

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:	3 October 2012
Name of the issuing entity:	SC Fondul Proprietatea SA
Registered office:	78-80 Buzesti St., 7 <sup>th</sup> 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: Update on litigations started by a shareholder of the Fund**

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, in its capacity of Sole Administrator and Fund Manager of the S.C. Fondul Proprietatea SA (the "Fund") would like to inform shareholders and investors that on 3 October 2012, the Bucharest Court of Appeal postponed its decision in the file no. 47039/3/2010 regarding the second appeal filed by the Fund against the decision issued by the Bucharest Court on 22 December 2011. The decision is now expected on 10 October 2012.

In addition, The Fund Manager would like to inform shareholders and investors that we received today the Bucharest Court's reasoning in the file no. 26251/3/2012 having as object the registration with Trade Register of the Ordinary General Meeting of Shareholders' Decision no. 19 / 27 June 2012 for the approval of the budget for the secondary listing ("Decision 19").

Please note that in this file, the Bucharest Court rejected the Fund's request to register Decision 19 with the Trade Register on 20 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 Decision 19.

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.**

**Oana Valentina TRUȚA**

**Legal Representative**

File number	Court	The object of the court file	Status	Next hearing
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 27 September 2012, the Court fixed a new hearing for presenting additional documentation.	4 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	The first hearings were postponed for procedural reasons and several requests for recusal of the judge that manages this file.	4 October 2012
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	The Bucharest Court decided to postpone rendering a decision for 4 October 2012.	4 October 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 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 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
File no. 26253/3/2012	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
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)	On 1 October 2012, the Court decided to postpone rendering a decision for 8 October 2012.	8 October 2012

		- OGM Resolution no. 15 of 25 April 2012 for the ratification of the Investment Management Agreement.		
<b>File no.</b> <b>47039/3/2010</b>	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 3 October, The Bucharest Court of Appeal decided to postpone the decision for 10 October 2012.	10 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>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>15964/3/2012</b>	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 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>	In this case there were filed several requests for recusal for the judge managing the file.	N/A
<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.	N/A
<b>File no.</b>	Bucharest	Challenging the EGM Resolution for modifying the	The Bucharest Court decided to suspend this file	N/A

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7548/3/2011	Court	Constitutive Act approved by shareholders on 29 November 2010.	until the date when the file 40739/3/2010 is irrevocably solved.	
File no. 26251/3/2012	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
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.	The Bucharest Court ruled against the Fund on 26 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