

# Fondul Proprietatea 2015 Preliminary Results Conference Call

15 February 2016



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# Fund Information



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# The Fund – Key Facts

Fund Details <sup>1</sup>	30 October 2015 RON	29 January 2016 RON	Change (%)	30 October 2015 USD	29 January 2016 USD	Change (%)
NAV	11.93 bn	11.46 bn	(3.9)	2.96 bn <sup>2</sup>	2.76 bn <sup>2</sup>	(6.8)
NAV/Share	1.1322	1.0974	(3.1)	0.2813 <sup>2</sup>	0.2643 <sup>2</sup>	(6.0)
Price/Share	0.8200	0.7300	(11.0)	0.2037 <sup>2</sup>	0.1758 <sup>2</sup>	(13.7)
Discount/Share	27.6%	33.5%	21.4	27.6%	33.5%	21.4
Price/GDR	41.46 <sup>2</sup>	39.20 <sup>2</sup>	(5.5)	10.30	9.44	(8.3)
Discount/GDR	26.9%	28.6%	6.3	26.9%	28.6%	6.3
Market Capitalisation <sup>3</sup>	8.64 bn	7.62 bn	(11.8)	2.15 bn <sup>2</sup>	1.84 bn <sup>2</sup>	(14.4)
Discount/Share as at 12 February 2016	33.8%					
Discount/GDR as at 12 February 2016	32.8%					
Number of Shares in Issue	11,193,423,051					
Number of Paid Shares	10,829,610,701					
Number of Paid Shares less Treasury Shares <sup>4</sup>	10,432,361,266					

## Investment Objective

Maximization of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.

Source: FP 30 October 2015 and FP 29 January 2016 Factsheets.

1. Based on local regulator methodology.

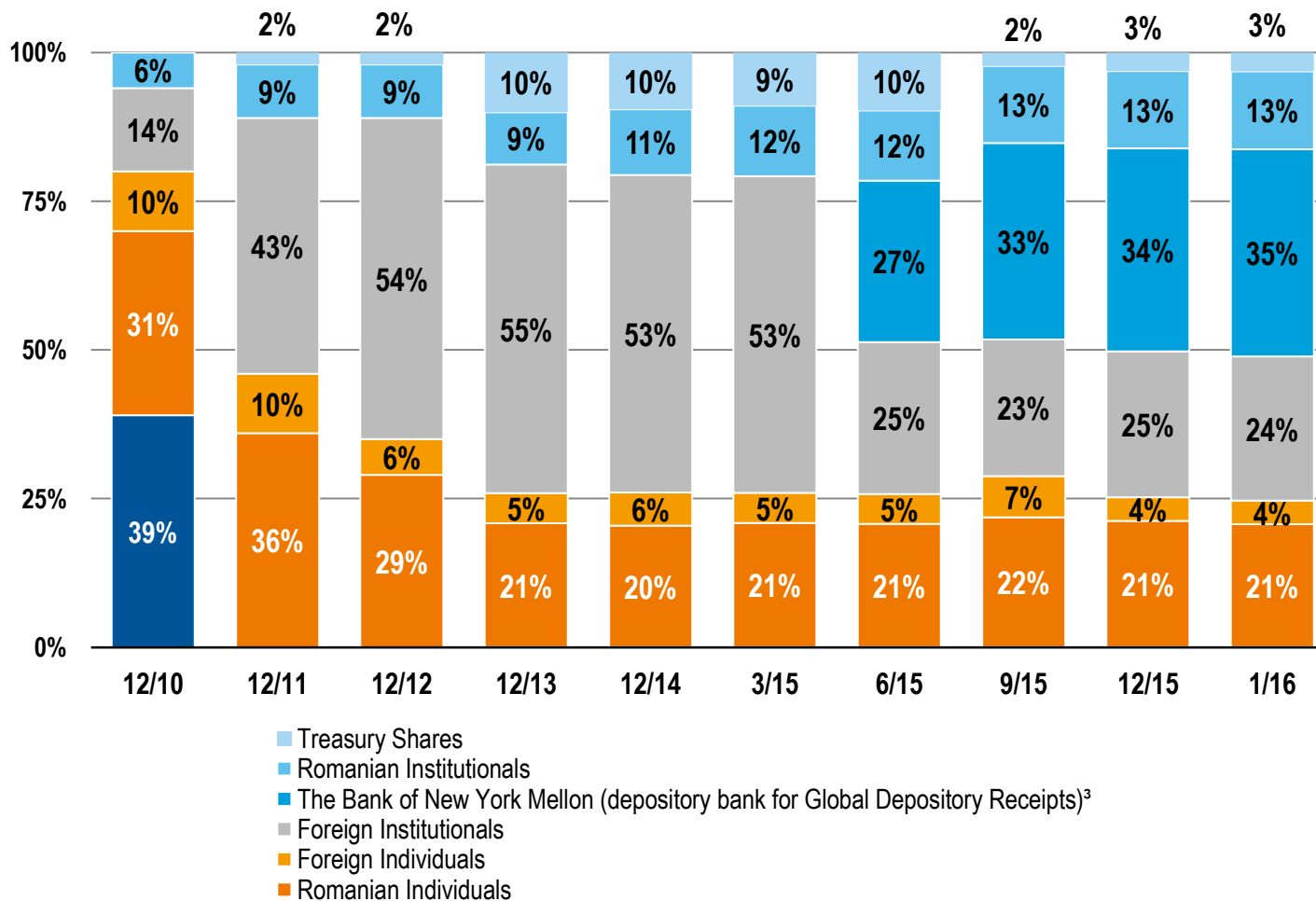
2. Computed using the NBR EUR/RON FX rates as at the end of the month.

