

March 28, 2012

Fondul Proprietatea: Monthly Update

End-Feb NAV +5.9% m/m, pointing to a price discount of 50.6%

The end-Feb NAV came in at RON 1.1951/sh, +5.9% m/m, with listed portfolio +16% m/m (main trigger OMV Petrom: +22% m/m) and unlisted stocks flat. Of the total equity portfolio, listed assets weighed 41% and unlisted 59%. Net cash position edged up 0.6% m/m to RON 0.45bn while NP of the period stood at RON 1.2m (vs RON 3.7m in January alone). Positively, the stock continues to trade at a significant 50.6% discount vs NAV.

Foreign investors consolidated ownership in February

The shareholding structure (paid capital) at end-Feb shows foreign institutions and individuals holding 46.7% and 9.0% respectively (jointly adding 78bps m/m), Romanians with 10.0% and 32.5% respectively and redeemed shares 1.8%. Two minority shareholders, Manchester Securities Corp and Palade van Dusen Georgia, hold 12.0% and 5.6% respectively, and City of London reportedly owned 7% in Jan.

EGM/SGM on Apr 4 to approve in principle the secondary listing, board replacement and additional mgt fees - the latter aiming to narrow the price discount

Upon the request of some foreign shareholders, the EGM on April 4 will (a) decide in principle - the secondary listing on the Warsaw SE, (b) schedule a SGM to vote listing formalities by June 30, and (c) amend the bylaws, among others, to decrease the share capital by 240.30m redeemed shares (a 1.7% stake). The SGM will replace the board (as it reflects an old shareholding structure) and set an additional fee to the administrator of 1.5% of the value of special dividends / shares redeemed during 2012-2013 and 1.0% afterwards. As a reminder, the last proposal aims to elevate the trading price by incentivizing the administrator to sell holdings and distribute cash to shareholders.

AGM/EGM on Apr 25: divid RON 0.03854/sh (6.5% gross divyield) and a share buyback plan

Two meetings are called on April 25. The AGM will approve the 2011 results and a divid of RON 0.03854/sh (payout ratio 95%, gross divyield of 6.5%). Dividends will be distributed starting end-June (proposed registration date May 14). The EGM will decide upon a new buyback programme of 1.10bn shares (8.2% stake) at most, lasting 18 months. At the current trading price, the programme amounts to RON 649m, meaning that 70% of shares can be redeemed based on cash available at end-Feb.

Citigroup appointed to assist disposals in some unlisted investees

The fund selected Citigroup Global Markets Ltd to facilitate possible divestures in some unlisted power/gas distribution/supply companies. Total NAV value stands at EUR 528m, accounting for a 15% weight, according to mgt. If assets are sold at their stated value and investment strategy changes to allow cash distribution from disposals, disinvestments **will jointly lead to a Total Gross Dividend of RON 0.171/sh (NP proceeds plus the special dividend), pointing to a Gross Divyield of 29%**. Nevertheless, we construe that overall, the disinvestment plan represents a medium term objective, due to assets non-marketability.

Litigation update

The fund informed that Ioana Sfăraiala (lawyer, minority shareholder) asked into the court the suspension of the notice calling the EGM on April 25. The hearing was set for today, March 28. Recall that this shareholder has also contested former EGM decisions regarding the appointment of FT as administrator and the current 1:1 voting rule. We are following developments.

