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PROPRIETATEA



Fondul Proprietatea

2012 Preliminary Annual Results



FRANKLIN TEMPLETON
INVESTMENTS

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This presentation has been prepared by the management of the Fund whose headquarters are at 78-80 Buzesti Str, 7th Floor, Bucharest District 1, 011017, Romania. The Fund's Fiscal Identification Code (CIF) is 18253260 and Trade Registry registration no is J40/21901/2005. The subscribed share capital is RON 13,778,392,208 and paid share capital is RON 13,412,803,666.

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Fund Information

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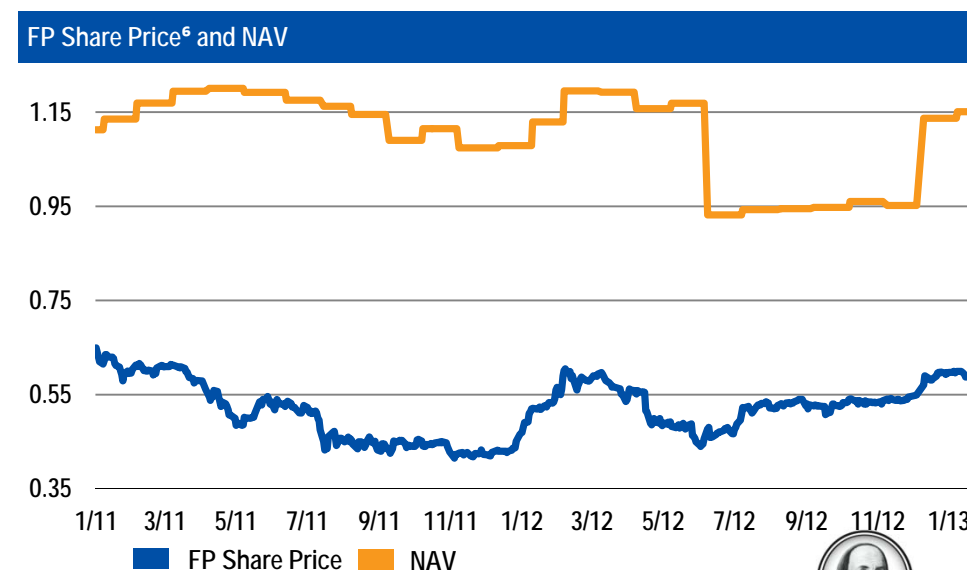
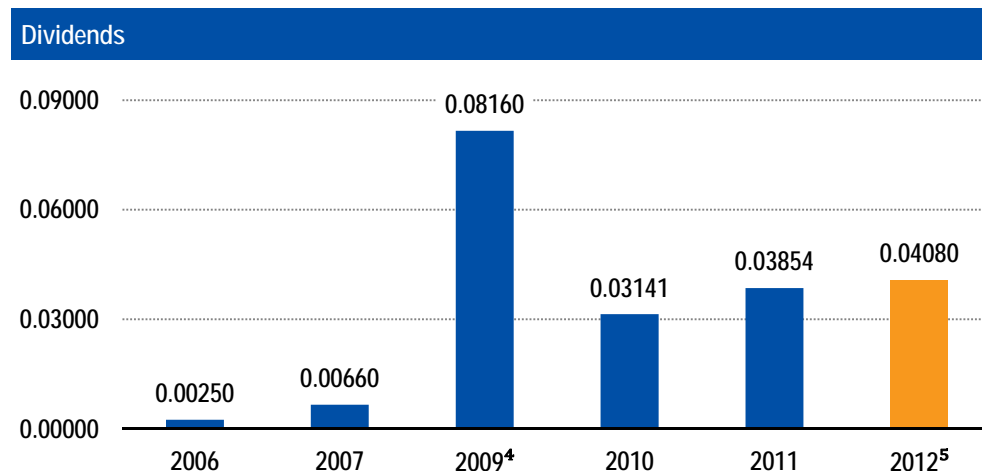


The Fund – Key Facts

Fund Details as at 31 January 2013		
Base Currency	RON	
Fund Launch Date	28 December 2005	
Franklin Templeton Appointment Date	29 September 2010	
Listing Date	25 January 2011	
Values ¹	RON	EUR ²
NAV	15.2 bn	3.5 bn
NAV/Share	1.1507	0.2626
Price/Share ³	0.5990	0.1367
Discount	47.94%	47.94%
Number of Shares in Issue	13,778,392,208	
Number of Paid Shares	13,412,780,166	
Country Breakdown (% of NAV)		
Romania	98.90%	
Austria	1.10%	

1. As at 31 January 2013, based on CNVM methodology.
 2. Computed using the NBR EUR/RON FX rate as at 31 January 2013.
 3. Share price as at 31 January 2013.
 4. Distribution for 2008 and 2009.
 5. Estimated gross dividend per share for 2012 based on the distributable profits of RON 538.6 mn.
 6. Source: Bucharest Stock Exchange, until 11 February 2013.

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FTIML – Key Milestones 2012–2013

4/12

Approval of the second buy-back programme /
Approval of the RON 0.03854 dividend per share for 2011 /
2012 Spring Analyst and Investor Days

10/12

Fall Analyst Day

11/12

Extension of the mandate to list the
Fund on the WSE until 30 June 2013 /
2012 Fall Analyst and Investor Days

12/12

Changes to NAV valuation
methodology

6/12

GSM approval of the WSE
secondary listing /
RON 508 mn dividend distribution for 2011

7/12

Romanian Institutional Investor Day

1/13

CNVM does not endorse
Addendum 2 to the IMA, regarding
excess distribution fees

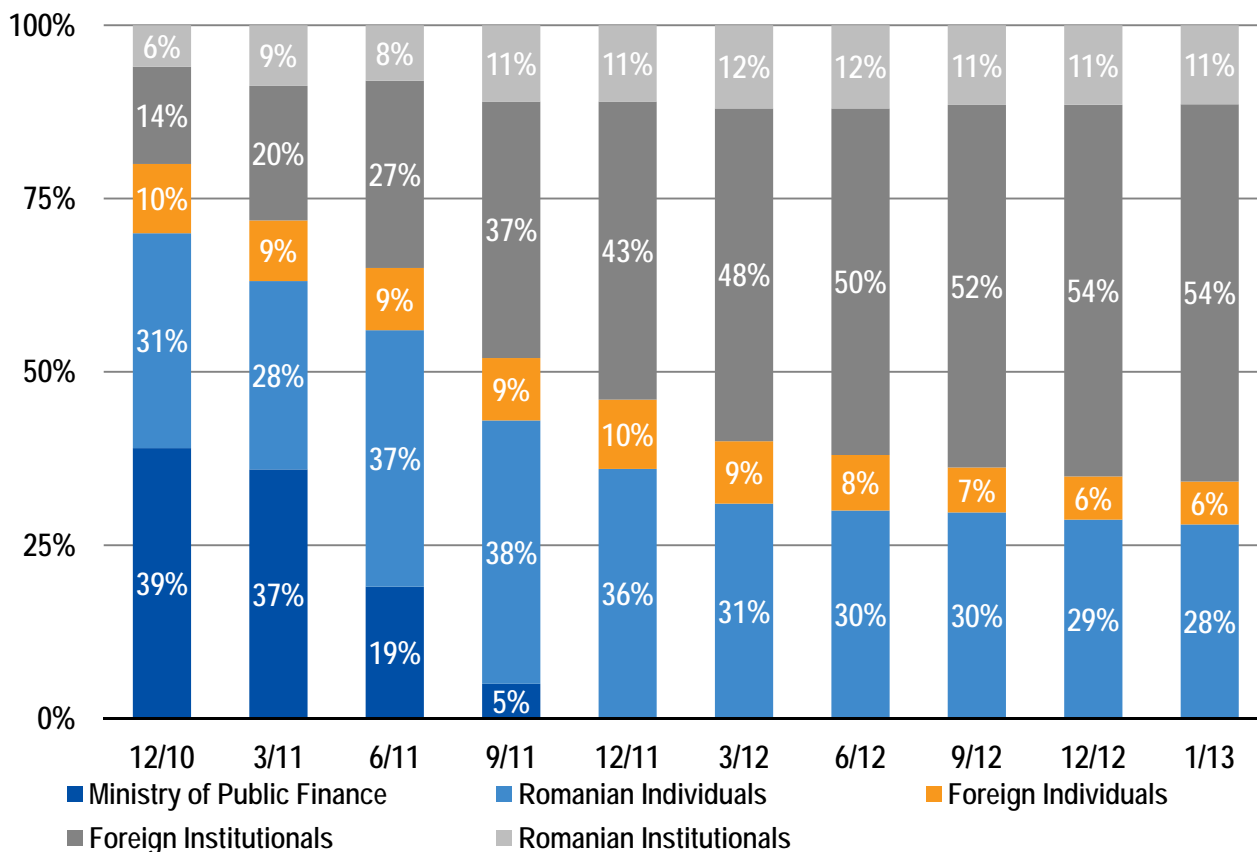
- **April 2012:**
 - > Approval of the second buy-back programme
 - > Approval of the RON 0.03854 dividend per share for 2011
 - > 2012 Spring Analyst and Investor Days
- **June 2012:**
 - > Approval of the secondary listing of the Fund on the Warsaw Stock Exchange
 - > Distribution of a RON 508 million dividend (RON 0.03854 per share) for 2011
- **July 2012:** Romanian Institutional Investor Day
- **October 2012:** Fall Analyst Day event
- **November 2012:**
 - > Extension of the mandate to list the Fund on the WSE until 30 June 2013
 - > 2012 Fall Analyst and Investor Days
- **December 2012:** Changes to NAV valuation methodology regarding treasury shares and valuation of companies in insolvency
- **January 2013:** CNVM does not endorse Addendum 2 to the IMA, regarding excess distribution fees

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Shareholders Structure¹

Evolution (% Held)



Largest Shareholders ²	
Elliott Associates	14.95%
City of London Investment Management ³	9.69%
The Royal Bank of Scotland ³	5.39%
Total Number of Shareholders ¹	9,163

1. Shareholders structure as at 31 January 2013, based on paid share capital starting 31 July 2011. Source: Central Depository.

