
To: Fondul Proprietatea S.A. General Meeting of Shareholders
Update on the Secondary Listing of Fondul Proprietatea S.A.

Purpose

The purpose of this paper is to update shareholders regarding the status of the secondary listing of Fondul Proprietatea S.A. (the “Fund”) on the Warsaw Stock Exchange (“WSE”) and to inform the shareholders with regards to the Fund Manager’s recommendation if the secondary listing process cannot be completed until 31 December 2013.

Summary

Following the shareholders’ approval on 25 April 2013 to extend our authorization for the secondary listing of the Fund on the WSE, including all the powers relating thereto in the original resolution of 27 June 2012, the Fund Manager and the Consortium continued their efforts to cooperate with the Romanian National Securities Commission (“CNVM”) and the recently created Financial Supervisory Authority (“FSA”) to support the timely approval of the regulations necessary to allow a link between the central securities depositories in Warsaw and Bucharest. The successful completion of the secondary listing process has only been dependent on the establishment of this link, which is outside of the Fund’s and the Fund Manager’s control. For this to be possible, the CNVM and subsequently the FSA consider that it is necessary to amend the existing regulations to allow for the creation of the link between the two depositories.

The discussions with CNVM regarding the Fund’s secondary listing started in August 2011, and since then the Fund Manager has sent 19 letters and has had 19 meetings with members of CNVM to discuss the secondary listing, to inform them about the approvals of the shareholders to list the Fund on the WSE, and to request information on the status of the amended regulations. Despite the publication by CNVM of the amended regulations for public consultation until end-January 2013 and our numerous enquiries and requests, these were not approved by the date that the mandate of the CNVM ended on 15 April 2013, nor since the FSA has taken over the responsibilities of the previous regulator until the date of this memorandum. Furthermore, if approved, time will still be needed for the Romanian Central Depository to implement the link with the Polish National Depository for Securities.

In the context of the Romgaz initial public offering (“IPO”), the FSA published on 12 September the draft regulation on issuing and regulating Global Depository Receipts (“GDRs”) to support the issuance of Romgaz GDRs on the London Stock Exchange. However, the proposed regulation includes a limitation of issuance of GDRs solely in the context of an IPO, while the size of the issue is also limited to 2/3 of the shares offered in the IPO. Although the Fund Manager has submitted changes to the proposed regulation to eliminate the above mentioned restrictions, there is no guarantee that these will be accepted by the FSA.

Fund Manager Recommendation

Due to the very extended delays from the CNVM and the FSA, and the strongly negative public statements by the senior FSA decision-makers, it is very likely that the current regulatory environment will not allow the Fund Manager to complete the secondary listing on the WSE by 31 December 2013. As there is also no visibility if and when the required changes may be approved by the FSA, in order to avoid further costs from engaging the consortium of advisors in the meantime, the Fund Manager would like to inform the shareholders that we will not request from shareholders a further extension of the authorization for the secondary listing of

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the Fund on the WSE at the upcoming General Shareholders' Meeting on 22 November 2013. The mandate will therefore expire on 31 December 2013 and the current consortium appointment will be terminated.

Nevertheless, it is important to note that the feedback from institutional investors that the Fund Manager has met, during road-shows to the United States of America, Canada, the United Kingdom and Poland, remains very supportive of the secondary listing of the Fund, in order to attract additional demand for the Fund's shares, while the potential benefits such as broadening the foreign institutional investor base not currently active in Romania, increased visibility of the Fund, increased research coverage and potential valuation uplift remain valid and provide a strong basis for the Fund to continue with the secondary listing process when the regulatory environment is more receptive to this development.

As a result, the Fund Manager will engage in a dialogue with shareholders, prospective investors, and investment banks, and following these consultations, will soon recommend the most value-enhancing option for the Fund's shareholders, including potentially a different structure and venue for the Fund's secondary listing. In the meantime, the Fund Manager will continue to engage in a constructive dialogue with the FSA in order to ensure progress in the publication of the regulations necessary to allow the secondary listing of the Fund.

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