3. Excluding Treasury and the equivalent number of shares corresponding to the GDRs bought back until 29 January 2016.

4. Treasury shares and the equivalent number of shares corresponding to the GDRs bought back until 5 February 2016.

# Shareholders Structure

**Evolution (% Held)**



**Largest Shareholders**

Elliott Associates <sup>1</sup>	21.06%
Total Number of Shareholders <sup>2</sup>	8,226

1. Based on the total voting rights. Source: Ownership disclosures submitted by shareholders on 21 October 2015.

2. Shareholders structure as at 30 January 2016, based on paid share capital starting 31 July 2011. Source: Central Depository.

3. The Bank of New York Mellon holding includes 39,324,700 shares equivalent of the 786,494 GDRs of the Fund.

# NAV Objective

- **Objective**
  - The Adjusted NAV per share as at 30 June 2016, to be higher than the NAV per share as at 30 June 2015 (RON 1.1851 per share)
- **Monthly Monitoring – 29 January 2016**
  - Adjusted NAV as at 29 January 2016 is lower than the NAV per share as at 30 June 2015

NAV Objective	Amount RON	Comments
<b>Total NAV as at 29 January 2016</b>	<b>11,461,048,426</b>	
Costs related to the <b>2015 return of capital</b> after <b>30 June 2015</b> , until <b>29 January 2016</b>	3,213	Fees charged by Central Depositary and Paying Agent for the payments performed after 30 June 2015 (for the 2015 return of capital)
Costs related to <b>buybacks</b> after 30 June 2015, until <b>29 January 2016</b>	196,904	Fees related to fifth buyback programme after 30 June 2015 and sixth buyback programme up to 29 January 2016
Distribution fees	2,499,856	FTIML distribution fees for distributions to shareholders (buybacks) after 30 June 2015
<b>Total Adjusted NAV as at 29 January 2016</b>	<b>11,463,748,400</b>	
Number of Fund's paid shares, less Treasury shares as at <b>29 January 2016</b>	10,443,554,337	
<b>Adjusted NAV per share as at 29 January 2016<sup>1</sup></b>	<b>1.0976</b>	
<b>NAV per share as at 30 June 2015</b>	<b>1.1851</b>	
<b>Difference</b>	<b>(0.0875)</b>	
<b>%</b>	<b>(7.38%)</b>	

Source: FP Report prepared by the Fund Manager.

1. The adjusted NAV for a given date will be calculated as the sum of: the reported NAV as at the end of reporting period, any returns to shareholders, following reductions of the share capital (return of nominal) implemented after 30 June 2015, and any Distribution Fees and any transaction costs relating to non-dividend distributions including buy-backs executed after 30 June 2015. The adjusted NAV per share will be equal to the adjusted NAV divided by the total number of the Fund's paid shares, less treasury shares, on the last day of the reporting period.





# Discount Objective

- **Objective**

- The discount between closing price and last reported NAV per share to be equal to or lower than 15%, in at least 2/3 of the trading days in the period 1 July 2015 – 30 June 2016

- **Monthly Monitoring – 29 January 2016**

- In the period 1 July 2015 – 29 January 2016, discount was higher than 15%, for both shares and GDRs.

## Discount Evolution

Discount at the Start of the Reporting Period – 1 July 2015	Discount as at 29 January 2016	Average for the Reporting Period	Discount Range for the Reporting Period
32.54%	33.48%	31.24%	25.72% - 40.11%

Source: Fondul Proprietatea Report prepared by the Fund Manager.

