

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:	10 October 2012
Name of the issuing entity:	SC Fondul Proprietatea SA
Registered office:	78-80 Buzesti St., 7 th 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 on litigations started by a shareholder of the Fund

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (FTIML / Fund Manager), in its capacity of Sole Administrator and Fund Manager of the Fund, would like to inform shareholders and investors that on 10 October 2012 the Bucharest Court of Appeal rejected the appeal filed by the Fund in the file no. 47039/3/2010 and upheld the Bucharest Court’s decision issued on 22 December 2011. The decision issued by the Bucharest Court of Appeal is irrevocable.

The Fund Manager reminds the Fund’s shareholders that, in the file no. 47039/3/2010, between Ioana Sfirăială, a shareholder of the Fund, as plaintiff and Fondul Proprietatea as defendant, the Bucharest Court had decided the following.

- The Bucharest Court partly admitted the claimant’s request to annul the Extraordinary General Shareholders’ Meeting Resolutions no. 1, 2, 8, and 9 from 6 September 2010 based on a technical procedural argument regarding the administrative formalities required of the previous management of the Fund for the calling of the meeting. These resolutions relate to the approval of a new Constitutive Act, the approval of the appointment of Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch as Sole Administrator of the Fund, the revocation of the previous Directorate and Supervisory Board, and the appointment of the first members of the Board of Nominees.

- The Bucharest Court rejected the claimant’s request to annul the Ordinary General Shareholders’ Meeting Resolution no. 3 from 6 September 2010. This resolution relates to the listing of the Fund on the Bucharest Stock Exchange.

It is necessary to see the full decision document of the Bucharest Court of Appeal before one can comment on the real meaning of the latest decision, as for the moment only the very short statement is available.

Nevertheless, for the avoidance of any confusion, the Fund Manager notes that the version of the Constitutive Act to which the Court decision relates is not the one currently in force. New versions of

the Constitutive Act were approved by the Fund's shareholders with vast majority during the 29 November 2010 GSM, the 23 November 2011 GSM and the 4 April 2012 GSM. Furthermore, new resolutions at the 25 April 2012 GSM specifically reiterated the shareholders' approval of the objects of all the resolutions to which this Court decision relates; these were proposed by a shareholder and approved by shareholders with over 96% majority.

Accordingly, FTIML will continue to manage the Fund in accordance with its management agreement with the Fund, with the current Constitutive Act, and with the shareholders' decisions, in collaboration with the Board of Nominees.

Please note that the Fund Manager acknowledged this information from the Bucharest Court of Appeal's software (ECRIS) accessed directly at the headquarters of the Bucharest Court of Appeal. The information has not been published yet on the Bucharest Court of Appeal's official webpage. 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 the main 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. 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
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	In this case there were filed several requests for recusal for the judge managing the file.	16 October 2012

		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).		
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.	16 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 9 October the Court set a new hearing for settling the recusal request.	23 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 9 October the Court set a new hearing for settling the recusal request.	23 October 2012
File no. 77743/3/2011	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
File no. 4499/3/2012	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
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 24 September 2012, Ioana Sfirăială filed additional documentation.	19 November 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 until the date when the file 40739/3/2010 is irrevocably solved.	N/A
File no.	Bucharest	Blocking the registration of OGM Resolution no. 19/2012	The Court ruled against the Fund on 19	N/A

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26251/3/2012	Court	approved on 27 June 2012 - the approval of the secondary listing budget.	September 2012.	
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 Court ruled against the Fund on 26 September 2012.	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 Proprietatea SA	On 9 October 2012, the Bucharest Court ruled against the Fund.	N/A