

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

Report date: 28.06.2012
Name of the issuing entity: SC Fondul Proprietatea SA
Registered office: 78-80 Buzesti St., 7th floor, district 1, Bucharest, postal code 011017
Phone/fax number: Tel.:+40 212009600; Fax:+40212009631
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: S.C. Fondul Proprietatea SA ("The Fund") - Update regarding the litigation started by Ioana SFÎRĂIALĂ in the file no. 7004/3/2012

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 27 June 2012, the Bucharest Court of Appeal ruled in favour of the Fund in the appeal filed by Ioana SFÎRĂIALĂ, as claimant in the file no. 7004/3/2012. The decision issued by the Bucharest Court of Appeal is irrevocable.

The Fund Manager reminds the Fund's shareholders that, in the file no. 7004/3/2012, between Ioana Sfîrăială, a shareholder of the Fund, as plaintiff and Fondul Proprietatea as defendant, the Bucharest Court decided the following on 2 April 2012:

- a. The Court rejected as unfounded the plaintiff's claim for suspending the convening notice for calling the Fund's Extraordinary and Ordinary General Shareholders Meetings scheduled on 4 April 2012,
- b. The Court rejected as unfounded the plaintiff's claim for suspending the convening notice for calling the Fund's Extraordinary and Ordinary General Shareholders Meetings scheduled on 25 April 2012,
- c. The Court rejected as unfounded the plaintiff's claim for suspending Resolutions no. 5/29.11.2010, respectively no. 1/23.11.2011 of the Fund's Extraordinary General Shareholders Meetings by which the Fund's Constitutive Act was amended.

Please note that the Fund Manager acknowledged this information from the Bucharest Court of Appeal's official website. The Fund Manager has not yet received any official documents from the Bucharest Court of Appeal regarding the Court's decision in this file.

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 these files 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, acting as Sole Administrator on behalf of S.C. FONDUL PROPRIETATEA S.A.

Oana TRUȚA
Legal Representative

File number	Court	The object of the court file	Status	Next hearing
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. On 27 June the Bucharest Court of Appeal rejected the appeal and irrevocably ruled in favour of the Fund.	N/A
File no. 15964/3/2012	Bucharest Court	Blocking the registration of: <ul style="list-style-type: none"> - 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 all the EGM Resolutions as at 6 September 2010 (other than EGM Resolutions no. 1 and 2). 	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. On 22 June Ioana Sfiraiala recused again the judge.	28 June 2012
File no. 15963/3/2012	Bucharest Court	Blocking the registration of: <ul style="list-style-type: none"> - 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 	The first four hearings were postponed for procedural reasons. The Fund opposed all the postponing. On 22 June 2012 IS asked the Court to analyze the incompatibility of the judge.	28 June 2012

		2010		
File no. 15967/3/2012	Bucharest Court	Blocking the registration of: - EGM Resolution no. 9 of 25 April 2012 for the ratification of the Fund's Constitutive Act with subsequent amendments, - EGM Resolution no. 10 of 25 April 2012 for the ratification of the Fund's Constitutive Act with subsequent amendments	On 15 May we asked to receive the request filed by Ioana Sfiraiala.	6 July 2012
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. 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 14 June, Ioana Sfiraiala filed additional documentation and the Fund asked the Court to postpone the hearing for preparing the responses.	20 September 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.	24 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. 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. 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. 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	On 14 June, Ioana Sfiraiala asked the Court to join this file with file no. 15960/3/2012. The Court sent the file to panel 1 in order to	N/A

		Proprietatea SA	discuss this request. The second judge was recused.	
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 rule the file no. 15963/3/2012 because has the same object.	N/A
File no. 15960/3/2012	Bucharest Court	Blocking the registration of: <ul style="list-style-type: none"> - 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. On 18 June 2012 was filed a request for recusal of the judge.	N/A
File no. 15961/3/2012	Bucharest Court	Blocking the registration of: <ul style="list-style-type: none"> - 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 27 June Ioana Sfiraiala's layers filed a request for recusal of the judge.	N/A