Latest NAV Statement: Feb 29, 2012

| RONm | Dec-11 | Jan-12 | Feb-12 | Δ m/m | Δ ytd | 2012e |
|---------------------------|---------------|---------------|---------------|-------------|--------------|---------------|
| Listed companies | 4,822 | 5,496 | 6,390 | 16.3% | 32.5% | 6,269 |
| Unlisted companies | 9,151 | 9,151 | 9,151 | 0.0% | 0.0% | 9,608 |
| Cash and similar acc. | 494 | 466 | 472 | 1.3% | -4.5% | 494 |
| Total assets | 14,522 | 15,168 | 16,063 | 5.9% | 10.6% | 16,426 |
| Total debts | 42 | 16 | 19 | 20.1% | -55.0% | 39 |
| NAV | 14,465 | 15,138 | 16,030 | 5.9% | 10.8% | 16,372 |
| NAV/sh | 1.0789 | 1.1290 | 1.1951 | 5.9% | 10.8% | 1.2211 |
| Price P/(D) to NAV | -45.3% | -47.7% | -50.6% | | | -51.7% |
| NP | 544 | 4 | 1 | -67.0% | | 551 |
| EPS | 0.0405 | 0.0003 | 0.0001 | -67.0% | | 0.0411 |

Sector: financials

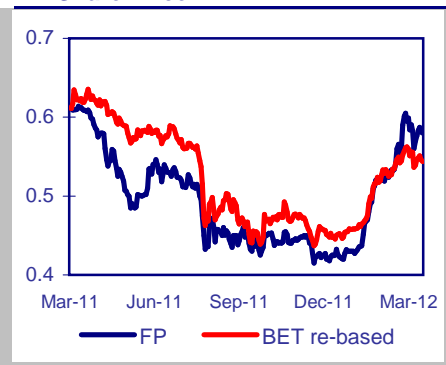
Trading Price*: RON 0.5900
TP RON 0.9180

*as of: Mar 28, 2012

Recommendation

Outperform

FP Share Price



Share Statistics

| | |
|-----------------------------------|----------------|
| Bloomberg Ticker | FP RO |
| Reuters Ticker | FP.BX |
| Share price (RON) | 0.5900 |
| Share price (EUR) | 0.1350 |
| Price YTD | 38.2% |
| High / Low Price 52W (RON) | 0.614 / 0.4151 |
| Avg Daily Value 6M (EURm) | 3.23 |
| Market cap. (EURm) | 1,811 |
| Value of 1% stake (EURm) | 18.1 |
| Shares outstanding (m) | 13,413 |
| Free float (%) | 80.2% |

| | 2011 | 2012e |
|----------------------------------|---------|---------|
| P/E | 14.55 | 14.37 |
| P/B | 0.71 | 0.71 |
| P/(D) to NAV (%) | (45.31) | (51.68) |
| P/(D) to Target Price (%) | | (35.73) |

Ownership Structure (m) end-Feb/12

| | | |
|--------------------------------|---------------|---------------|
| Foreign legal entities | 6,264 | 46.7% |
| Foreign individuals | 1,208 | 9.0% |
| Romanian individuals | 4,352 | 32.4% |
| Romanian legal entities | 1,343 | 10.0% |
| Ministry of Finance | 5 | 0.04% |
| Redeemed shares | 240 | 1.8% |
| Total no of paid shares | 13,413 | 100.0% |
| Manchester Securities Corp | | 12.3% |
| Palade van Dusen Georgia | | 5.7% |
| State's unpaid shares | 366 | |
| Total no of shares | 13,653 | |

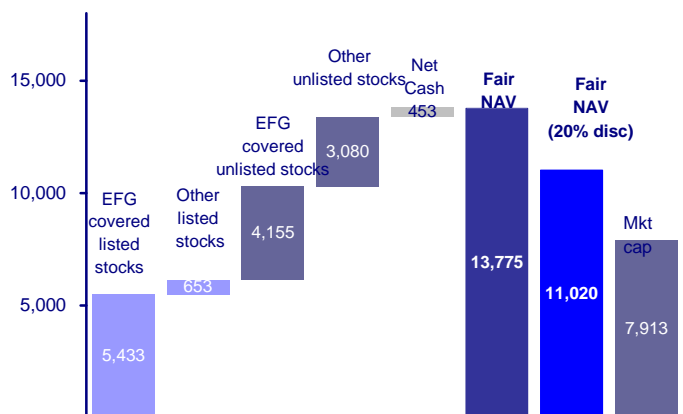
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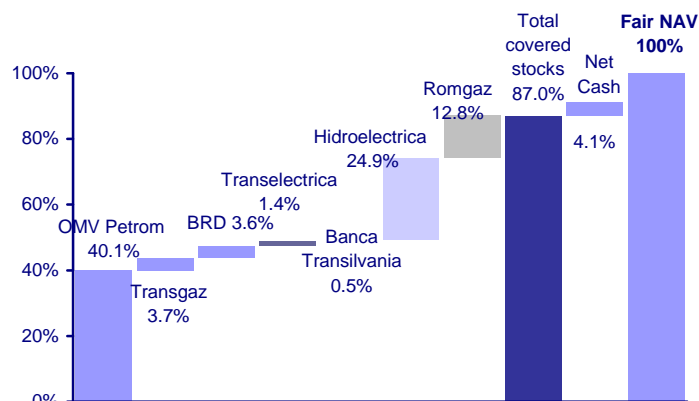
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Base-case Scenario - Fair NAV composition (RONm)



