

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>	27 September 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, in its capacity as Sole Administrator and Fund Manager of SC Fondul Proprietatea SA would like to inform shareholders and investors that, on 26 September 2012, in the Court hearing in the file no. 26254/3/2012 having as object the registration with 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”), the Bucharest Court ruled against the Fund and rejected the Fund's request to register this decision with Trade Register.

It is important to note that EGM Resolution no. 11 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, but on a strict legal analysis there was no obligation to do so.

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.

For completeness, it is noted that during the hearing Mrs Sfiraiala made several requests seeking to postpone the hearing and to recuse the judge; for this behaviour, the Court issued several fines against Mrs Sfiraiala.

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 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. 26254/3/2012	Bucharest Court	Blocking the registration of EGM Resolution no. 11 / 2012 approved on 27 June 2012 - the approval of the secondary listing plan.	Following the hearing on 26 September 2012, the Bucharest Court ruled against the Fund and rejected the Fund's request to register this decision with Trade Register.	N/A
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 20 September we had the final hearing and the court postponed the decision for 27 September 2012.	27 September 2012
File no. 22045/3/2012	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.	27 September 2012
File no. 15963/3/2012	Bucharest Court	Blocking the registration of: <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 hearings were postponed for procedural reasons and several requests for recusal of the judge that manages this file.	27 September 2012
File no. 18019/3/2012	Bucharest Court	Blocking the registration of: <ul style="list-style-type: none"> <li>- EGM Resolution no. 3 of 25 April 2012 for the approval of the share capital decrease of SC Fondul Proprietatea SA</li> </ul>	The first hearings were postponed for procedural reasons and several requests for recusal of the judge that manages this file.	27 September 2012
File no. 15964/3/2012	Bucharest Court	Blocking the registration of: <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</li> </ul>	In this case there were filed several requests for recusal for the judge managing the file.	27 September 2012

		<p>than EGM Resolutions no. 1 and 2),</p> <ul style="list-style-type: none"> <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>		
<b>File no.</b> <b>15960/3/2012</b>	Bucharest Court	<p>Blocking the registration of:</p> <ul style="list-style-type: none"> <li>- 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);</li> <li>- 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)</li> <li>- OGM Resolution no. 15 of 25 April 2012 for the ratification of the Investment Management Agreement.</li> </ul>	On 28 May Ioana Sfiraiala filed additional documentation. On 10 September 2012 the Court asked the Fund to present additional documentation. On 24 September 2012, the Court fixed a new hearing for presenting additional documentation.	1 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.	This is the first hearing. The file has the same object as file 77743/3/2011.	2 October 2012
<b>File no.</b> <b>26255/3/2012</b>	Bucharest Court	Blocking the registration of OGM Resolution no. 20/2012 approved on 27 June 2012 - the second Addendum for 2012 budget.	On 27 September 2012, the Court fixed a new hearing for presenting additional documentation.	4 October 2012
<b>File no.</b> <b>15961/3/2012</b>	Bucharest Court	<p>Blocking the registration of:</p> <ul style="list-style-type: none"> <li>- OGM Resolution no. 16 of 25 April 2012 for the adoption of the Investment Management Agreement.</li> <li>- 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.,</li> <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>	On 27 June Ioana Sfiraiala's lawyers filed a request for recusal of the judge. The request for recusal was rejected. On 12 July Ioana Sfiraiala ask the judge to send the file to the same judge that manages file no. 15960/3/2012 in order to join them, sustaining that both cases have the same parties and object. Fondul Proprietatea opposed to this request.	5 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 21 September the Court fixed a new hearing for presenting additional documentation.	5 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.	This is the first hearing.	30 October 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	On 24 September 2012, Ioana Sfiraiala filed additional documentation.	19 November 2012

		Fund		
<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. 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 consider what further legal steps may be appropriate.	N/A