2. Based on the paid share capital as at 31 January 2013. Source: Ownership disclosures submitted by shareholders.

3. Based on the ownership disclosure sent by City of London IMC Ltd., the reported holdings were as follows: 576,062,100 million shares (4.29% of the Fund's paid share capital) and 724,298,586 warrants issued by The Royal Bank of Scotland – without the right of physical delivery (the underlying shares represent 5.39% of the Fund's paid share capital).

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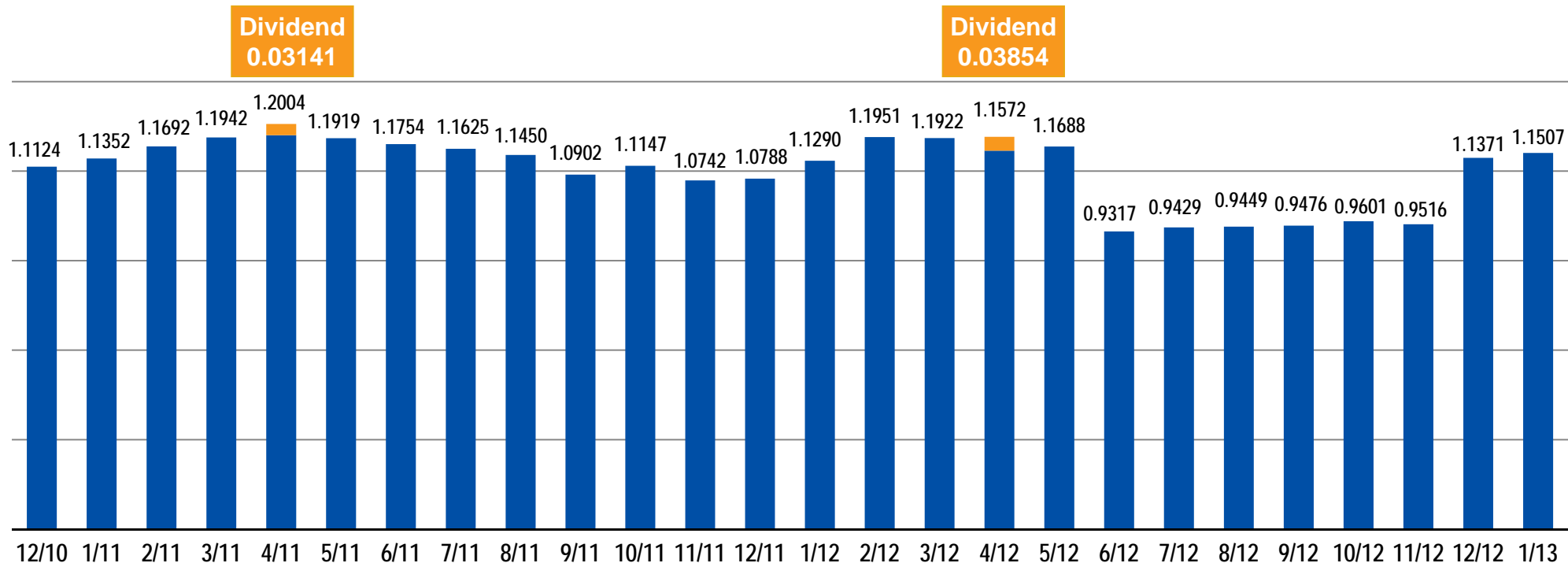
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Net Asset Value

Cumulative Performance Fourth Quarter 2012:	20.00%
Cumulative Performance 2012:	8.91%

NAV (RON) / Share



- From June to November 2012, the NAV reflects a zero valuation for Hidroelectrica after the Court admitted the Company's request for insolvency.
- Starting December 2012, the NAV reflects the change in the CNVM valuation methodology which allows companies in insolvency to be valued based on an independent valuation report.

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Net Asset Value – December vs. November 2012

	30 November 2012 Value (RON mn)	Valuation method as per 30 Nov 2012 NAV report	31 December 2012 Value (RON mn)	Valuation method as per 31 Dec 2012 NAV report	Impact on Total NAV (RON mn)	Impact ¹ on NAV/share (RON)
Hidroelectrica SA	0.00	Priced at zero (insolvency)	2,001.00	Value as per independent valuator's report	2,001.00	0.1492
Nuclearelectrica SA	497.63	Adjusted shareholder equity ⁴ /share	648.00	Value as per independent valuator's report	150.37	0.0112
CE Oltenia SA	1,075.07	Shareholder equity as per IFRS ³ /share	880.00	Value as per independent valuator's report	(195.07)	(0.0145)
E.ON Moldova Distributie SA	399.77	Shareholder equity ² /share	324.00	Value as per independent valuator's report	(75.77)	(0.0056)
CN Aeroporturi Bucuresti SA	322.41	Value as per independent valuator's report	272.00	Value as per independent valuator's report	(50.41)	(0.0038)
Zirom SA	52.82	Shareholder equity ² /share	36.29	Value as per independent valuator's report	(16.53)	(0.0012)
Posta Romana SA	96.42	Shareholder equity ² /share	80.82	Value as per independent valuator's report	(15.59)	(0.0012)
Total	2,444.12		4,242.11		1,798.00	0.1341

The impact of excluding **Treasury shares** obtained through buy-backs from the number of shares used for the computation of NAV per share was **RON 0.0204 per share**.

Source: 15 January 2013 Fondul Proprietatea current report on the "Impact on December 2012 NAV calculation following the entering into force of Regulation no. 11/2012 issued by the CNVM".

1. Computed based on the number of shares used in NAV per share computation as at 30 November 2012.

2. Shareholders' equity as per Statutory financial statements as of 31 December 2011.

3. Shareholders' equity as per combined IFRS financial statements as of 31 December 2011.

4. Adjusted shareholders' equity as per Statutory financial statements as of 31 December 2011.

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Contributors to NAV Performance¹ for Q4 2012

TOP PERFORMERS

Company	Status	% in Total NAV	% change in NAV performance for Q4 2012 ¹	Change in NAV per share (RON)
Hidroelectrica SA	Unlisted	13.4%	15.7%	0.1519
OMV Petrom SA	Listed	32.6%	3.1%	0.0303
Nuclearelectrica SA	Unlisted	4.3%	1.2%	0.0114
Transgaz SA	Listed	2.6%	0.4%	0.0038
BRD Groupe Societe Generale	Listed	1.4%	0.2%	0.0017

BOTTOM PERFORMERS

Company	Status	% in Total NAV	% change in NAV performance for 2012 ¹	Change in NAV per share (RON)
Complexul Energetic Oltenia SA	Unlisted	5.9%	(1.5%)	(0.0148)
E.ON Moldova Distributie SA	Unlisted	2.2%	(0.6%)	(0.0058)
CN Aeroporturi Bucuresti SA	Unlisted	1.8%	(0.4%)	(0.0038)
Alro SA	Listed	1.0%	(0.1%)	(0.0013)
Zirom SA	Unlisted	0.2%	(0.1%)	(0.0013)

TOTAL NAV VARIANCE Q4 2012

17.8%

0.1722

Source: Detailed Statement of Investments as at 31 December 2012.

1. This means change in the contribution of the holding to the total NAV, as at 30 September 2012 and 31 December 2012.

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Contributors to NAV Performance¹ for 2012

TOP PERFORMERS

Company	Status	% in Total NAV	% change in NAV performance for 2012 ¹	Change in NAV per share (RON)
OMV Petrom SA	Listed	32.6%	10.9%	0.1194
Nuclearelectrica SA	Unlisted	4.3%	1.0%	0.0107
ENEL Distributie Banat SA	Unlisted	3.0%	0.9%	0.0098
E.ON Moldova Distributie SA	Unlisted	2.2%	0.7%	0.0078
ENEL Distributie Dobrogea SA	Unlisted	2.0%	0.6%	0.0063

BOTTOM PERFORMERS

Company	Status	% in Total NAV	% change in NAV performance for 2012 ¹	Change in NAV per share (RON)
Hydroelectrica SA	Unlisted	13.4%	(9.3%)	(0.1017)
Complexul Energetic Oltenia SA	Unlisted	5.9%	(1.4%)	(0.0152)
Alro SA	Listed	1.0%	(0.6%)	(0.0069)
BRD Groupe Societe Generale SA	Listed	1.4%	(0.5%)	(0.0050)
Posta Romana SA	Unlisted	0.5%	(0.4%)	(0.0045)

TOTAL NAV VARIANCE 2012

3.6%

0.0390

Source: Detailed Statement of Investments as at 31 December 2012.