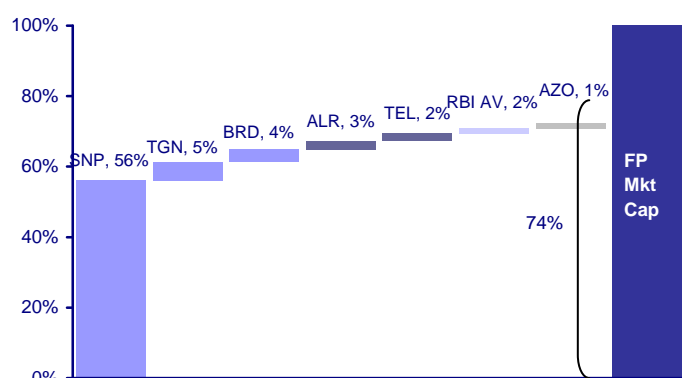
Source: EFG Eurobank Securities estimates

EFG Eurobank covered stocks' contribution to Fair NAV



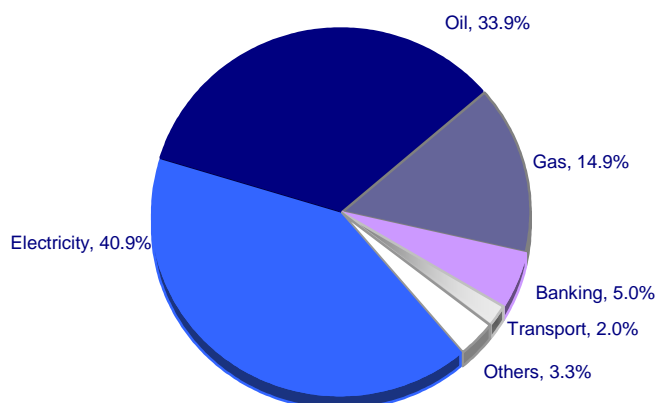
Source: EFG Eurobank Securities estimates

Weight of listed stocks' mkt values in FP mkt cap*



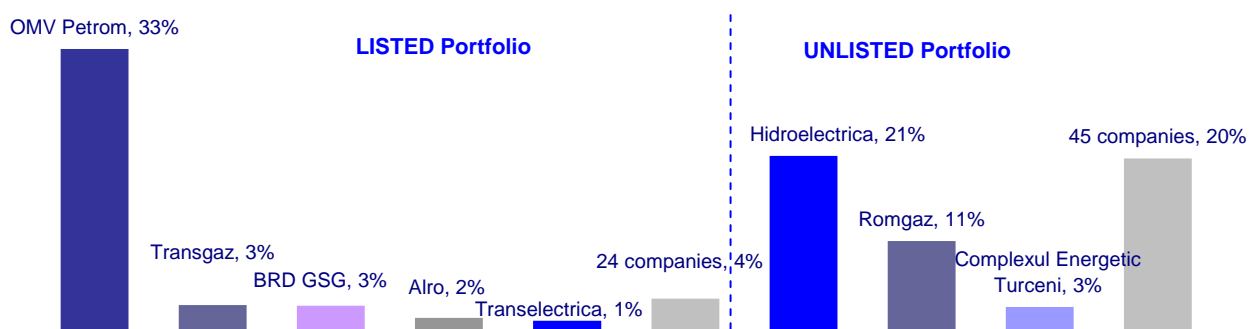
Source: EFG Eurobank Securities * stocks at trading price

