

NEWS RELEASE

15 November 2012

2012 - Third Quarter Report

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as Sole Administrator and Fund Manager (“the Fund Manager”) of Fondul Proprietatea (“the Fund”) announces the release of its Quarterly Report for the third quarter ending on 30 September 2012, prepared in accordance with CNVM Regulation no. 1/2006.

Results and Performance Summary

- The key performance indicator of the Fund is its Net Asset Value (“NAV”) – as at 30 September 2012, the Fund’s NAV was RON 12,710.7 million or RON 0.9476 per share - an increase of 1.7% since 30 June 2012, principally due to the increase in the share prices of the listed securities, mainly OMV Petrom which rose by 1.6% (its individual impact on total NAV was RON 206.2 million and on NAV per share was RON 0.0154);
- The unaudited net profit for Q3 – 2012 was RON 0.7 million vs. net losses of RON 7.9 million in Q3 - 2011;
- For the nine-month period ending 30 September 2012, the net profit was RON 574.6 million (an increase of 7.3% vs. net profit of RON 535.3 million for the nine-month period ended 30 September 2011);
- Total shareholders’ equity as at 30 September 2012 was RON 12,377.8 million (an increase of 1.6% compared to RON 12,176.4 million on 30 June 2012);
- The discount of the share price to NAV was 44.3% as at 30 September 2012. In the third quarter of 2012, the discount ranged between 42.9% and 60.7%.

Corporate Actions Summary

- **Secondary listing on the Warsaw Stock Exchange (“WSE”):** As of 30 September 2012, despite continued dialogue by the Fund Manager and Consortium with the relevant institutions, we are still awaiting any formal sign of progress from CNVM on publishing the required amendments to its regulations for the establishment of the link between the Romanian Central Depository and the Polish Securities Depository, which is a prerequisite to ensure full fungibility of the shares across the two markets. As a result of the delay in the making of these regulatory changes, on 15 October 2012, the Fund Manager called the General Meeting of Shareholders for 23 November 2012 proposing to have on the agenda the extension of the deadline for the authorization of the Fund Manager to perform the activities mentioned in Extraordinary General Meeting of Shareholders Resolution no. 11 on 27 June 2012, in relation to the secondary listing of the Company on the Warsaw Stock Exchange, until 30 June 2013.
- **Share cancellation and buy-back program:** As at 30 September 2012, the registration of the two shareholder decisions regarding the cancellation of the repurchased shares and the second buy-back program has been blocked by litigations started by a single shareholder of the Fund. The next hearing in front of the Bucharest Court regarding the registration of the approval of the buyback program has been set for 16 November 2012. The next hearing in front of the Bucharest Court of Appeal in the case regarding the registration of the share capital decrease has been set for 5 December 2012. If the courts rule in favor of the Fund, these actions can be implemented as soon as the shareholder decisions are registered and published in the Official Gazette.

- **2011 dividend distribution:** By 30 September 2012, shareholders had collected almost 98% of the total gross 2011 dividend distribution of RON 507.7 million (or RON 0.03854 per share) approved by shareholders on 25 April 2012.
- **Investor Relations update:** The Fund Manager continued to raise the Fund's profile and visibility among a wider investor base and update current shareholders on the latest developments of the Fund and its underlying holdings. In Q3 – 2012, the series of events included: road-shows to Poland and Sweden, 2nd Annual Romanian Institutional Investor Days in Bucharest, participation to the 1st Citi Frontier Market Conference in London, UK and the 9th UniCredit Annual Emerging Europe Conference in Warsaw, Poland, the Semi-Annual Conference Call with analysts and investors, as well as 10 conference calls and meetings in Bucharest with current and potential investors.

Portfolio Developments Summary

- **Portfolio structure:** As at 30 September 2012, the Fund's portfolio included stakes in 69 companies (25 listed and 44 unlisted), with 50% of the NAV in unlisted equities, 44% in listed shares, and 6% net cash and receivables (RON 749.1 million). The Fund's stake in Hidroelectrica remains at zero until the finalization of the insolvency proceedings (versus EUR 736 million as at 31 May 2012);
- **Disposals:** The Fund sold on the open market its entire holding in Comcereal Fundulea at a price above NAV;
- **Acquisitions:** The Fund Manager made no investments during the period, as cash is intended to be used for the buy-back programme. Repurchasing and canceling shares given the current discount of 44% can create significant value for the Fund's shareholders. In July 2012, the Fund received 3,804,610 bonus shares in Banca Transilvania, following the registration of the share capital increase;
- **Other portfolio changes:** In September 2012, the Trade Register registered the resolution of Plafar's Board of Directors to remove the Company from insolvency. Therefore, as at 30 September 2012, the Fund's stake in Plafar was valued at RON 5.2 million versus RON 0, as at 31 August 2012;
- **Legislation changes:** The Electricity and Gas Law entered into force on 19 July 2012. The main provisions of the law cover the liberalization of pricing in the electricity and gas markets (until end 2013 and 2014, respectively, for non-household consumers and end 2017 and 2018, respectively, for household consumers);
- **Implementation of corporate governance in SOEs (Government Ordinance 109/2011):** As at 30 September 2011, none of the state owned companies in the Fund's portfolio have fully implemented the Government Ordinance 109/2011 regarding corporate governance in State Owned Enterprises and provisions regarding the selection of the professional management.

Further details can be found in the 2012 – Third Quarter report, which is available for review on the Fund's website at www.fondulproprietatea.ro

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