# NAV – Independent Fair Valuations (I)

Portfolio Company	Value in 31 Dec 2015 NAV (RON mn)	Value in 30 Oct 2015 NAV (RON mn)	Valuation Method	Impact on Total NAV (RON mn)
Hidroelectrica SA	2,654.1	2,178.1	Fair value (value as per independent valuer's report)/ share	476.0
ENEL Distributie Banat SA	624.0	640.5	Fair value (value as per independent valuer's report)/ share	(16.5)
Enel Distributie Muntenia SA	455.4	465.8	Fair value (value as per independent valuer's report)/ share	(10.4)
GDF Suez Energy Romania SA	446.1	461.3	Fair value (value as per independent valuer's report)/ share	(15.2)
E.ON Distributie Romania SA	510.4	445.9	Fair value (value as per independent valuer's report)/ share	64.5
ENEL Distributie Dobrogea SA	401.2	396.9	Fair value (value as per independent valuer's report)/ share	4.3
CN Aeroporturi Bucuresti SA	497.8	332.3	Fair value (value as per independent valuer's report)/ share	165.6
Electrica Distributie Muntenia Nord SA	253.9	253.9	Fair value (value as per independent valuer's report)/ share	-
Electrica Distributie Transilvania Sud SA	222.3	222.3	Fair value (value as per independent valuer's report)/ share	-
Electrica Distributie Transilvania Nord SA	215.6	215.6	Fair value (value as per independent valuer's report)/ share	-
Societatea Nationala a Sarii SA (Salrom)	177.4	142.9	Fair value (value as per independent valuer's report)/ share	34.5
E.ON Energie Romania SA	126.5	133.9	Fair value (value as per independent valuer's report)/ share	(7.4)
CN Administratia Porturilor Maritime SA (Constanta Port)	175.1	132.6	Fair value (value as per independent valuer's report)/ share	42.5

Source: FP 31 December 2015 Detailed Statement of Investments.



# NAV – Independent Fair Valuations (II)

Portfolio Company	Value in 31 Dec 2015 NAV (RON mn)	Value in 30 Oct 2015 NAV (RON mn)	Valuation Method	Impact on Total NAV (RON mn)
Electrica Furnizare SA	149.6	149.6	Fair value (value as per independent valuer's report)/ share	-
Complexul Energetic Oltenia SA	62.8	108.5	Fair value (value as per independent valuer's report)/ share	(45.7)
ENEL Energie SA	76.6	74.4	Fair value (value as per independent valuer's report)/ share	2.2
Enel Energie Muntenia SA	64.0	65.1	Fair value (value as per independent valuer's report)/ share	(1.1)
Posta Romana SA	58.7	55.9	Fair value (value as per independent valuer's report)/ share	2.8
Zirom SA	23.3	39.3	Fair value (value as per independent valuer's report)/ share	(16.1)
Plafar SA	1.9	1.8	Fair value (value as per independent valuer's report)/ share	0.01
Aeroportul International Mihail Kogalniceanu - Constanta SA	1.6	2.3	Fair value (value as per independent valuer's report)/ share	(0.7)
Aeroportul International Timisoara - Traian Vuia SA	2.6	3.9	Fair value (value as per independent valuer's report)/ share	(1.3)
<b>Total</b>	<b>7,200.9</b>	<b>6,522.8</b>		<b>10.4%</b>

Source: FP 31 December 2015 Detailed Statement of Investments.

# Contributors to NAV Performance for Q4 2015

## TOP PERFORMERS

Company	Status	% in Total NAV <sup>1</sup>	% change in NAV performance for Q4 2015	Change in NAV per share (RON)
Hidroelectrica SA	Unlisted	22.0%	3.97%	0.0455
CN Aeroporturi Bucuresti SA	Unlisted	4.1%	1.38%	0.0158
E.ON Distributie Romania SA	Unlisted	4.2%	0.54%	0.0062
BRD Groupe Societe Generale SA	Listed	2.5%	0.36%	0.0041
CN Administratia Porturilor Maritime SA	Unlisted	1.4%	0.35%	0.0041

## BOTTOM PERFORMERS

Company	Status	% in Total NAV <sup>1</sup>	% change in NAV performance for Q4 2015	Change in NAV per share (RON)
OMV Petrom SA	Listed	25.8%	(4.03)%	(0.0463)
Romgaz SA	Listed	5.1%	(0.73)%	(0.0083)
Complexul Energetic Oltenia SA	Unlisted	0.5%	(0.38)%	(0.0044)
Zirom SA	Unlisted	0.2%	(0.15)%	(0.0017)
ENEL Distributie Banat SA	Unlisted	5.2%	(0.14)%	(0.0016)