Portfolio Structure by Sector



Source: EFG Eurobank Securities estimates

Equity Portfolio breakdown



EFG Eurobank Securities estimates

| EFG EUROBANK COVERED STOCKS VALUATION | | | | | | RONm | |
|---|----------|------------------|----------------|---------------|------------------|-------------------------------|-----------------|
| Company | PF Stake | Valuation method | EFG Valuation* | % in Fair NAV | Marked-to-market | Official Valuation (Sep/11)** | EFG vs Official |
| Listed stocks | | | | | | | |
| OMV Petrom | 20.1% | DCF | 4,418 | 40.1% | 4,440 | 3,303 | 33.7% |
| BRD GSG | 3.6% | GGM/RV | 395 | 3.6% | 279 | 272 | 45.2% |
| Transgaz | 15.0% | DCF/RV | 406 | 3.7% | 409 | 394 | 2.9% |
| Transelectrica | 13.5% | DCF | 158 | 1.4% | 159 | 172 | -8.1% |
| Banca Transilvania | 2.9% | GGM/RV | 57 | 0.5% | 56 | 46 | 24.4% |
| Total value of covered listed stocks | | | 5,433 | 49.3% | 5,344 | 4,188 | 29.7% |
| Unlisted stocks | | | | | | | |
| Hidroelectrica | 19.9% | EV/Capacity, RV | 2,745 | 24.9% | n/a | 3,340 | -17.8% |
| Romgaz | 15.0% | EV/Reserves, RV | 1,410 | 12.8% | n/a | 1,220 | 15.6% |
| Total value of covered unlisted stocks | | | 4,155 | 37.7% | | 4,561 | -8.9% |

Source: Company, EFG Eurobank Securities estimates

* DCF/GGM valuations as of the last assessment

** based on the SEC's regulations (last trading price in the reported period)

GGM - Gordon Growth Model; RV - Relative Valuation

| OTHER HOLDINGS | | | | RONm | |
|--|--------------------|----------|---------------|---------------------|-------------------|
| Company | Valuation method | PF Stake | EFG Valuation | Official Valuation* | EFG vs Official** |
| Listed stocks | | | | | |
| Alro | mark-to-market | 10.2% | 204 | 237 | -13.9% |
| Raiffeisen Bank International | mark-to-market | 0.5% | 124 | 94 | 31.6% |
| Azomures | mark-to-market | 11.1% | 111 | 79 | 40.7% |
| Erste Group Bank | mark-to-market | 0.3% | 97 | 72 | 34.4% |
| Conpet | mark-to-market | 29.7% | 93 | 90 | 2.9% |
| Oil Terminal | mark-to-market | 8.5% | 8 | 9 | -5.6% |
| Delfincom | mark-to-market | 65.5% | 4 | 4 | 0.0% |
| Other listed stocks | | | 13 | 50 | -74.6% |
| Total value of other listed stocks | | | 653 | 634 | 3.0% |
| Unlisted stocks*** | | | | | |
| Complexul Energetic Turceni | relative valuation | 24.8% | 377 | 523 | -27.8% |
| Nuclearelectrica | relative valuation | 9.7% | 312 | 507 | -38.4% |
| Enel Distributie Muntenia | relative valuation | 12.0% | 267 | 337 | -20.9% |
| Enel Distributie Banat | relative valuation | 24.1% | 250 | 317 | -20.9% |
| Compania Nationala Aeroporturi Bucuresti | relative valuation | 20.0% | 211 | 322 | -34.6% |
| Complexul Energetic Rovinari | relative valuation | 23.6% | 210 | 290 | -27.8% |
| Electrica Distributie Muntenia Nord | relative valuation | 22.0% | 188 | 238 | -20.9% |
| Complexul Energetic Craiova | relative valuation | 24.4% | 193 | 267 | -27.8% |
| E.ON Moldova Distributie | relative valuation | 22.0% | 175 | 221 | -20.9% |
| Enel Distributie Dobrogea | relative valuation | 24.1% | 173 | 219 | -20.9% |
| Electrica Distributie Transilvania Sud | relative valuation | 22.0% | 145 | 184 | -20.9% |
| GDF Suez Energy Romania | relative valuation | 12.0% | 129 | 339 | -62.0% |
| Electrica Distributie Transilvania Nord | relative valuation | 22.0% | 135 | 171 | -20.9% |
| Posta Romana | relative valuation | 25.0% | 83 | 140 | -40.9% |
| Other unlisted stocks | | | 233 | 517 | -54.8% |
| Total value of other unlisted stocks | | | 3,080 | 4,590 | -32.9% |

