

To: Fondul Proprietatea S.A. Ordinary General Shareholders Meeting

SECONDARY LISTING BUDGET OF FONDUL PROPRIETATEA S.A.

On 4 April 2012, the shareholders approved, in principle, the secondary listing of Fondul Proprietatea S.A. (“the Fund” or “Fondul Proprietatea”) on the Warsaw Stock Exchange (“WSE”). The shareholders also approved an instruction to FTIML, to present a specific plan to shareholders by not later than 31 May 2012 setting forth all formalities necessary for listing on WSE, and to schedule a shareholders meeting to vote on all such necessary matters not later than 30 June 2012.

As specified in the 2012 Budget paper, the Fund’s 2012 Budget did not include any expenses relating to the proposed secondary listing of the Fund. Together with the specific plan for secondary listing, the Fund’s secondary listing expenses budget (“Secondary Listing Budget”), detailed in this paper, is now submitted to shareholders’ approval.

This Secondary Listing Budget was pre-approved by the Board of Nominee of the Fund in May 2012.

SUMMARY OF SECONDARY LISTING BUDGET

Expense category	RON	% in Total expenses
Investment banking consortium fees and expenses	5,487,456	51.0%
Legal fees	2,229,983	20.7%
Road-show costs	272,614	2.5%
Public relations expenses	327,682	3.0%
Commissions and fees	204,461	2.0%
Other expenses	517,965	4.8%
Contingency for taxes	1,721,936	16.0%
TOTAL EXPENSES	10,762,097	100.0%

PRINCIPAL SECONDARY LISTING BUDGET ASSUMPTIONS

The main secondary listing assumptions

- The investment banking consortium selected to support the secondary listing of the Fund includes: JP Morgan, Unicredit and KBC Securities (“Investment banking consortium”). The Secondary Listing Budget has been prepared based on the final financial offer negotiated with the Investment banking consortium.
- The Secondary Listing Budget has been prepared on the assumption that there will be a technical listing of the Fund on WSE correlated with liquidity events coordinated by the Investment banking consortium. There will be no offering of shares by the Fund and the

listing documentation will consist of a Listing Memorandum.

- The secondary listing is expected to take place in the second half of 2012.

Other assumptions:

- The average RON/Euro exchange rate used in the preparation of the Secondary Listing Budget was 4.3970 Lei/Euro, being the National Bank of Romania's exchange rate as at 30 April 2012.
- All taxes and contribution rates and computation methodologies are based on laws in force as at 30 April 2012.
- Expenses include Romanian VAT of 24%, where applicable. The activities of the Fund are exempt and therefore VAT on expenses is not recoverable.
- Our calculations include certain assumptions on the applicability of taxes which are subject to interpretation of tax law. To be prudent, for some items where the interpretation is not entirely certain, we have included a contingency for the possible application of additional taxes.

The following section includes details on the budgeted expenses.

DETAILED ANALYSIS OF BUDGETED EXPENSES

Investment banking consortium fees and expenses. This category of expenses represents the most important component of Secondary Listing Budget. The costs associated with investment banking services will be capped at EUR 1.075 million (net of any applicable taxes) and will include a flat fee, expenses to be reimbursed by the Fund and a variable incentive fee component connected to the level of liquidity generated on the Warsaw Stock Exchange. This category of expenses includes also any applicable VAT and withholding tax.

Legal fees include both Investment banking consortium counsel fees and the Fund's counsel fees related to secondary listing.

Public relations expenses include mainly estimated costs related to PR agencies, press conferences and other related events.

Road-show costs include expenses related to organising road-shows supporting the secondary listing of the Fund on WSE.

Commissions and fees include fees payable to Polish capital market authorities. They cover estimated maximum fees payable to WSE for: submission of an application for the admission to trading, admission to exchange trading, introduction to trading and also WSE annual maintenance fee.

Other expenses include mainly estimated expenses related to tax advisory services for secondary listing, data room expenses, printing and distribution costs and auditors' additional expenses.

This Secondary listing budget has been prepared based on the information currently available and based on the assumptions stated in this paper. Because it is impractical to update the secondary listing budget if additional expenses will be found necessary following the change in the assumptions used for the preparation of this budget, we proposed to shareholders to empower the Fund Manager to incur on behalf of the Fund, if necessary, other expenses than budgeted related to the approved secondary listing, exceeding the total secondary listing budget expenses presented in this paper with up to 10%. Details on such expenses incurred will be provided on a retrospective basis, as part of the Fund's periodical reporting and in the annual report of the Fund Manager.

If the secondary listing project will not be finalised by the end of 2012, the remaining secondary listing related expenses will be included in the Fund's 2013 Budget that will be submitted to shareholders' approval before the end of 2012.

Grzegorz Maciej Konieczny

Franklin Templeton Investment Management Ltd United Kingdom Bucharest Branch, acting as sole director on behalf of S.C. FONDUL PROPRIETATEA S.A.