**TOTAL NAV VARIANCE Q4 2015**

**0.0222**

1. Source: FP 31 December 2015 Detailed Statement of Investments.

# Contributors to NAV Performance for 2015

## TOP PERFORMERS

Company	Status	% in Total NAV <sup>1</sup>	% change in NAV performance for 2015	Change in NAV per share (RON)
Hidroelectrica SA	Unlisted	22.0%	3.60%	0.0455
CN Aeroporturi Bucuresti SA	Unlisted	4.1%	1.25%	0.0158
BRD Groupe Societe Generale SA	Listed	2.5%	0.64%	0.0081
E.ON Distributie Romania SA	Unlisted	4.2%	0.52%	0.0066
Banca Transilvania SA	Listed	1.8%	0.52%	0.0065

## BOTTOM PERFORMERS

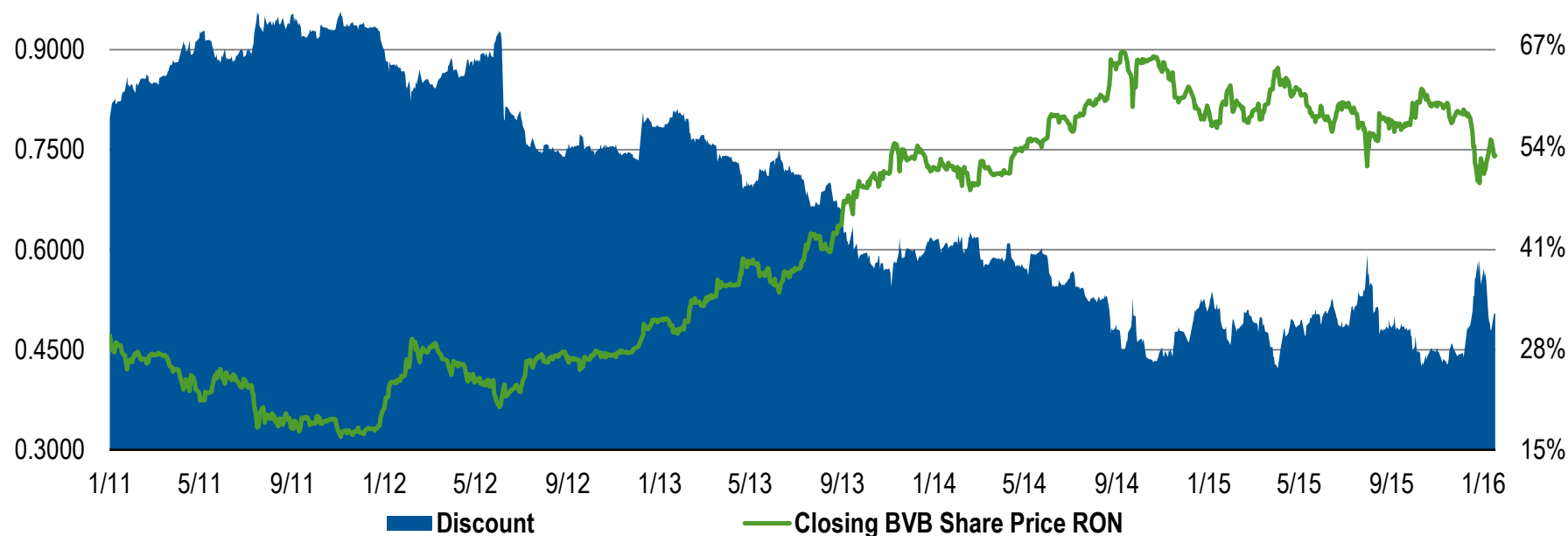
Company	Status	% in Total NAV <sup>1</sup>	% change in NAV performance for 2015	Change in NAV per share (RON)
OMV Petrom SA	Listed	25.8%	(9.59)%	(0.1215)
Romgaz SA	Listed	5.1%	(2.22)%	(0.0281)
Complexul Energetic Oltenia SA	Unlisted	0.5%	(0.34)%	(0.0044)
Nuclearelectrica SA	Listed	1.5%	(0.27)%	(0.0035)
Zirom SA	Unlisted	0.2%	(0.14)%	(0.0018)

**TOTAL NAV VARIANCE 2015**

**(0.0561)**

1. Source: FP 31 December 2015 Detailed Statement of Investments.

## FP Share Price<sup>1</sup> (RON) and Discount (%)



	BVB	LSE
Discount <sup>2</sup>	33.8%	32.8%
Average Daily Turnover (USD)	2.0 mn <sup>3</sup>	1.5 mn <sup>4</sup>