1. This means change in the contribution of the holding to the total NAV, as at 31 December 2011 and 31 December 2012.

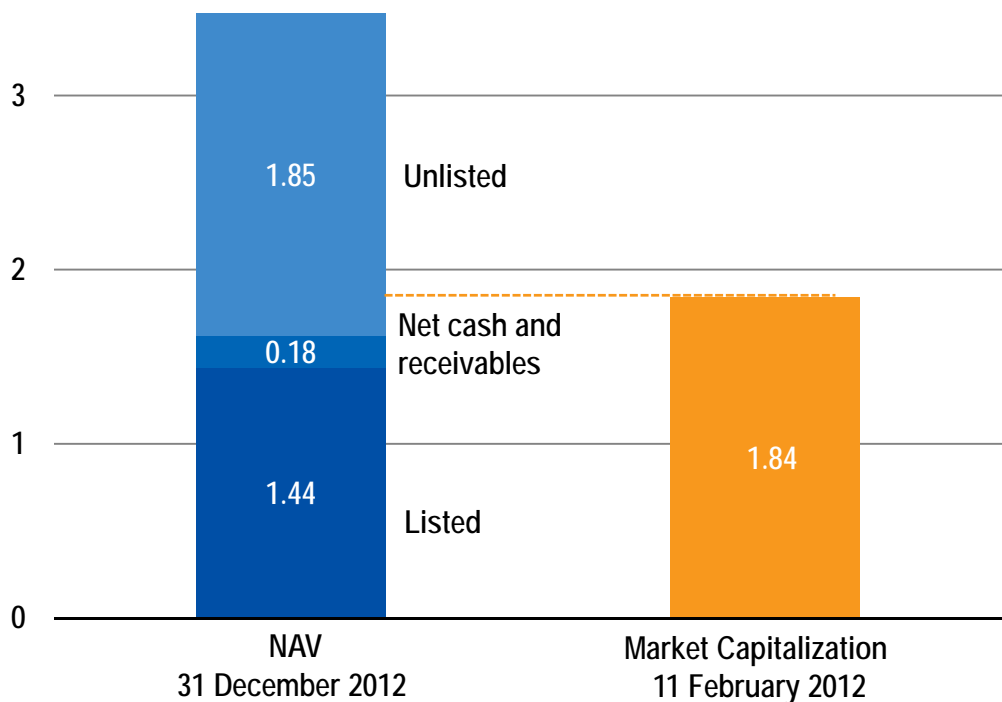
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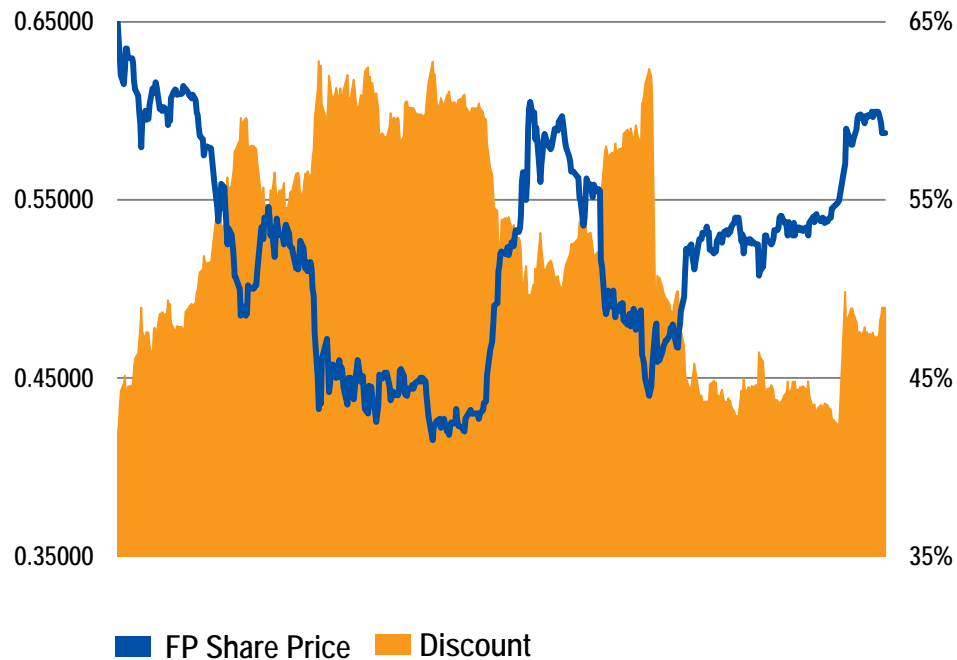


FP Market Valuation / Performance

NAV vs. Market Capitalization (EUR bn)¹



FP Share Price² (RON) and Discount (%)



Discount ³	47.9%
Number of Shares Traded ⁴	6.6 bn shares (49.1% of the paid share capital)
Average Daily Turnover ⁴	EUR 2.9 mn
Value of the Shares Traded ⁴	EUR 794.9 mn

1. Source: BVB, FP. NAV as at 31 January 2013.

2. Source: BVB for the period 25 January 2011–5 February 2013.

3. As at 31 January 2013.

4. Source: BVB for the period 4 January 2012–11 February 2013.

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Portfolio Performance

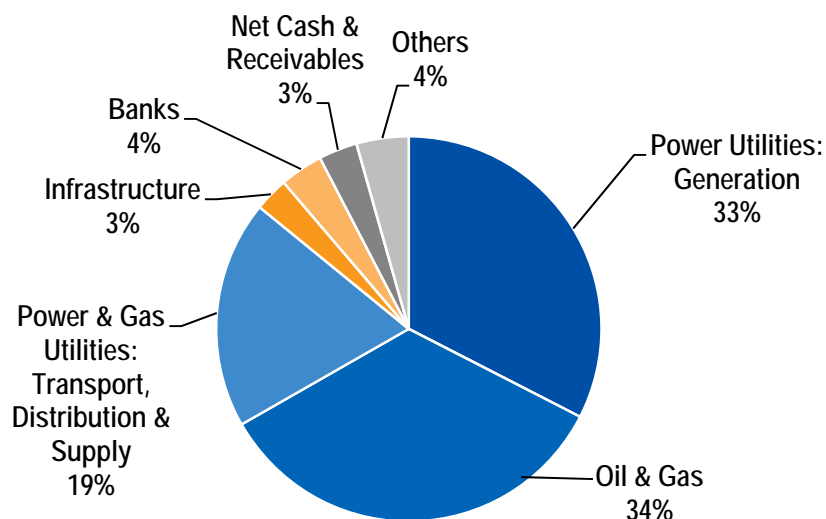
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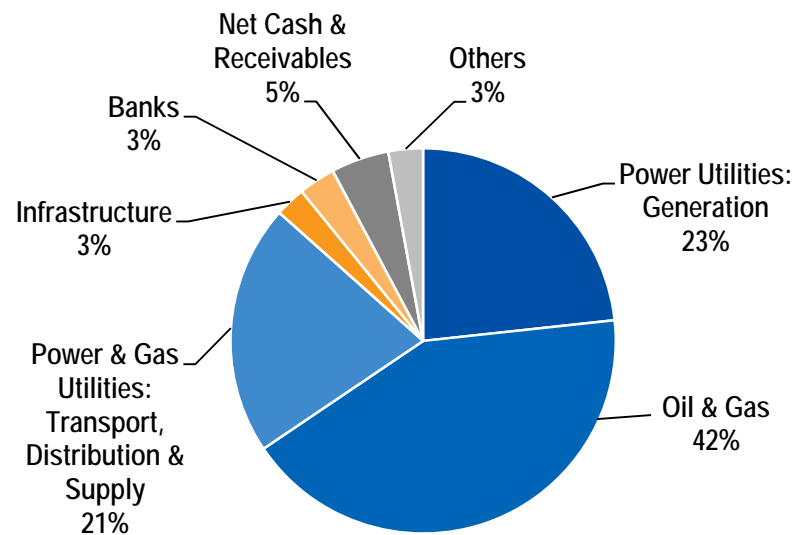


Portfolio Structure (I)

31 January 2012



31 January 2013



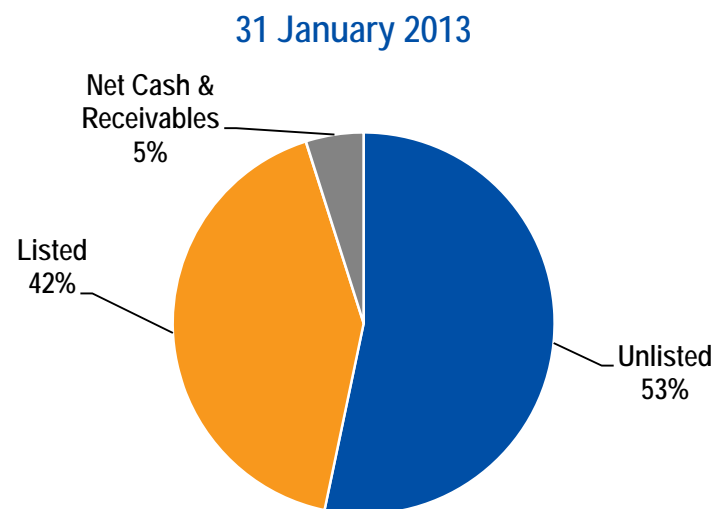
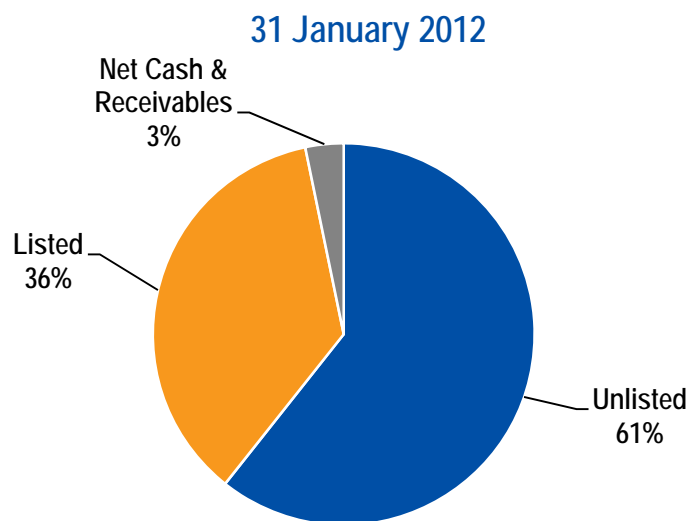
- Starting December 2012, the NAV reflects the changes in CNVM valuation methodology regarding Treasury shares and companies in insolvency
- Acquisitions for the 12-month period ended 31 December 2012:
 - The Fund received 521,107 shares in Hidroelectrica SA accounted for as contributions in kind to the share capital of the Fund
 - In July 2012, the Fund received 3,804,610 additional shares in Banca Transilvania, as a result of a share capital increase from incorporation of reserves and share premium
 - In October 2012, the Fund received 1,281,988 bonus shares in CN Administratia Porturilor Maritime SA as a result of a share capital increase through incorporation of reserves.
 - In October 2012, the Fund participated to the cash share capital increase of GDF Suez Romania SA, acquiring 253,94 shares at the nominal value of RON 10 per share