Source: Company, EFG Eurobank Securities

* based on the SEC's regulations (last trading price in the reported period)

** for 'other listed stocks' - valuation differences btw EFG and SEC are due to the timing

| Net Asset Value official computation | | | | |
|---|-------------------|-------------------|-------------------|---------------|
| RON | Dec-10 | Dec-11 | Feb-12 | ytd |
| 1. Fixed Assets, out of which: | 9,175,900 | 9,169,362 | 9,162,672 | -0.1% |
| 1.1. Intangible Assets | 0 | 0 | 0 | |
| 1.2. Tangible Assets | 0 | 0 | 0 | |
| 1.3. Financial Assets, out of which: | 9,175,900 | 9,169,362 | 9,162,672 | -0.1% |
| 1.3.1. Listed shares | 30,800 | 18,776 | 12,085 | -35.6% |
| 1.3.2. Unlisted shares | 9,145,015 | 9,150,586 | 9,150,587 | 0.0% |
| 1.3.3. T-Bills | 0 | 0 | 0 | |
| 1.3.4. CDs | 0 | 0 | 0 | |
| 1.3.5. Bank deposits | 0 | 0 | 0 | |
| 1.3.10. Other financial assets | 85 | 0 | 0 | 0.0% |
| 2. Current Assets, out of which: | 6,235,948 | 5,352,393 | 6,899,973 | 28.9% |
| 2.1. Inventories | 0 | 0 | 0 | |
| 2.2. Receivables | 5,979 | 55,009 | 50,084 | -9.0% |
| 2.3. Cash | 7,208 | 1,913 | 1,610 | -15.8% |
| 2.4. Short-term financial investments: | 4,903,476 | 4,803,195 | 6,377,913 | 32.8% |
| 2.4.1. Listed shares | 4,903,476 | 4,803,195 | 6,377,913 | 32.8% |
| 2.4.2. Unlisted shares | 0 | 0 | 0 | |
| 2.5. Newly issued securities | 0 | 0 | 0 | |
| 2.6. T-Bills | 248,021 | 195,920 | 197,957 | 1.0% |
| 2.7. Bank deposits | 1,071,264 | 296,357 | 272,409 | -8.1% |
| 2.8. CDs | 0 | 0 | 0 | |
| 2.9. Other current assets | 0 | 0 | 0 | |
| 3. Derivatives | 0 | 0 | 0 | |
| 4. Prepaid expenses | 31 | 28 | 177 | |
| 5. Total Assets | 15,411,879 | 14,521,784 | 16,062,822 | 10.6% |
| 6. Total Debts | 69,287 | 42,207 | 18,982 | -55.0% |
| 6.1. Bonds | 0 | 0 | 0 | |
| 6.2. Debt to credit / leasing companies | 0 | 0 | 0 | |
| 6.3. Advances from customers | 0 | 0 | 0 | |
| 6.4. Trade debt | 25,529 | 27,540 | 6,138 | -77.7% |
| 6.5. Commercial notes | 0 | 0 | 0 | |
| 6.6. Debt to other entities in the group | 0 | 0 | 0 | |
| 6.7. Other debt | 43,758 | 14,666 | 12,844 | -12.4% |
| 7. Provisions | 14,424 | 14,198 | 14,198 | 0.0% |
| 8. Accrued revenues | 0 | 0 | 0 | |
| 8.1. Investment subsidies | 0 | 0 | 0 | |
| 8.2. Accrued revenues | 0 | 0 | 0 | |
| 9. Shareholders' Equity | 15,328,168 | 14,465,379 | 16,029,643 | 10.8% |
| 9.1. Share capital | 13,778,392 | 13,778,392 | 13,778,392 | 0.0% |
| 9.2. Share premia | 0 | 0 | 0 | |
| 9.3. Revaluation reserves | 3,188,768 | 3,344,679 | 4,907,721 | 46.7% |
| 9.4. Reserves | -2,146,210 | -3,248,602 | -3,248,602 | 0.0% |
| 9.5. Results carried forward | 74,279 | 74,364 | 590,910 | |
| 9.6. Current results | 456,308 | 543,825 | 1,221 | |
| 9.7. Profit distribution | -23,369 | -27,279 | 0 | |
| 10. Total Liabilities and Equity | 15,411,879 | 14,521,784 | 16,062,822 | 10.6% |
| 11. Net Asset Value | 15,328,168 | 14,465,379 | 16,029,643 | 10.8% |
| 12. Number of issued shares ('000) | 13,778,392 | 13,407,569 | 13,412,555 | 0.0% |
| 13. NAV per share | 1.1125 | 1.0789 | 1.1951 | 10.8% |
| 14. No of companies in the portfolio | 83 | 75 | 73 | -2.7% |
| 14.1. Listed on the regulated market | 28 | 29 | 27 | -6.9% |
| 14.2. Listed on the ATS | 0 | 0 | 0 | |
| 14.3. Unlisted companies | 55 | 46 | 46 | 0.0% |

