue to vigorously defend the interests of the Fund and all its shareholders from adverse parties.

**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**

Annex

File number	Court	The object of the court file	Status	Next hearing
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.	The Bucharest Court filed in favour of Ioana Sfiraiala. The Fund appealed the decision. This is the first hearing in front of Bucharest Court of Appeal.	14 June 2012
File no. 7548/3/2011	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 by the day when the file 40739/3/2010 will be irrevocably solved.	N/A
File no. 77743/3/2011	Bucharest Court	Challenging the EGM Resolution for modifying the Constitutive Act approved by shareholders on 23 November 2011.	This is the first hearing.	18 September 2012
File no. 4499/3/2012	Bucharest Court	Challenging the EGM Resolution for modifying the Constitutive Act approved by shareholders on 23 November 2011.	This is the first hearing. The file has the same object as file 77743/3/2011.	2 October 2012
File no. 7004/3/2012	Bucharest Court of Appeal	Asking the Court to suspend the EGM Resolution for modifying the Constitutive Act approved by shareholders on 29 November 2010, to suspend the GSM organized on 4 April 2012 and the GSM organized on 25 April 2012.	The Bucharest Court filed in favour of the Fund and Ioana Sfiraiala appealed the decision.	20 June 2012
File no. 7463/3/2012	Bucharest Court	Challenging the convening notice for General Meeting of shareholders organized for 4 April 2012.	This is the first hearing.	7 December 2012
File no. 8541/3/2012	Bucharest Court	Challenging the convening notice for General Meeting of shareholders organized for 25 April 2012.	This is the first hearing.	13 December 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 28 May Ioana Sfiraiala filed additional documentation.	18 June 2012
File no. 15961/3/2012	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	On 25 May Ioana Sfiraiala filed additional documentation.	22 June 2012

		<p>the legal acts concluded by FTIM Bucharest Branch as Sole Administrator of Fondul Proprietatea S.A.,</p> <ul style="list-style-type: none"> <li>- 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.</li> </ul>		
File no. 15963/3/2012	Bucharest Court	<p>Blocking the registration of:</p> <ul style="list-style-type: none"> <li>- 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,</li> <li>- OGM Resolution no. 10 of 25 April 2012 for the approval of the dividend distribution for the financial year 2011,</li> <li>- OGM Resolution no. 11 of 25 April 2012 for the ratification of Resolutions 8 and 9 of 6 September 2010,</li> <li>- OGM Resolution no. 12 of 25 April 2012 for the adoption of Resolutions 8 and 9 of 6 September 2010</li> </ul>	The first four hearings were postponed for procedural reasons. The Fund opposed all the postponing.	19 June 2012
File no. 15964/3/2012	Bucharest Court	<p>Blocking the registration of:</p> <ul style="list-style-type: none"> <li>- The EGM Resolution no. 4 of 25 April 2012 for the approval of the buyback programme,</li> <li>- EGM Resolution no. 5 of 25 April 2012 for the ratification of EGM Resolutions 1 and 2 of 6 September 2010,</li> <li>- EGM Resolution no. 6 of 25 April 2012 for the adoption of Resolutions 1 and 2 of 6 September 2010,</li> <li>- 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),</li> <li>- EGM Resolution no. 8 of 25 April 2012 for the adoption of all the EGM Resolutions as at 6 September 2010 (other than EGM Resolutions no. 1 and 2).</li> </ul>	On 28 May the Bucharest Court rejected the recusal request filed by Ioana Sfiraiala. On 28 May Bucharest Court applied a fine to Ioana Sfiraiala (RON 700) for filing a request of recusal in bad-faith.	8 June 2012
File no. 15965/3/2012	Bucharest Court	Blocking the registration of the Decision no. 10 of 23 April 2012 issued by the Fund Manager for compensating the unpaid share capital of the Fund with the value of the free shares received from Hidroelectrica	On 16 May we asked to receive the request filed by Ioana Sfiraiala.	6 June 2012
File no. 15966/3/2012	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 14 May we asked to receive the request filed by Ioana Sfiraiala.	25 June 2012
File no. 15967/3/2012	Bucharest Court	Blocking the registration of:	On 15 May we asked to receive the request filed by Ioana Sfiraiala.	12 June 2012
File no. 18019/3/2012	Bucharest Court	Blocking the registration of:	On 24 May Ioana Sfiraiala asked for a new hearing in order to read the papers filed by the Fund.	14 June 2012

# FONDUL PROPRIETATEA

---