Source: Reports prepared by the Fund's Manager as at 31 January 2012 and 31 January 2013.
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Portfolio Structure (II)



- As at 31 January 2013, the portfolio included stakes in 69 companies (25 listed and 44 unlisted)
- Disposals for the 12-month period ended 31 December 2012:
 - Sold entire holding in Azomures and Comcereal Fundulea at a price above NAV value
 - Reduced stake in Erste Group Bank AG and Raiffeisen Bank International AG
- Mergers:
 - Delfincom and Prestari Servicii merged with Primcom in January 2012
 - General Shareholders' Meetings of CE Rovinari, CE Craiova, CE Turceni and SNLO approved their merger into CE Oltenia in April 2012. The new company was registered in May 2012
- Other: In June 2012, Plafar exited the insolvency procedure it entered in 2009. The decision was registered at the Trade Registry in September 2012

Source: Reports prepared by the Fund's Manager as at 31 January 2012 and 31 January 2013.

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Largest Holdings by NAV

No.	Portfolio Company	Status	Majority Shareholder	% Stake	NAV as at 31 January 2013 (EUR mn)	% in NAV as at 31 January 2013
1	OMV Petrom	Listed	OMV	20.1%	1,141.8	33.0%
2	Hidroelectrica	Insolvency	Romanian State	19.9%	456.6	13.2%
3	Romgaz	IPO 2013	Romanian State	15.0%	295.8	8.6%
4	CE Oltenia	IPO / Trade Sale	Romanian State	21.5%	200.8	5.8%
5	Nuclearelectrica	IPO 2013	Romanian State	9.7%	147.9	4.3%
6	ENEL Distributie Banat	Unlisted	Enel Group	24.1%	101.6	2.9%
7	Transgaz	Listed	Romanian State	15.0%	85.0	2.5%
8	ENEL Distributie Muntenia	Unlisted	Enel Group	12.0%	78.5	2.3%
9	GDF Suez Energy Romania	Unlisted	GDF Suez	12.0%	77.5	2.2%
10	E.ON Moldova Distributie	Unlisted	E.ON Group	22.0%	73.9	2.1%
Top 10 Portfolio Holdings					2,659.4	76.9%
NAV					3,458.5	100.0%
NAV Per Share (EUR)					0.2626	

Note: Values in EUR calculated using the EUR/RON FX rate as at 31 January 2013.

Source: NAV report prepared by the Fund Manager as at 31 January 2013.

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Portfolio Structure – SPO & IPO Calendar

Privatization Progress

Company	Share Sale ⁴	Offering Stake	Market Value (mn EURO)	Seller	Investment Consortium Selected	Comments
Transelectrica	SPO–April 2012	15.0%	37.6 ²	MECMA	BCR, Swiss Capital, Intercapital Invest	Completed in March 2012
Transgaz	SPO–October 2012	15.0%	85.0 ¹	MECMA	Raiffeisen, Wood & Company, BT Securities	Expected in April 2013
Posta Romana	Privatization (Capital Increase)	>20%	–	New Shares	KPMG, Tuca, Zbarcea, and Associates	Expected in H1 2013
Nuclearelectrica	IPO–Q1 2013	10.0%	147.9 ³	New Shares	Swiss Capital, BT Securities	Expected in H1 2013
Romgaz	IPO–March 2013	15.0%	295.8 ³	MECMA	Goldman Sachs, Erste-BCR, Raiffeisen	Expected in H2 2013
Hidroelectrica	IPO–October 2012	10.0%	228.3 ³	New Shares	Citi, Societe Generale, BRD, Intercapital Invest	Delayed by the insolvency proceedings
Electrica Furnizare	Privatization (Trade Sale / IPO)	TBD	0.0 ³	MECMA	KPMG, Raiffeisen, Musat & Associates	Expected in 2013
Electrica Distribution companies	Privatization / IPO	TBD ⁵	152.1 ³	MECMA	–	Expected in 2013
CE Oltenia	IPO / Trade Sale - 2013	15 / >51%	139.9 / >475.6 ³	MECMA	–	Expected in 2013
Seaport companies	IPO / Trade Sale	5%	4.9 ³	MOT	–	Expected in 2013
Constanta and Timisoara Airports	IPO / Trade Sale	5%	0.6 ³	MOT	–	Expected in 2013

Long-term objective is to increase the Fund's exposure to listed companies to 100%

1. Source: BVB, as at 31 January 2013.

2. Source: Based on final price of RON 14.9 for institutional tranche and RON 15.7 for the retail tranche and EUR/RON FX rate as at 29 March 2012.

3. Source: Value based on the 31 January 2013 NAV report.

4. As agreed with the IMF in the August 2012 Letter of Intent and approved by Government decision in January 2012.

5. Draft emergency ordinance proposed to change the listing of the company in order to sell majority stakes.

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Portfolio Structure – Disposal of the Unlisted Power and Gas Distribution Companies

Company	FP Stake	NAV EUR mn	% NAV
E.ON Moldova Distributie	22%	73.2	2.2%
E.ON Gaz Distributie	12%	32.4	1.0%
E.ON Energie Romania	13%	15.5	0.5%
Enel Distributie Muntenia	12%	77.6	2.3%
Enel Energie Muntenia	12%	8.4	0.3%
Enel Distributie Banat	24%	100.6	3.0%
Enel Distributie Dobrogea	24%	68.1	2.0%
Enel Energie	12%	3.3	0.1%
GDF Suez Energy Romania	12%	76.7	2.3%
Electrica Distributie Muntenia Nord	22%	62.1	1.8%
Electrica Distributie Transilvania Nord	22%	42.7	1.3%
Electrica Distributie Transilvania Sud	22%	45.8	1.4%
Electrica Furnizare	22%	0.0	0.0%
TOTAL		606.4	18.2%

Background:

- In March 2012, the Fund Manager selected Citigroup Global Markets Ltd. as exclusive intermediary to facilitate one or more transactions involving the Fund's holdings in the unlisted power and gas distribution and supply companies
- The total value of the holdings is EUR 606.4 mn, or 18% of the NAV per the Fund's 31 December 2012 NAV report
- On 27 November 2012, the Romanian Government approved the exercise of the put option to sell 13.6% of ENEL Distributie Muntenia and ENEL Energie Muntenia for EUR 521 mil. EUR

Status:

- The Fund Manager actively monitors potential buyers' interests
- Potential buyers confused by Government plans regarding put option and privatization plans for Electrica

Notes: Values in EUR calculated using the EUR/RON FX rate as at 31 December 2012.

Based on the 31 December 2012 Detailed Statement of Investments.

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Corporate Governance Code and Listing of SOEs

Corporate Governance Code was Approved by OUG 109/2011 on 30 November 2011

Company	FP Stake	% in Total NAV	NAV EUR mn	Listing Status	Independent Board	Professional Management
Hidroelectrica	20%	13.4%	451.8	X	X	X
Romgaz	15%	8.7%	292.7	X	X	X
Complexul Energetic Oltenia	22%	5.9%	198.7	X	X	X
Nuclearelectrica	10%	4.3%	146.3	X	X	X
Transgaz	15%	2.6%	86.9	✓	X	X
Electrica Distributie Muntenia Nord	22%	1.8%	62.1	X	?	?
CN Aeroporturi Bucuresti	20%	1.8%	61.4	X	X	X
Electrica Distributie Transilvania Sud	22%	1.4%	45.8	X	X	X
Electrica Distributie Transilvania Nord	22%	1.3%	42.7	X	X	X
Transelectrica	13%	0.8%	28.4	✓	X	X
Societatea Nationala a Sarii	49%	0.7%	22.1	X	X	X
Posta Romana	25%	0.5%	18.2	X	✓	?
CN Administratia Porturilor Maritime	20%	0.5%	15.2	X	✓	X
CN Administratia Canalelor Navigabile	20%	0.1%	3.5	X	✓	?
A.I. Timisoara – Traian Vuia	20%	0.0%	1.4	X	X	X
CN Administratia Porturilor Dunarii Fluviale	20%	0.0%	0.8	X	X	X
AI M. Kogalniceanu - Constanta	20%	0.0%	1.1	X	X	X
CN Administratia Porturilor Dunarii Maritime	20%	0.0%	0.0	X	X	X
Electrica Furnizare	22%	0.0%	0.0	X	?	X
TOTAL		43.8%	1,479.1			

Source: Based on the 31 December 2012 Detailed Statement of Investments.

