

**Briefing notes  
Fondul Proprietatea Q3 Results for  
Quarter Ended 30 September**

**1. Fondul Proprietatea facts and figures**

- The NAV / share was 1.1147 at the end of October, a cumulative positive performance of over 3% since the end of 2010.
- For the first nine months of 2011, the Fund's peak NAV per share was 1.2004 RON in April (after accounting for the 0.03141 RON per share dividend paid beginning 30 June).
- For the third quarter, the NAV decreased from RON 1.1754 at the end of June, to RON 1.0902 at the end of September.
- The drop in the NAV during the third quarter was due to the decrease in the share price of the listed companies within the Fund's portfolio, in particular that of OMV Petrom which represents 23.4% of the portfolio.

**2. Active Portfolio Management**

**Unlocking the underlying value of the Fund**

- Ongoing commitment to actively monitoring the portfolio companies and advising on increasing efficiency, profitability, and transparency, especially for state-owned companies:
  - 67 general shareholders meetings in Q3 2011
  - 53 board of directors meetings in Q3 2011
- Successfully blocked the merger project for the creation of the two "Energy Champions" (Electra and Hidroenergetica).
- Ongoing effort on the legal action against the Romgaz donation, including actions against Board members, to raise awareness and improve corporate governance level to acceptable standards.
- Taking all legal measures to protect the value of the Fund's holding in Nuclearelectrica, following the proposed Government's share capital increase which is detrimental to the Fund's shareholders. The share capital may result in a decrease in the value of Nuclearelectrica of maximum RON 266 million in the Fund's NAV (or 1.8% based on the 30 September NAV / share).
- Supporting the Government's plan to bring professional management to state-owned companies, as agreed with the International Monetary Fund.

**Portfolio Management**

- In the first nine months of the year, the Fund added stakes in Erste Bank, Raiffeisen Bank, and Banca Transilvania, increased exposure to Alro, Azomures, and BRD - Groupe Societe Generale, sold stakes in Marlin, Familial Restaurant, Laromet, Retizoh and Vitacom at or above prices in the Fund's NAV and reduced its stake in Oil Terminal.
- The Fund's equity exposure amounts to 97% of the NAV as at 31 October 2011, while cash accounts for 3%.

**3. Secondary Listing**

- The Fund Manager met with numerous global investment banks interested in sponsoring the transaction, with the market regulators in Romania and Poland, and with the central depositories in both Bucharest and Warsaw.

- The Fund Manager has been considering various methods to accumulate the shares for the offering, including a potential tender offer, buyback options or other alternatives, given our objective of combining the secondary listing with an offering of up to 10% of the Fund's existing shares.
- According to CNVM, it appears that there are, potentially, more obstacles to work through than originally envisaged to the Fund's secondary listing.
- The Fund Manager remains committed to working with the local regulator to bring the secondary listing to fruition.
- The Fund Manager firmly believes that the secondary listing is in the best long-term interest of the shareholders as well as improving the Fund's visibility on other capital markets.

#### 4. Buy-Back Programme

- Completed the buy-back programme: **240.3 million** shares of the Fund were bought back between May – September 2011, at an average price of **RON 0.4994** for a total amount of **RON 120.3 million**.
- Cancellation of the shares should be completed in 2012.

#### 5. Dividends from Portfolio Companies:

- The Fund has received a net dividend of **474.5 million RON** in 2011 from the top 20 portfolio companies. The Fund's dividend income from all portfolio companies in 2011 was **509 million RON** compared to **179 million RON** in 2010, being thus significantly higher with an increase of almost 300% over last year's dividend.

#### 6. Q3 Results

- The Fund performed strongly in the first nine months of the year due to the higher dividend received from portfolio companies such as:
  - OMV Petrom: 201.6 mil RON
  - Romgaz: 106.0 mil RON
  - Hidroelectrica: 52.5 mil RON
  - Transgaz: 50.8 mil RON
- Given that Romanian companies typically declare dividends in the second quarter of the year, this explains the lack of **dividend income** in the third quarter.
- **Interest income** is lower in the third quarter, reflecting the lower level of interest yielding assets in 2011, due to the payment of dividends, and acquisition of equity investments.
- **Commissions and fees:** CNVM 0.1% / year- 3.9 mil RON fee for Q3, based on NAV
- **Other expenses:** decrease of 8.8 mil RON in Q3 2011 compared to the same period in 2010. Other expenses in Q3 2011 included Fund Manager's administration and investment management fees of RON 4.8 million, which are based on the Fund's market capitalization after the listing date.

#### 6. General Shareholders Meeting Agenda, 23 November 2011: Key points

- Amendments to the Constitutive Act (**cancelling the voting restrictions to give all shareholders equal voting rights**, introducing electronic voting, clarifying the limits for the investment policy).
- Decrease of the share capital by cancelling the 240.3 million shares repurchased.
- Approval of addendum 1 to the Management Agreement: change to quarterly payment of fee and the calculation applied to the entire period not only last 90 trading days.
- Approval of the 2012 budget for Fondul Proprietatea.