

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:	24 July 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 involving Ioana Sfirăială

Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch, in its capacity as Sole Administrator and Fund Manager of SC Fondul Proprietatea SA ("The Fund Manager") would like to inform shareholders and investors that, on 23 July 2012, the Bucharest Court ruled in favour of the Fund in the file no. 26252/3/2012 between Ioana Sfirăială, a shareholder of the Fund, as plaintiff and Fondul Proprietatea, as defendant.

Through the decision adopted, the Bucharest Court dismissed the request of intervention filed by Ioana Sfirăială and ordered the registration with the Trade Register of the Resolution of Ordinary General Shareholders Meeting no. 21 dated 27 June 2012 (OGM Resolution). The decision issued by the Bucharest Court can be appealed, but the appeal will not block the registration of the shareholders resolution with the Trade Register.

The Fund Manager reminds the Fund's shareholders that, in file no. 26252/3/2012, Ioana Sfirăială requested the Bucharest Court to block the registration with the Trade Register of OGM Resolution no. 21/27 June 2012 for approving Addendum no. 1 to the Audit Agreement concluded between Deloitte Audit SRL, as financial auditor, and SC Fondul Proprietatea SA as client ("Addendum"). Through this Addendum, Deloitte gave its consent for including the Fund's audited financial information for 2011 in the Information Memorandum prepared for the admission for trading of the Fund's shares on Warsaw Stock Exchange.

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

The Fund Manager reminds the Fund's shareholders and investors that the requests of blocking the registration with Trade Register of the latest shareholders' decisions (approved by shareholders on 27 June 2012, including the ones related to the secondary listing) do not suspend the effects of those resolutions.

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. 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 2010 	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.	14 August 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 rule the file no. 15963/3/2012 because has the same object.	14 August 2012
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. On 28 June she received two fines of RON 700 each for filing recusal requests in bad faith. On 12 July Ioana Sfiraiala ask the judge to send the file to the same judge that manages file no. 15963/3/2012 in order to join them, sustaining that both cases have the same parties and object. Fondul Proprietatea opposed to this request.	14 August 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.	There was only one hearing.	7 September 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. 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. 7463/3/2012	Bucharest Court	Challenging the convening notice for General Meeting of shareholders organized for 4 April 2012.	On 29 June 2012 the court annulled the claim because the plaintiff did not pay the duty stamp in the deadline.	N/A
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. On 18 June 2012 there was filed a request for recusal of the judge.	N/A
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.	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 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 discuss this request. The second judge was recused.	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.	This case had two public hearings. During the second hearing the plaintiff had filed several requests for postponing the meeting and after the	N/A

			court rejected all of them the plaintiff filed a request of recusal for the judge managing the file and a request for recusal the judge that should manage the first request of recusal. After the hearing the plaintiff raised the incompatibility exception for the judge that should issued a decision regarding the second request of recusal.	
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.	This case had two public hearings. During the second hearing the plaintiff had filed several requests for postponing the meeting and after the court rejected all of them the plaintiff filed a request of recusal for the judge managing the file. After the hearing the plaintiff filed a request for recusal the judge that should manage the first request of recusal and request for a reduction of the duty stamp for the request of recusal. The request of recusal was rejected by Bucharest Court on 20 July 2012. The Court will set the next hearing.	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.	This case had two public hearings. During the second hearing the plaintiff had filed several requests for postponing the meeting and after the court rejected all of them the plaintiff filed a request of recusal for the judge managing the file. After the hearing the plaintiff filed a request for a reduction of the duty stamp for the request of recusal.	N/A
File no. 26252/3/2012	Bucharest Court	Blocking the registration of OGM Resolution no. 21/2012 approved on 27 June 2012 - the Addendum with the auditor for the secondary listing work.	On 23 July the Bucharest Court rejected the request of Ioana Sfiraiala and order the Trade Register to register the OGM Resolution no. 21/2012 approved on 27 June 2012 - the Addendum with the auditor for the secondary listing work.	N/A