Note: Values in EUR calculated using the EUR/RON FX rate as at 31 December 2012.

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Active Management – Board Members

Holdings		% Stake ¹	% in Total NAV ¹	No. of Board Members ²	No. of Directors Nominated by FP ²
1	OMV Petrom SA	20%	32.6%	9	1
2	Romgaz SA	15%	8.7%	5	1
3	Complexul Energetic Oltenia SA	22%	5.9%	7	2
4	Nuclearelectrica SA	10%	4.3%	7	1
5	Enel Distributie Banat SA	24%	3.0%	7	1
6	Transgaz SA	15%	2.6%	5	1
7	Enel Distributie Dobrogea SA	24%	2.0%	7	1
8	Electrica Distributie Muntenia Nord SA	22%	1.8%	5	1
9	Transelectrica	13%	0.8%	7	1
10	SN a Sarii Salrom SA	49%	0.7%	5	2
11	Conpet SA	30%	0.6%	7	1
12	Posta Romana SA	25%	0.5%	7	1
13	CN Administratia Porturilor Maritime SA Constanta	20%	0.5%	7	1
14	Zirom SA	100%	0.2%	3	3
15	Primcom SA	75%	0.2%	3	2
16	CN Administratia Canalelelor Navigabile SA Constanta	20%	0.1%	7	1
17	Romaero SA	21%	0.1%	7	1
18	Enel Energie SA	12%	0.1%	7	1
19	Oil Terminal SA	8%	0.0%	7	1
20	Aeroportul International Timisoara – Traian Vuia SA	20%	0.0%	7	1
21	Alcom SA	72%	0.0%	3	2
22	Plafar SA	49%	0.0%	5	2
23	Carom – Broker Asigurare SA	70%	0.0%	3	3
24	Comsig SA	70%	0.0%	3	1
25	Palace SA	15%	0.0%	7	1
26	Telerom	69%	0.0%	3	3
27	Transilvania Com	40%	0.0%	3	1
28	Electrica Furnizare SA	22%	0.0%	5	1
29	Severnav SA	39%	0.0%	5	1
30	CN Administratia Porturilor Dunarii Fluviale SA	20%	0.0%	7	1
Total			64.7%	168	41

Attended 308 General Shareholders Meetings and 202 Board meetings in 2012

1. Based on the 31 December 2012 Detailed Statement of Investments.
2. As at 31 January 2013.

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Corporate Actions

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Buy-Back Program (I)

Second Buy-Back Program:

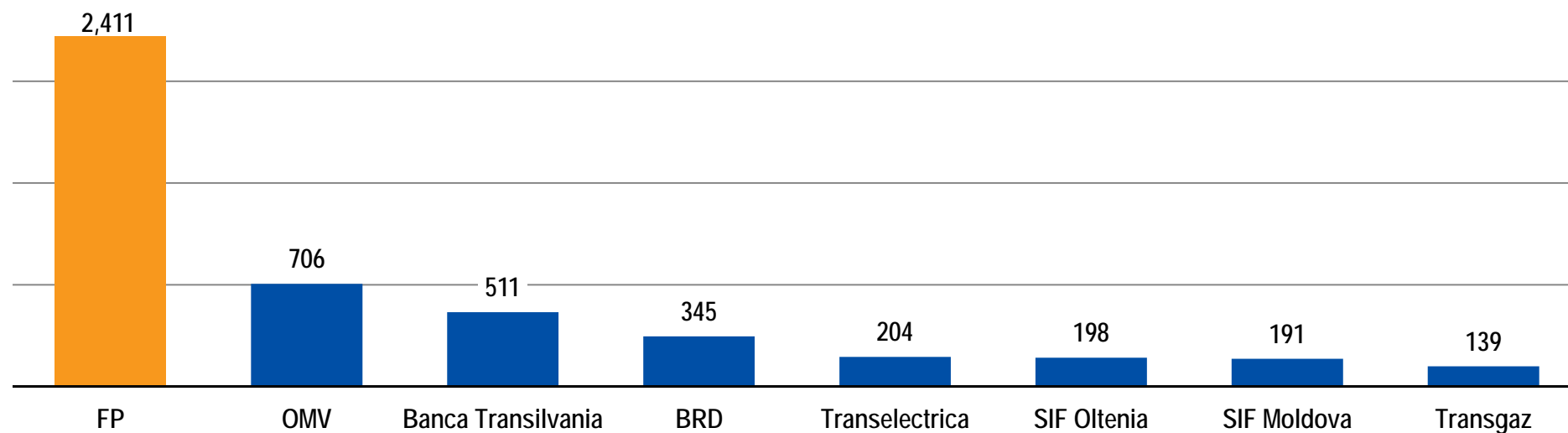
- New buy-back program to repurchase 1.1 bn shares, equivalent to 7.9% of the Fund's issued share capital was approved by shareholders at the 25 April 2012 Extraordinary General Shareholders Meeting
- The execution of the buy-back program will be subject to available cash and the 25% of the daily trading volume restriction, according to applicable EU buy-back regulation (average daily trading volume in January 2013 was 17.9 mn shares / EUR 2.4 mn)

Status:

- The cancellation of the repurchased shares and the implementation of the buy-back program are delayed by the litigations initiated by a single shareholder, blocking the registration of the shareholders' decision
- The next hearings for cancellation (7 March 2013) and buy-back (TBD)

Buy-Back Program (II)

Average Daily Turnover in January 2013 (EUR thousands)



Second Buy-Back Program

Available cash as at 31 January 2013 ⁴	RON 775.1 mn / EUR 176.8 mn ¹
Number of shares to be repurchased	1,100,950,684
Total value of the buy-back program	RON 646.8.8 mn ² / EUR 147.0 mn
ADTV (1 – 31 January 2013)	17.9 mn shares / EUR 2.4 mn
25% of ADTV	4.5 mn shares / EUR 0.60 mn
Number of days necessary for the repurchase	247 ³

Source: Bucharest Stock Exchange.

1. Computed using the NBR EUR/RON FX as at 31 January 2013.

2. Based on the share price as at 8 February 2013– RON 0.5875.

3. Assuming daily repurchases of 25% of ADTV.

4. Using the simplifying assumption that all available cash & cash equivalents as at 31 January 2013 can be used for buybacks, so ignoring other possible cash outflows and inflows.

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Secondary Listing on the Warsaw Stock Exchange

On 27 June 2012, the Fund's shareholders:

- Approved the details of the secondary listing plan on the WSE.
- Empowered the Fund Manager to file the documentation for the secondary listing by 31 December 2012.
- Given the time taken by CNVM to publish the draft for the new regulations necessary to allow secondary listing, shareholders approved on 23 November 2012 the extension of the deadline until 30 June 2013.

Status:

- Currently, there is no link between the two depositaries in Bucharest and Warsaw; the establishment of the link constitutes a necessary condition to enable the Fund to seek and obtain the listing of its shares on the WSE.
- On 19 December 2012, CNVM published for public consultation the necessary amendments to current regulations, amendments that now allow the Romanian Central Depository to establish a link with the Polish National Securities Depository.
- The deadline for the public consultation was extended until 31 January 2013.
- The establishment of this link is not under the control of Fondul Proprietatea.

Dividend Income – Top 20 Portfolio Companies

Top 20 Holdings ¹	PROFIT		DIVIDEND PAYOUT %		FP NET DIVIDEND	
	2011	2010	2012	2011	2012	2011
1 OMV Petrom SA	3,685.6	2,189.7	47%	46%	353.1	201.6
2 Hidroelectrica SA	6.4	292.4	–	90%	–	52.5
3 Romgaz SA	1,031.7	651.2	90%	109%	140.6	106.0
4 Complexul Energetic Oltenia SA ⁴	179.9	(126.6)	N/A	N/A	N/A	N/A
5 Nuclearelectrica SA	95.0	13.1	–	–	–	–
6 ENEL Distribuție Banat SA	220.5	148.4	–	56%	–	20.2
7 Transgaz SA	379.5	376.4	92%	90%	52.5	50.8
8 Enel Distribuție Muntenia SA	50.5	105.1	–	–	–	–
9 GDF Suez Energy Romania ²	209.6	199.4	–	40%	–	9.6
10 E.ON Moldova Distribuție SA	7.2	165.4	–	–	–	–
11 ENEL Distribuție Dobrogea SA	108.9	99.6	–	56%	–	13.5
12 Electrica Distribuție Muntenia Nord SA	67.4	26.7	12%	–	1.8	–
13 CN Aeroporturi Bucuresti SA	52.6	42.5	90%	117%	9.4	9.9
14 BRD Groupe Societe Generale ²	465.3	500.7	25%	25%	3.6	2.1
15 Electrica Distribuție Transilvania Sud SA	19.6	11.9	–	–	–	–
16 Electrica Distribuție Transilvania Nord SA	29.1	8.5	–	–	–	–
17 Alro SA	228.3	159.8	99%	100%	19.4	13.5
18 E.ON Gaz Distribuție SA	230.5	159.6	–	–	–	–
19 Transelectrica SA	90.9	9.6	89%	90%	10.9	1.2
20 Raiffeisen Bank International AG ³	4,305.7	4,838.7	21%	19%	3.0	4.5
TOTAL (RON mn)	15,310.8	13,164.5			594.3	485.5
Total Dividends from Listed Companies (RON mn)					450.1	304.0
Total Dividends from Unlisted Companies (RON mn)					168.9	215.1
TOTAL Dividend Income (RON mn)					619.0	519.1
Dividend per Share (RON)					0.04080⁵	0.03854
Share Price (RON)					0.5875⁶	0.5550⁷

Note: Calculation based on the companies' 2010 and 2011 statutory financial statements.