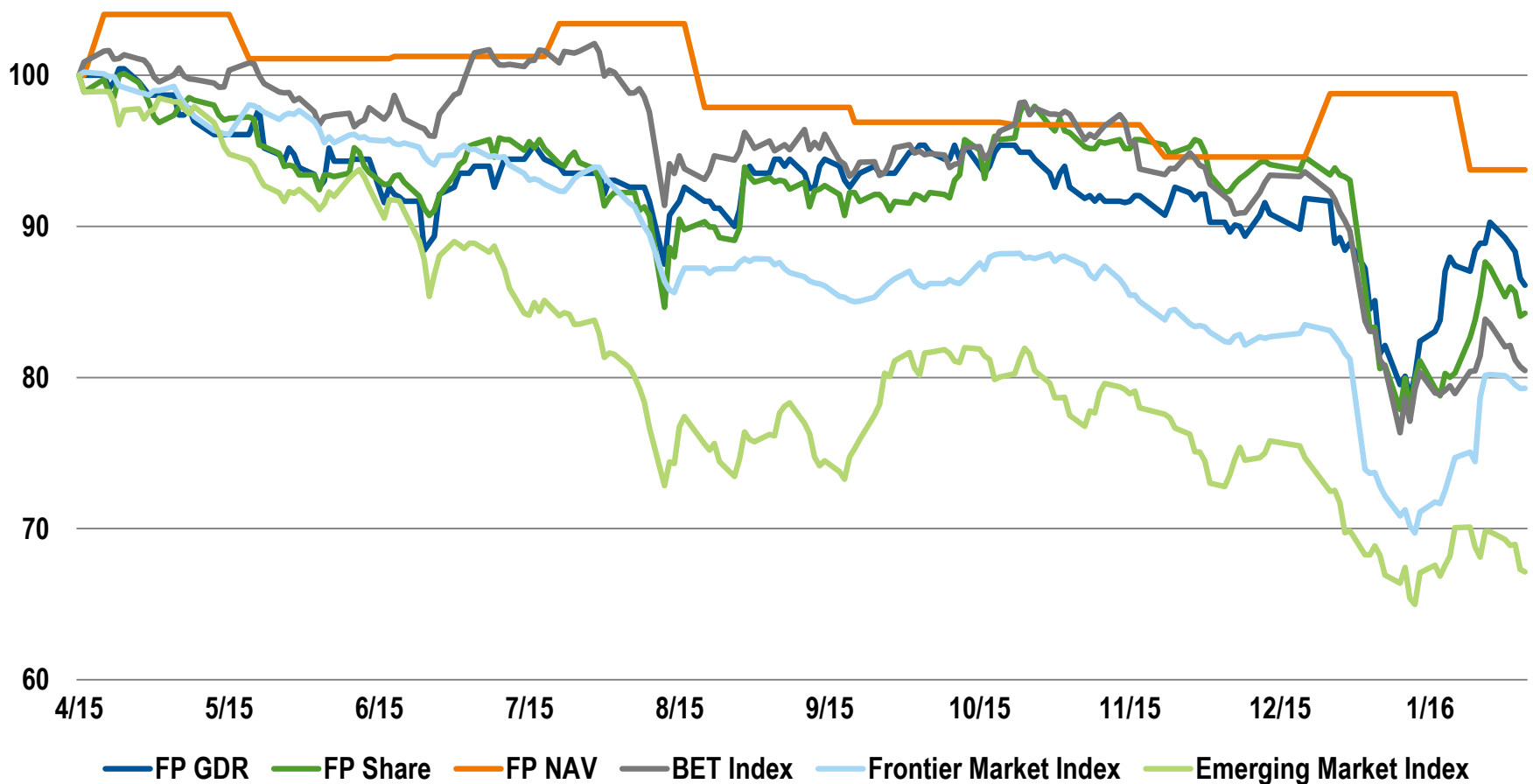
1. Note: Distribution adjusted share price. Source: Bloomberg, for the period 25 January 2011 – 12 February 2016.

2. As at 12 February 2016.

3. Source: BVB, for the period 5 January 2011 – 12 February 2016.

4. Source: Bloomberg, for the period 29 April – 12 February 2016.

# Performance of the FP GDR



Source: FP NAV reports prepared by the Fund Manager, Bloomberg, as at 12 February 2016.

# NAV, Share Price and GDR Performance

## Cumulative Performance (RON)

	2011	2012	2013	2014	2015	Q4 15	YTD	Since Performance Inception <sup>1</sup>
NAV	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	1.96%	(5.10)%	17.46%
Ordinary Share Price	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	2.53%	(9.88)%	53.98%
GDR	N/A	N/A	N/A	N/A	N/A	4.24%	(4.04)%	(8.00)%

## Average Annual Discount

2011	2012	2013	2014	2015	YTD <sup>2</sup>	Current Share Price Discount <sup>3</sup>	Current GDR Price Discount <sup>3</sup>
55.67%	50.20%	41.30%	30.71%	28.92%	34.33%	33.75%	32.84%

Source: BVB, LSE, FP NAV reports prepared by the Fund Manager.

