



Addendum to the 2012 Budget

The Budget of the Fund for the year ended 31 December 2012 (“2012 Budget”) approved by shareholders on 23 November 2011, has been prepared under the assumption that during 2012 the Fund will not acquire any new equity investments and will not dispose of any portfolio investments. Consequently, the Budget did not take into account gains, losses or costs associated with any such transactions (acquisitions or disposals). This approach is used by Franklin Templeton in developing estimates for the other funds it manages, and this is a generally accepted market practice.

Although this assumption was used in the preparation of the 2012 Budget, this was not necessarily the intended future course of actions in the management of Fondul Proprietatea S.A. in 2012.

Franklin Templeton Investment Management Ltd United Kingdom, Bucharest Branch (“the Fund Manager”) is actively managing Fondul Proprietatea according to the Investment Management Agreement (“IMA”) and an investment strategy is in place. However, the planning and execution of acquisitions and disposals of equity investments requires careful preparation and timing, taking into account developments within financial markets and extraneous circumstances. The high volatility of the Romanian market and unpredictability of political and macroeconomic developments made it impossible to predict with reliable certainty, at the date the 2012 Budget was prepared, when or if certain transactions will occur during 2012.

Nevertheless, given that the Fund Manager is pursuing an active investment strategy, opportunities over the year may arise to acquire or dispose of some investments and the execution of such transactions is likely to incur some form of external third party costs and, in case of disposals, will generate gains or losses on disposal.

It is our view that budget revisions with each transaction related to acquisition or disposal of assets are impractical, inefficient and can negatively affect a potential transaction. Additionally, such transactions may be price sensitive and confidential. Given the highly competitive and dynamic nature of financial markets, any disclosure of planned transactions within the Fund’s portfolio may have a negative impact on the performance of the Fund and potential returns to its shareholders.

In conclusion, we propose to approve an addendum of the Shareholders’ Decision for approving 2012 Budget empowering the Fund Manager to incur on behalf of the Fund expenses (e.g. intermediary fees of brokers and investment banks, lawyers, public notaries, other advisors costs, as well as other expenses) related to the execution of acquisitions and disposals of equity investments, exceeding the total expenses approved in the 2012 Budget, taking into consideration the fact that according to the IMA and the



FONDUL PROPRIETATEA

Constitutive Act, the Fund Manager has the authority to carry out portfolio transactions on the Fund's behalf, for less than 20% of Fund's non-current assets, less any receivables and therefore does not require explicit pre-approval from shareholders on the Income statement impact of these transactions (including related costs).

Details on executed transactions and impact on the Fund's financial position and performance will be provided on a retrospective basis, as part of the Fund's quarterly reporting and annual report of the Fund Manager.

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**