1. Based on the 31 December 2012 Detailed Statement of Investments.

2. Separate financial statements prepared in accordance with Romanian Accounting Regulations.

3. Consolidated profits IFRS, computed using EUR/RON FX rate as at 30 June 2012.

4. Created through the merger of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO; Combined IFRS financial statements of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO; Dividends distributed to FP by merged companies: 2012 (CE Rovinari RON 6.5m, CE Craiova RON 0.03m), 2011 (CE Rovinari RON 0.02m, CE Craiova RON 0.01m).

5. Estimated gross dividend per share for 2012, based on the distributable profits of RON 538.6 mn.

6. Share price as at 8 February 2013.

7. Share price as at 9 May 2012.

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Investor Relations / Upcoming Events

Date	Event
1 March 2013	2013 Spring Analyst Day
6–7 March 2013	Edmond de Rothschild Annual Conference in London
21–22 March 2013	HSBC CEEMEA Investor Forum in New York
25 – 28 March 213	U.S. Road-show
23 – 24 April 2013	Spring Analyst and Investor Days
25 April 2013	Annual General Shareholders Meeting

Other Issues

Legal Updates:

- On 10 October 2012, the Bucharest Court of Appeal upheld the claim of a minority shareholder to annul 4 resolutions of the September 2010 GSM, relating to the changeover in management;
- The same shareholder filed actions against several other shareholder resolutions approved since 2010 and filed interventions with the Trade Register against registration of numerous resolutions of the 2012 GSM.
- Currently, 61 files are ongoing.
- The Fund Manager has attached to all litigation update reports an Annex summarising the latest news on each file.
- Since the first Court of Appeal decision, in 13 final Court decisions (regarding interventions with the Trade Register filings) and 4 injunction applications, the Court has rejected the shareholder's arguments claiming that Franklin Templeton should not be considered the valid manager of the Fund.

Regulatory Updates:

- On 23 January 2013, CNVM communicated the Decision no. 48/22.01.2013 to not endorse the Addendum 2 of the IMA approved by shareholders on 4 April 2012. The Fund Manager is analyzing the possibility to challenge the decision.

Financial Supervisory Authority:

- The Financial Supervisory Authority (FSA) will be a specialized autonomous administrative institution with legal personality, independent and self-financed, which will take over the responsibilities of CNVM - the Romanian National Securities Commission, CSA - the Insurance Supervisory Commission, and CSSPP - The Private Pension System Supervisory Commission;
- The FSA will be managed by a 15 member Board, with one President and 3 vice-presidents;
- The members will be appointed by the Romanian Parliament for a 5 year mandate.
- The Government proposal is for FSA to begin operations starting 15 March 2013. However, significant concerns have been expressed regarding this timeline and a longer timeframe may be likely.

2012 Preliminary Results

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Income Statement

Million RON (audited)	2011	2012
Revenues from Current Activity, Out of Which:	617.9	871.8
• Revenues from Financial Assets	519.1	619.0
• Interest Income	41.1	34.9
• Reversal of Impairment Adjustments & Provisions	30.5	5.7
• Revenues from Disposal of Financial Assets	13.4	208.1
• Revenues from Foreign Exchange Differences	1.6	0.1
• Other Income from Current Activity	12.2	4.0
Expenses from Current Activity, Out of Which:	72.3	304.8
• Expenses from Disposal of Financial Assets	4.6	195.1
• Expenses from Foreign Exchange Differences	0.9	0.3
• Depreciation, Provisions, Losses from Receivables & Sundry Debtors	11.7	49.7
• Commissions & fees	17.2	16.2
• Other expenses from current activity ¹	37.9	43.5
Gross Profit	545.6	567.0
• Income tax expense	1.8	0.0
Net Profit	543.8	567.0

Source: 2012 Preliminary Annual Result Report, prepared in accordance with the National Security Commission ("CNVM") regulation in force (Romanian Accounting Regulations).

1. Other expenses from current activity include bank charges, material and utilities expenses, salary costs, third party expenses as well as duties and other taxes.

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Balance Sheet

Million RON (audited)	2011	2012
• Intangible assets	0.0	0.3
• Financial Assets	10,627.9	11,097.8
Non-Current Assets–Total	10,627.9	11,098.1
Current Assets–Total	549.2	776.5
• Prepaid expenses	0.0	0.1
• Payables Within One Year	42.2	21.1
Total Assets Less Current Liabilities	11,134.9	11,853.6
• Provisions	14.2	16.8
Shareholders' Equity	11,120.7	11,836.8

Source: 2012 Preliminary Annual Result Report, prepared in accordance with the National Security Commission ("CNVM") regulation in force (Romanian Accounting Regulations).
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Appendix I – Update on Top 5 Holdings

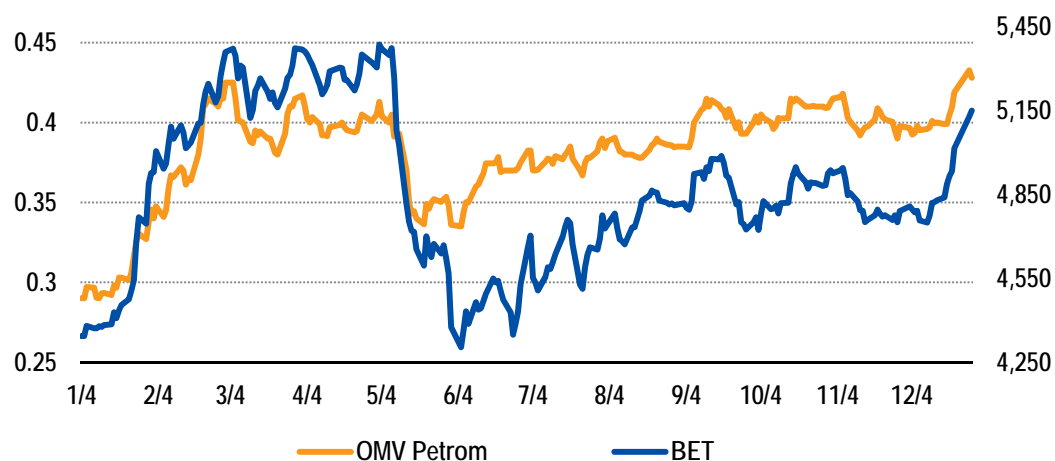
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OMV Petrom – 2012 Highlights (I)

OMV Petrom Price Evolution vs. BET Index (RON)¹ - 2012



Quick Facts	
Sector	Integrated Oil & Gas
Type	Listed
Weight in NAV ²	33.0%
FP Stake ²	RON 5,004 mn (EUR 1,142 mn)
Shareholding Structure	
OMV AG	51%
Ministry of Economy	21%
Fondul Proprietatea	20%
Others	8%

- January:** The company received confirmation from the Competition Council about the conclusion of the antitrust investigation, which resulted in a fine of RON 366.5 million RON for OMV Petrom and RON 137.3 million RON for OMV Petrom Marketing SRL, a wholly owned subsidiary of OMV Petrom. The company's position is that the fines imposed are not justified and has challenged in court the decision of the Competition Council's decision.
- February:** The company confirmed a potentially significant gas discovery offshore Romania in the Black Sea. The Domino-1 well, operated in a 50/50 joint venture with Exxon Mobil, is the first deep water well offshore Romania, and it is located 170 km offshore Romania in water approximately 930 meters deep and has a total depth of 3,000 meters below sea level. The preliminary estimate for the accumulation was between 42 and 84 billion cubic meters.
- June:** OMV Petrom announced the sale of Petrom LPG, its gas bottling and distribution activities, to Crimbo Gas International. The decision is part of the company's strategy to optimize its refining and marketing portfolio. Gas cylinder and auto gas marketing activities will continue through the Petrom and OMV fuel distribution network. The company did not disclose the value of this transaction.

1. Source: Bucharest Stock Exchange.

2. Based on the Fund's 31 January 2013 NAV report.

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OMV Petrom – 2012 Highlights (II)

Financial Information

Million RON (IFRS)	2010	2011	9m 2011	9m 2012
Sales	18,615.7	22,613.7	16,224.0	19,185.0
Operating Profit	2,985.5	4,935.8	3,754.0	3,989.0
Net Profit	2,189.7	3,758.6	2,921.0	2,892.0
Dividends	1,002.6	1,756.0	n.a.	n.a.

- **June:** OMV Petrom announced the completion of the investment project aimed at upgrading the crude vacuum distillation unit at the Petrobrazi refinery, at a total cost of approximately EUR 100 million. Following this investment, the refinery is now able to produce the entire domestic crude production of OMV Petrom. At the same time, yields for middle distillates are expected to increase and energy consumption is expected to decrease.
- **November:** OMV Petrom inaugurated a new fuel terminal at Isalnita. This is the third greenfield fuel terminal finalized in the last three years with a total capacity of 11,000 cubic meters and a cost of the project of EUR 26 million.
- **December:** The Company announced that in partnership with ExxonMobil, it will be conducting the largest 3D seismic program in the Black Sea, with data being collected on 6,000 square kilometers in the deep water sector of the Neptun Block. The company also announced the start of exploration works in the shallow water sector of the Neptun Block, where OMV Petrom is the sole owner of the exploration license.

Hidroelectrica – 2012 Highlights (I)

Financial Information

RON mn	2010	2011	2012 ³	9m 2011	9m 2012
Turnover	3,273.7	3,020.6	2,928.0	1,640.0	1,262.9
Operating Profit	502.7	161.2	100.0	60.5	(80.4)
Net Profit	292.3	6.5	42.4	23.4	(202.1)
Dividends	263.1	-	n.a.	n.a.	n.a.