1. The Performance Inception date for the NAV is 31 December 2010, for the Share Price is 25 January 2011, and for the GDRs is 29 April 2015.

2. For the period: 4 January – 12 February 2016.

3. As at 12 February 2016.



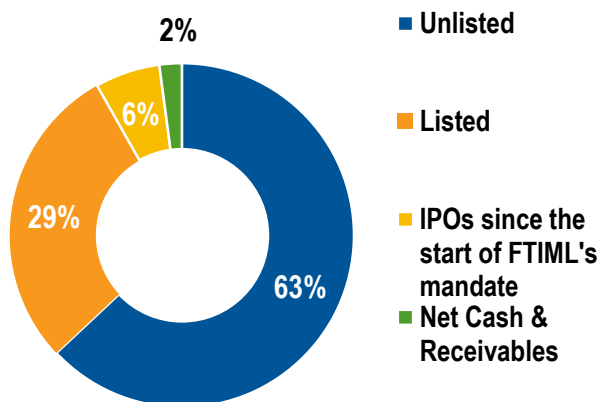
# Portfolio



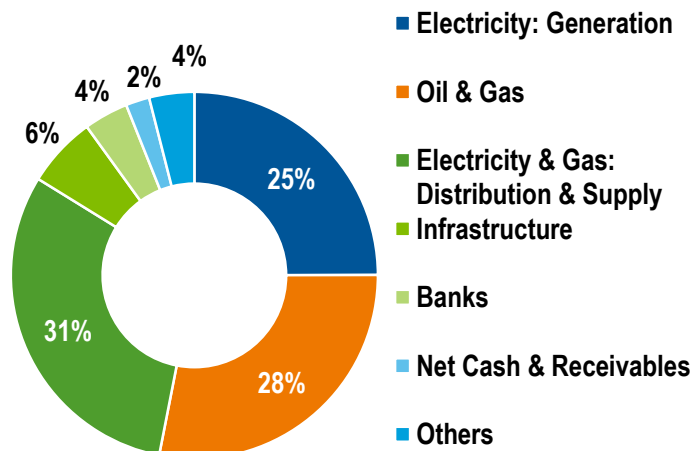
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# Portfolio Structure

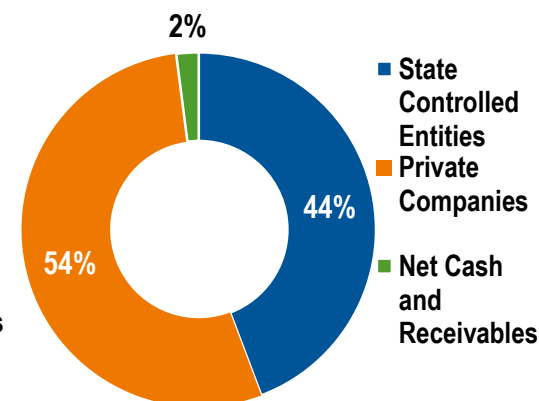
**Listed vs Unlisted  
as at 29 January 2016**