Source: FP's monthly reportings

Fondul Proprietatea: Income Statement (RAS)

| RON'000 | 2008 | 2009 | 2010 | 2011 | y/y |
|---|----------------|------------------|----------------|----------------|-------------|
| Operating revenues | 524,086 | 1,320,363 | 576,629 | 617,889 | 7% |
| Financial holdings | 384,751 | 118,165 | 179,049 | 519,065 | 190% |
| Sale of financial assets | 0 | 980,238 | 0 | 13,376 | |
| Provisions, reactivated receivables | 11,476 | 31,566 | 217,363 | 30,515 | -86% |
| FX differences | 43,355 | 47,727 | 47,735 | 1,617 | |
| Interest | 84,454 | 142,470 | 131,466 | 41,129 | -69% |
| Others | 51 | 196 | 1,017 | 12,187 | |
| Operating expenses | 43,088 | 486,170 | 109,242 | 72,311 | -34% |
| Sale of financial assets | 0 | 428,743 | 0 | 4,576 | |
| FX differences | 23,824 | 32,996 | 56,900 | 916 | |
| Interest | 1 | 0 | 0 | 0 | |
| Fees and commissions | 103 | 312 | 6,005 | 17,241 | 187% |
| Banking services | 120 | 150 | 130 | 57 | -56% |
| Depreciation, provisions, loss of receivables | 3,157 | 644 | 240 | 11,706 | |
| Materials | 147 | 144 | 156 | 0 | |
| Energy & water | 41 | 46 | 27 | 0 | |
| Personnel | 6,606 | 13,508 | 4,068 | 849 | |
| Outside services | 8,851 | 8,806 | 33,564 | 36,808 | 10% |
| Taxes and duties | 238 | 823 | 8,152 | 157 | |
| Operating profit | 480,998 | 834,193 | 467,387 | 545,578 | 17% |
| Profit before Tax | 480,998 | 834,193 | 467,387 | 545,578 | 17% |
| Income Tax | 13,297 | 104,054 | 11,204 | 1,753 | |
| Profit after Tax | 467,701 | 730,138 | 456,184 | 543,825 | 19% |