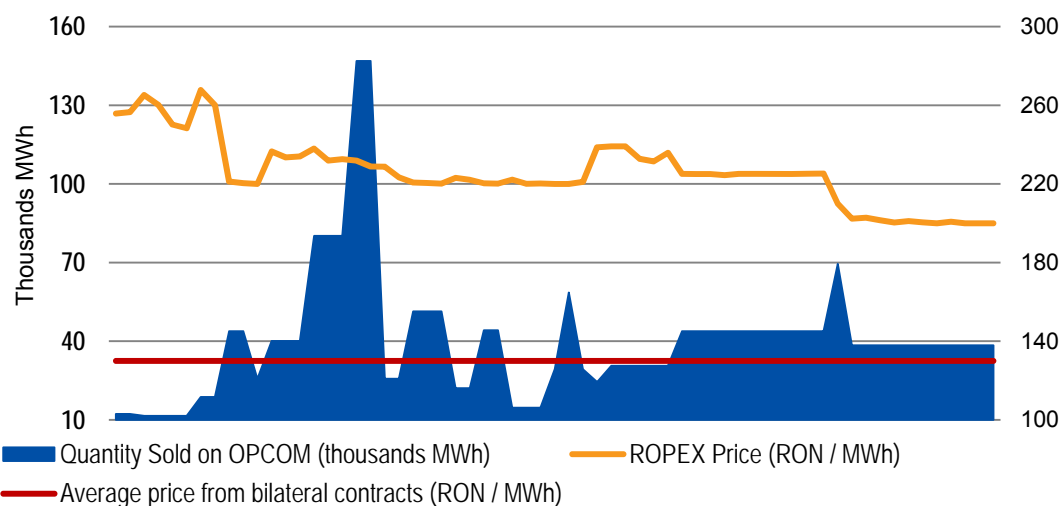
Quick Facts

Sector	Electricity Producer
Type	Unlisted – Insolvency
Weight in NAV ²	13.2%
FP Stake ²	RON 2,001 mn (EUR 457 mn)
Market Share	36% (2010) ; 24% (2011)
Installed Capacity	6,443 MW

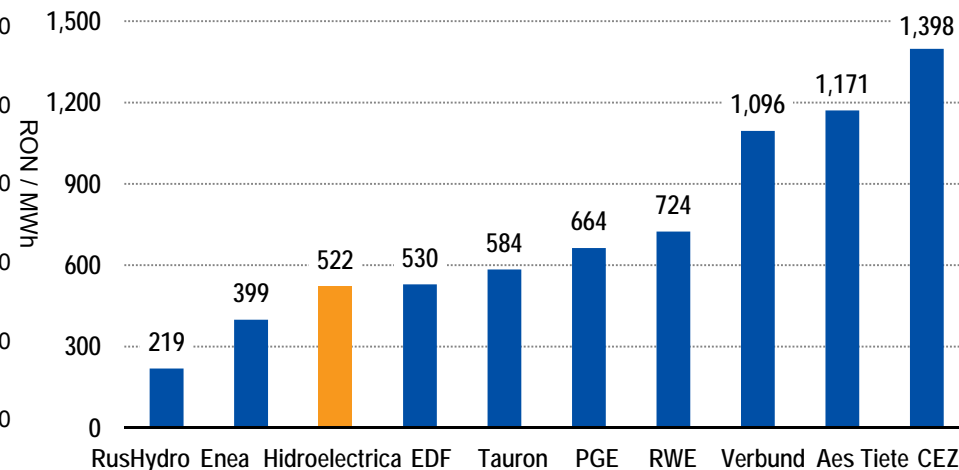
Shareholding Structure

Ministry of Economy	80%
Fondul Proprietatea	20%

Current vs. Past Price of Electricity Sold¹



EV per Installed Capacity (2011 figures)–kEUR/MW⁴



1. Source OPCOM, for the period 19 July 2012 – 6 February 2013.

2. Based on the Fund's 31 January 2013 NAV report.

3. Budgeted figures.

4. Sources: Company websites, annual reports and Bloomberg.

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FRANKLIN TEMPLETON
INVESTMENTS

Hidroelectrica – 2012 Highlights (II)

Current Status:

- Insolvency proceedings are ongoing;
- Reduction of Hidroelectrica's high operating costs is ongoing.

Main Operational Measures Implemented¹:

- Terminated 6 bilateral contracts totaling 7.4 TWh / year;
- Renegotiated 4 bilateral contracts totaling 3.7 TWh / year at significantly higher prices;
- Terminated contracts to buy electricity from the thermo producers Electrocentrale Deva and Paroseni (average of 1.1 TWh / year acquired at RON 230 / MWh);
- Renegotiated service and investments contracts (reduction of RON 200 mn);
- Sold electricity 2.53 TWh on the OPCOM market, at average prices of RON 225.8 / MWh;
- Sold 42,943 green certificates at an average price of RON 241 / certificate;
- Activated the "force majeure" clause due to the severe drought of 2012;
- Continuous dialogue with ANRE to reduce the quantity of electricity sold on the regulated market and increase the price per MWh (price increased to an average of 125 lei/MWh in 2013 compared with 71 lei/MWh in 2012. 3.9 TWh to be sold on the regulated market in 2013).

Next Steps:

- Fund Manager is committed to work with key stakeholders to end insolvency proceedings as soon as possible;
- Interests of the key stakeholders are aligned towards this objective;
- Egon Zehnder has a mandate to select the CEO of Hidroelectrica;
- IPO (10 % increase) of Hidroelectrica planned for after the insolvency procedure ends.

Key Challenges:

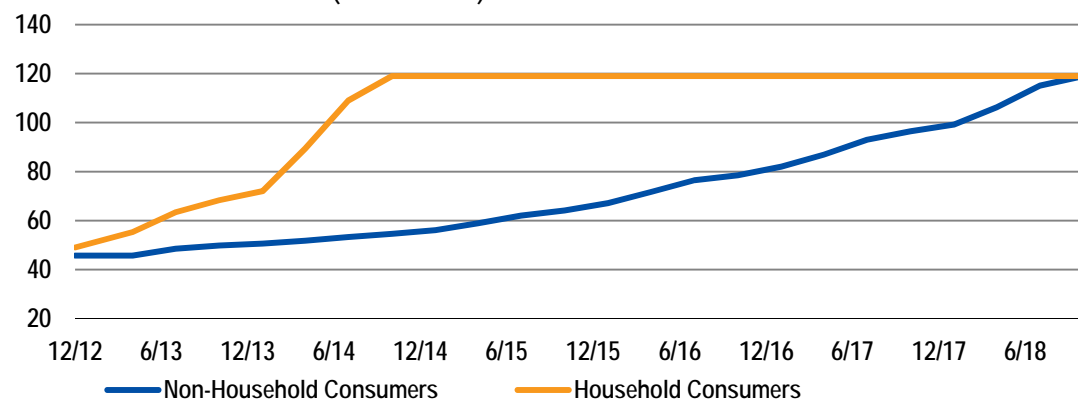
- Settle oppositions to the preliminary table of creditors and partial payment to creditors;
- Successful outcome of the litigations with energy traders and labor union;
- IPO – new Government approval needed.

1. Sources: Judicial Administrator's reports, OPCOM.

Romgaz – 2012 Highlights

Calendar of Gradual Elimination of Regulated Gas Prices¹

Internal Production Price (RON/MWh)



Financial Information

RON mn	2010	2011	2012 ³	9m 2011	9m 2012
Sales	3,574.2	4,211.1	4,247.2	1,996.2	2,197.2
Operating Profit	905.6	1,264.5	1,065.9	607.9	681.0
Net Profit	651.2	1,031.7	876.0	488.0	557.7
Dividends	720.1	938.0	n.a.	n.a.	n.a.

- **IPO:** Consortium of investment banks selected (Goldman Sachs, Erste-BCR and Raiffeisen), preparation underway, expected to take place in H2 2013.
- **Gas price liberalization:** The government approved the gas price liberalization schedule, first step expected in February 2013. Current price obtained by Romgaz – RON 45.7/MWh vs. European prices – 123.1 RON/MWh³. Annual production (2011) – 55.2 TWh.
- **Special tax:** The Government has approved a tax of 60% on the additional revenues from the gas liberalization for existing fields, applicable starting 1 February 2013 until 31 December 2014. Investments in upstream activity, up to 30% of additional revenues, and the royalties are deductible from the tax base.
- **Electricity production:** transfer of Iernut gas-fired power plant (capacity - 800 MWh) completed in January 2013; Government decision to allow the use of own production.
- **Appointment of professional Board/CEO:** no significant progress.

1. Source: ANRE.

2. Based on the Fund's 31 January 2013 NAV report

3. Source: Bloomberg, Baugarten first month generic forward price.

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Quick Facts

Sector	Oil & Gas
Type	Unlisted-IPO 2013
Weight in NAV ²	8.6%
FP Stake ²	RON 1,296 mn (EUR 296 mn)

Shareholding Structure

Ministry of Economy	85%
Fondul Proprietatea	15%

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PROPRIETATEA



CE Oltenia – 2012 Highlights

Financial Information

RON mn	2010 ¹	2011 ¹	2012 ²
Operating Revenues	3,165.8	4,026.5	406.3
Operating Profit	(25.0)	348.0	10.6
Net Profit	(126.6)	179.9	24.5
Dividends	n.a. ³	n.a. ³	n.a.