**By Sector  
as at 29 January 2016**



**By Controlling Ownership as  
at 31 December 2015**

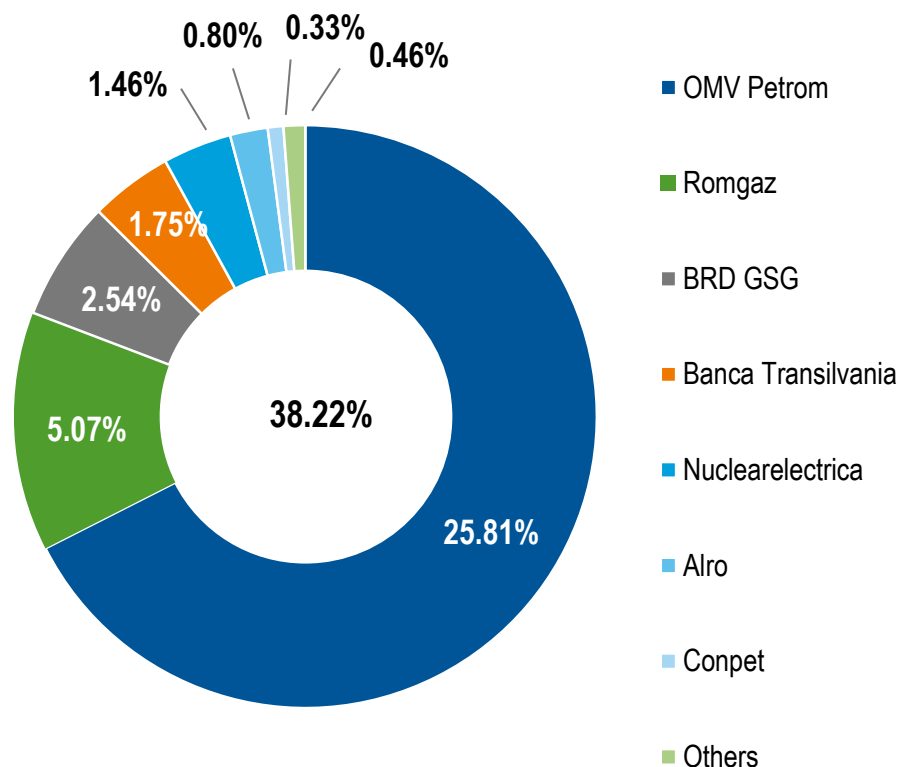


- As at 29 January 2016, the portfolio included stakes in 48 companies (14 listed and 34 unlisted)
- Net cash and receivables position as at 29 January 2016 was USD 58.0 mn
- The Fund Manager extended, until 31 August 2016, the Citi credit facility of RON 500 million (USD 125 million), with a potential increase to a further RON 500 million (USD 125 million). The credit facility will be used mainly for corporate actions (share buy-backs and return of capital).

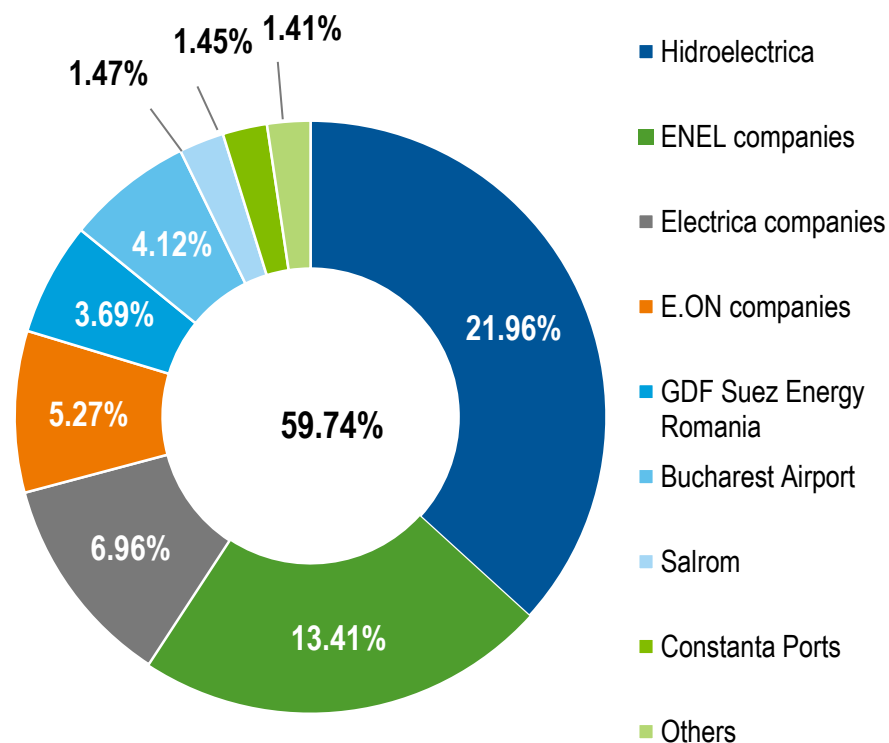
Source: FP Monthly Factsheet prepared by the Fund Manager as at 29 January 2016, FP 31 December 2015 Detailed Statement of Investments.

# Portfolio Structure as at 31 December 2015

**Listed Companies**



**Unlisted Companies**



Source: FP 31 December 2015 Detailed Statement of Investments.

# Largest Holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake <sup>1</sup>	NAV as at 29 January 2016 (USD mn)	% in NAV as at 29 January 2016
OMV Petrom SA	<b>Listed</b>	OMV	19.0%	642.54	<b>23.28</b>
Hidroelectrica SA	Insolvency	Romanian State	19.9%	639.16	<b>23.16</b>
ENEL Distributie Banat	Unlisted	Enel Group	24.1%	150.27	<b>5.44</b>
Romgaz SA	<b>Listed</b>	Romanian State	5.9%	128.66	<b>4.66</b>
E.ON Distributie Romania <sup>2</sup>	Unlisted	E.ON Group	18.3%	122.91	<b>4.45</b>
CN Aeroporturi Bucuresti	Unlisted	Romanian State	20.0%	119.89	<b>4.34</b>
ENEL Distributie Muntenia	Unlisted	Enel Group	12.0%	109.67	<b>3.97</b>
GDF Suez Energy Romania	Unlisted	GDF Suez	12.0%	107.43	<b>3.89</b>
ENEL Distributie Dobrogea	Unlisted	Enel Group	24.1%	96.62	<b>3.50</b>
BRD Groupe Societe Generale SA	<b>Listed</b>	Groupe Societe Generale	3.6%	61.38	<b>2.22</b>
<b>Top 10 Portfolio Holdings</b>				<b>2,178.53</b>	<b>78.91</b>
<b>NAV</b>				<b>2,760.00</b>	<b>100.00</b>
<b>NAV Per Share (USD)</b>				<b>0.2643</b>	