Fondul Proprietatea: Balance Sheet (RAS)

| RON'000 | 2008 | 2009 | 2010 | 2011 | y/y |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Current Assets | 1,539,639 | 2,666,766 | 1,332,433 | 549,199 | -59% |
| Cash and equivalents | 572,156 | 2,151,217 | 1,071,973 | 297,393 | -72% |
| Receivables | 569,834 | 515,549 | 12,438 | 55,886 | 349% |
| ST financial investments | 397,648 | 0 | 248,021 | 195,920 | -21% |
| Fixed Assets | 9,411,453 | 9,552,644 | 10,890,523 | 10,627,878 | -2% |
| Tangibles | 764 | 496 | 0 | 0 | |
| Intangibles | 3 | 10 | 0 | 0 | |
| Financial assets | 9,410,687 | 9,552,138 | 10,890,523 | 10,627,878 | -2% |
| Prepaid expenses | 1,035 | 57 | 31 | 28 | -8% |
| Total Assets | 10,952,127 | 12,219,467 | 12,222,987 | 11,177,105 | -9% |
| Current Liabilities | 9,179 | 7,378 | 69,287 | 42,207 | -39% |
| Payables | 1,919 | 108 | 25,529 | 27,540 | 8% |
| Bank loans | 0 | 0 | 0 | 0 | |
| Other liabilities | 7,260 | 7,269 | 43,758 | 14,666 | -66% |
| Long-term liabilities | 0 | 0 | 0 | 0 | |
| Total Liabilities | 9,179 | 7,378 | 69,287 | 42,207 | -39% |
| Shareholders' Equity | 10,926,862 | 12,197,027 | 12,139,275 | 11,120,701 | -8% |
| Common stock | 14,240,541 | 14,240,541 | 13,778,392 | 13,778,392 | 0% |
| Unpaid | 561,266 | 497,420 | 0 | 370,823 | |
| Paid-in | 13,679,275 | 13,743,121 | 13,778,392 | 13,407,569 | -3% |
| Share premia | 0 | 0 | 0 | 0 | |
| Revaluation reserves | 0 | 0 | 0 | 0 | |
| Reserves | (3,832,132) | (3,242,109) | (2,146,210) | (3,128,333) | 46% |
| Results carried forward | 74,136 | 504,964 | 74,279 | 74,364 | |
| Current results | 467,701 | 730,138 | 456,184 | 543,825 | 19% |
| Profit distribution | 23,385 | 36,507 | 23,369 | 27,279 | 17% |
| Accrued revenues, provisions | 16,085 | 15,063 | 14,424 | 14,198 | -2% |
| Total Liabilities & Equity | 10,952,127 | 12,219,467 | 12,222,987 | 11,177,105 | -9% |

Source: Company

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12-month Rating History of Fondul Proprietatea

| Date | Rating | Stock price | Target price |
|-------------|------------|-------------|--------------|
| 12-Jul-2011 | Outperform | RON 0.5240 | RON 1.0565 |
| 17-Oct-2011 | Outperform | RON 0.4453 | RON 1.0070 |
| 18-Nov-2011 | Outperform | RON 0.4500 | RON 0.9779 |
| 16-Dec-2011 | Outperform | RON 0.4250 | RON 0.9981 |
| 25-Jan-2012 | Outperform | RON 0.4700 | RON 0.9159 |
| 21-Feb-2012 | Outperform | RON 0.5340 | RON 0.9174 |

Source: EFG Eurobank Securities Romania

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is based on the

| Stock Ratings | Explanation | % of EFG Eurobank Securities Recommendation |
|----------------|--|---|
| Outperform | Expected outperformance of 10%-20% | 65.0% |
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| Under Perform | Expected underperformance of 10%-20% | 10.0% |
| Restricted | Under EFG Group policy and/or regulations which do not allow ratings | 0.0% |

Source: EFG Eurobank Securities Romania