• **New Board of Directors and Management:**

- The Ministry of Economy has selected Kienbaum International to recruit the Supervisory Board members and also the Chief Executive Officer.
- Ongoing selection for candidates for the Supervisory Board.
- On 21 January 2013 the Supervisory Board of CE Oltenia appointed the interim General Manager of the company, Mr. Laurențiu Ciurel, as General Manager, for a four-year mandate. The new General Manager was appointed by a Board that was not authorized to appoint him in addition to using a flawed selection process whereby other shortlisted candidates were not given an interview for the position.

• **Listing / privatization:** the latest Government plan is to IPO the company through a 12% share capital increase.

• **Update on ANRE decision for 2013 quantity and price for the regulated market:** The quantity to be sold on the regulated market is of 4TWh (representing approx. 25% of the estimated net production) at a regulated price of RON 190.3 /MWh (a 10.5% increase compared to 2012).

1. Based on combined IFRS financial statements of Complexul Energetic Craiova SA, Complexul Energetic Rovinari SA, Complexul Energetic Turceni SA and Societatea Nationala a Lignitului Oltenia.

2. Based on statutory financial statements for the period 31 May – 30 June 2012.

3. Based on the Fund's 31 January 2013 NAV report.

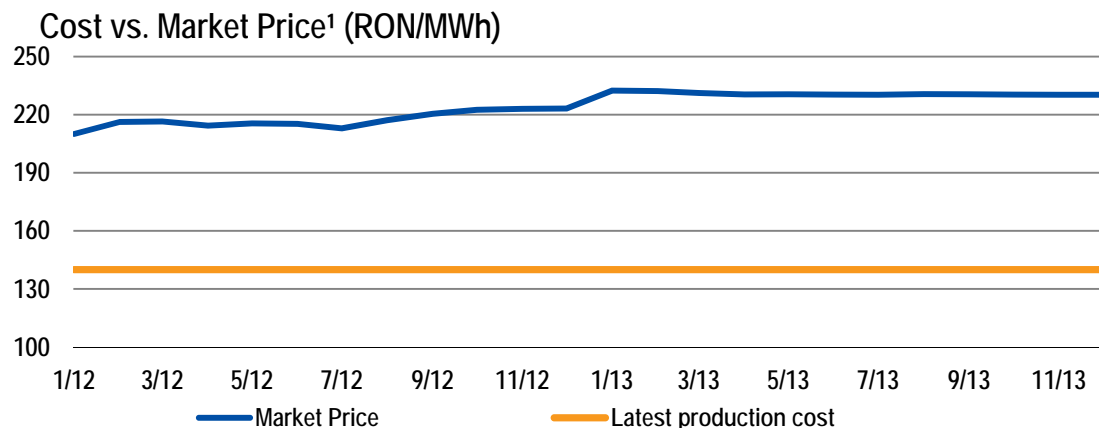
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Quick Facts	
Sector	Electricity Generation
Type	Unlisted
Weight in NAV ³	5.8%
FP Stake ³	RON 880 mn (EUR 201 mn)
Market Share	31%
Installed Capacity	3,570 MW
Shareholding Structure	
Ministry of Economy	77.2%
Fondul Proprietatea	21.5%
Termoelectrica	0.9%
SCIM	0.4%

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PROPRIETATEA



Nuclearelectrica – 2012 Highlights



Financial Information

RON mn	2010	2011	2012 ³	9m 2011	9m 2012
Sales	1,540.3	1,588.4	1,793.1	754.1	772.3
Operating Profit	155.9	162.6	221.2	44.2	58.8
Net Profit	13.1	95.0	51.1	82.7	(33.7)
Dividends	-	-	n.a.	n.a.	n.a.

Quick Facts	
Sector	Electricity Generation
Type	Unlisted – IPO 2013
Weight in NAV ²	4.3%
FP Stake ²	RON 648 mn (EUR 148 mn)
Market Share	21% (2010); 19% (2011)
Installed Capacity	1,414 MW
Shareholding Structure	
Ministry of Economy	90.0%
Fondul Proprietatea	10.0%
EnergONuclear–Shareholders	
Nuclearelectrica	84.7%
Enel	9.2%
Arcelor Mittal	6.2%

- **IPO:** Planned for H1 2013; Swiss Capital & BT Securities have been selected to assist the company in the planned IPO.
- **Budget allocations for heavy water:** Starting in 2012, Nuclearelectrica stopped receiving budget allocations to purchase heavy water for the nuclear reactors 3&4.
- **New Board of Directors and Management:** The company is waiting for the Ministry of Economy to decide whether they will proceed with the selection of the Board Members and the CEO, according with the corporate governance code 109.
- **Regulated market:** The main reason for the company's low profitability is the regulated tariff imposed by the regulator for approx. 71% of the electricity sold in 2012.
- **Update on ANRE decision for 2013 quantity and price for the regulated market:** The quantity to be sold by Nuclearelectrica on the regulated market is 5.3 TWh (vs 7.5 TWh in 2012) at a regulated price of RON 141.9 /MWh (+15.7% vs 2012).

1. Market Price – ROPEX_FM_M index – weighted average price on PCCB market.

2. Based on the Fund's 31 January 2013 NAV report.

3. Budgeted figures.

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Appendix II – Romanian Gas & Electricity Market

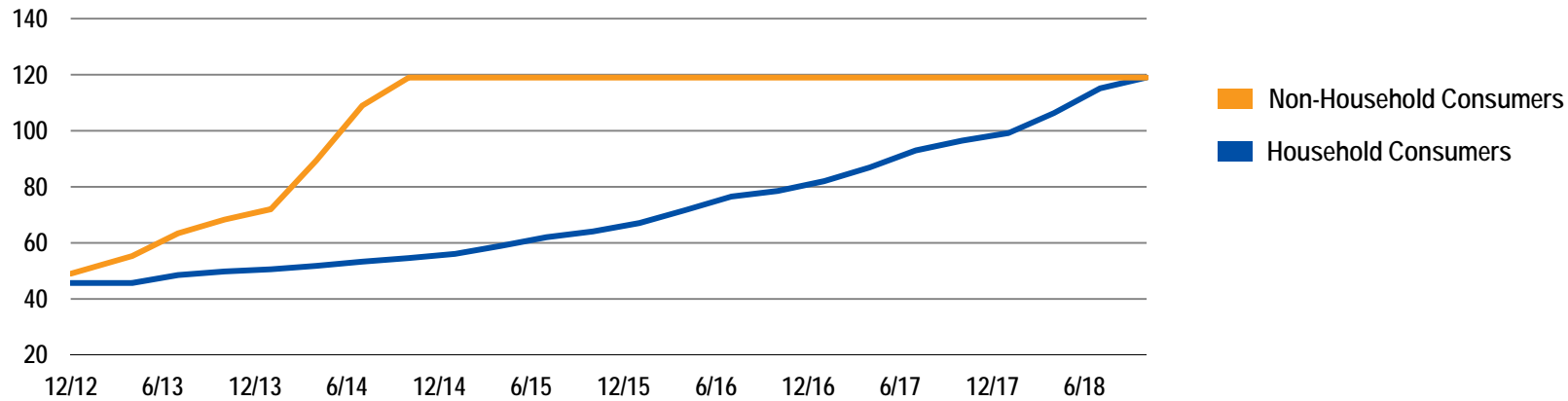
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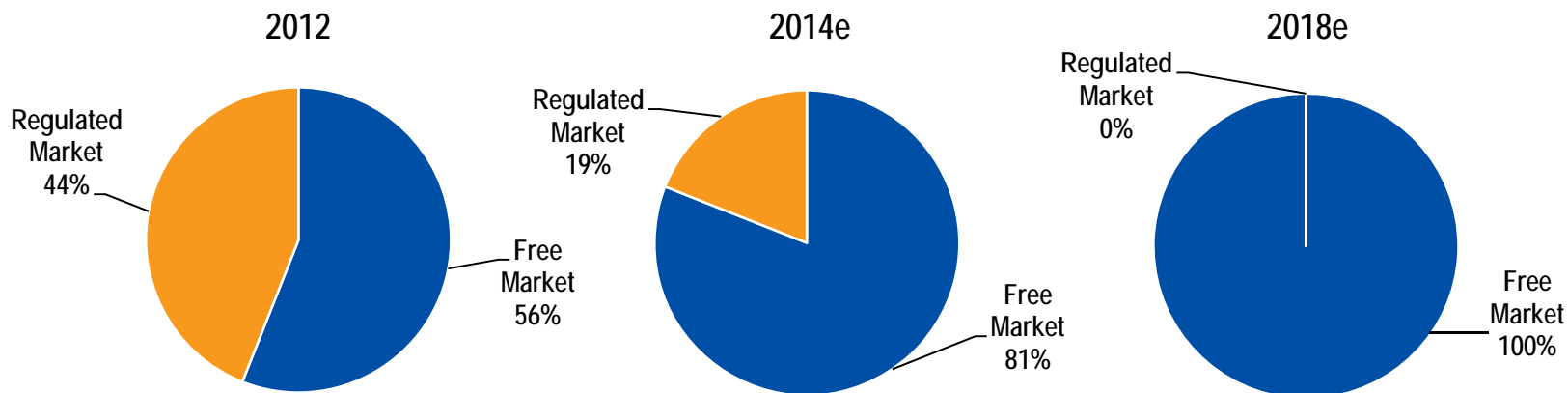


Calendar of Gradual Elimination of Regulated Gas Prices

Internal Production Price (RON/MWh)



Calendar of Gradual Elimination of Regulated Electricity Prices



Source: ANRE.

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