Note: Values in USD calculated using the USD/RON FX rate as at 29 January 2016.

Source: FP Monthly Factsheet prepared by the Fund Manager as at 29 January 2016.

1. Based on the FP 31 December 2015 Detailed Statement of Investments.

2. Formed through the merger of E.ON Gaz Distributie and E.ON Moldova Distributie, as at 31 December 2014.

# Potential Disposals of Unlisted Power and Gas Distribution Companies

Company	FP Stake	NAV USD mn	% NAV
Enel Distributie Banat (EDB)	24%	150.4	5.2%
Enel Distributie Muntenia (EDM)	12%	109.8	3.8%
Enel Distributie Dobrogea (EDD)	24%	96.7	3.3%
Enel Energie (EE)	12%	18.5	0.6%
Enel Energie Muntenia (EEM)	12%	15.4	0.5%
<b>Total Enel</b>		<b>390.8</b>	<b>13.4%</b>
Electrica Distributie Muntenia Nord	22%	61.2	2.1%
Electrica Distributie Transilvania Sud	22%	53.6	1.8%
Electrica Distributie Transilvania Nord	22%	52.0	1.8%
Electrica Furnizare	22%	36.1	1.2%
<b>Total Electrica</b>		<b>202.9</b>	<b>6.9%</b>
E.ON Distributie Romania	18%	123.1	4.2%
E.ON Energie Romania	13%	30.5	1.1%
<b>Total E.ON</b>		<b>153.6</b>	<b>5.3%</b>
<b>GDF Suez Energy Romania</b>	<b>12%</b>	<b>107.6</b>	<b>3.7%</b>
<b>TOTAL</b>		<b>854.9</b>	<b>29.3%</b>

## Background

- The total value of the holdings is USD 854.9 mn, or 29.3% of the NAV per the Fund's 31 December 2015 Detailed Statement of Investments.

## Status

- Electrica:** On 10 November 2015, the GSM of Electrica has mandated the Board of the company to negotiate with FP a purchase of the 22% stakes owned by the Fund in four Electrica's subsidiaries until 31 March 2016.
- Enel:** Ongoing discussions with the company.
- E.ON:** FP challenged the business strategy consultancy agreements between E.ON Distributie Romania and E.ON Energie Romania and their majority shareholder E.ON Romania SRL. FP has the right to start litigations against the companies board members and managers of these companies for approving, concluding and performing these agreements (estimated cumulated value of damages caused by these agreements: RON 34.4 mn in 2014).

Notes: Values in USD calculated using the USD/RON FX rate as at 31 December 2015.

Source: FP 31 December 2015 Detailed Statement of Investments.

# Portfolio Holdings – Preliminary 2015 Results

	EBITDA (mn RON)		Net Profit (mn RON)	
	2014	2015	2014	2015
Romgaz SA	2,490.1	2,209.0	1,409.9	1,184.5
Aeroporturi Bucuresti SA (Bucharest Airports)	257.5	340.4	98.8	185.7
BRD Groupe Societe Generale SA	-	-	67.9	467.2
Nuclearelectrica SA	601.1	653.8	133.1	149.8
Conpet SA	101.3	113.7	51.4	54.3
Alro SA	N/A	N/A	(108.7)	9.6
Posta Romana SA	88.5	50.4	37.0	8.7
Zirom S.A.	(2.3)	(3.7)	(7.4)	(7.2)
CN Administratia Porturilor Dunarii Maritime SA	4.9	2.4	1.4	1.3
CN Administratia Porturilor Dunarii Fluviale SA	(0.5)	1.1	2.5	0.2
<b>Total</b>	<b>3,540.6</b>	<b>3,367.1</b>	<b>1,685.9</b>	<b>2,054.1</b>
<b>Weighted Total</b>	<b>278.1</b>	<b>272.9</b>	<b>111.3</b>	<b>136.4</b>

Source: Companies' preliminary 2015 standalone financial statements and reports.

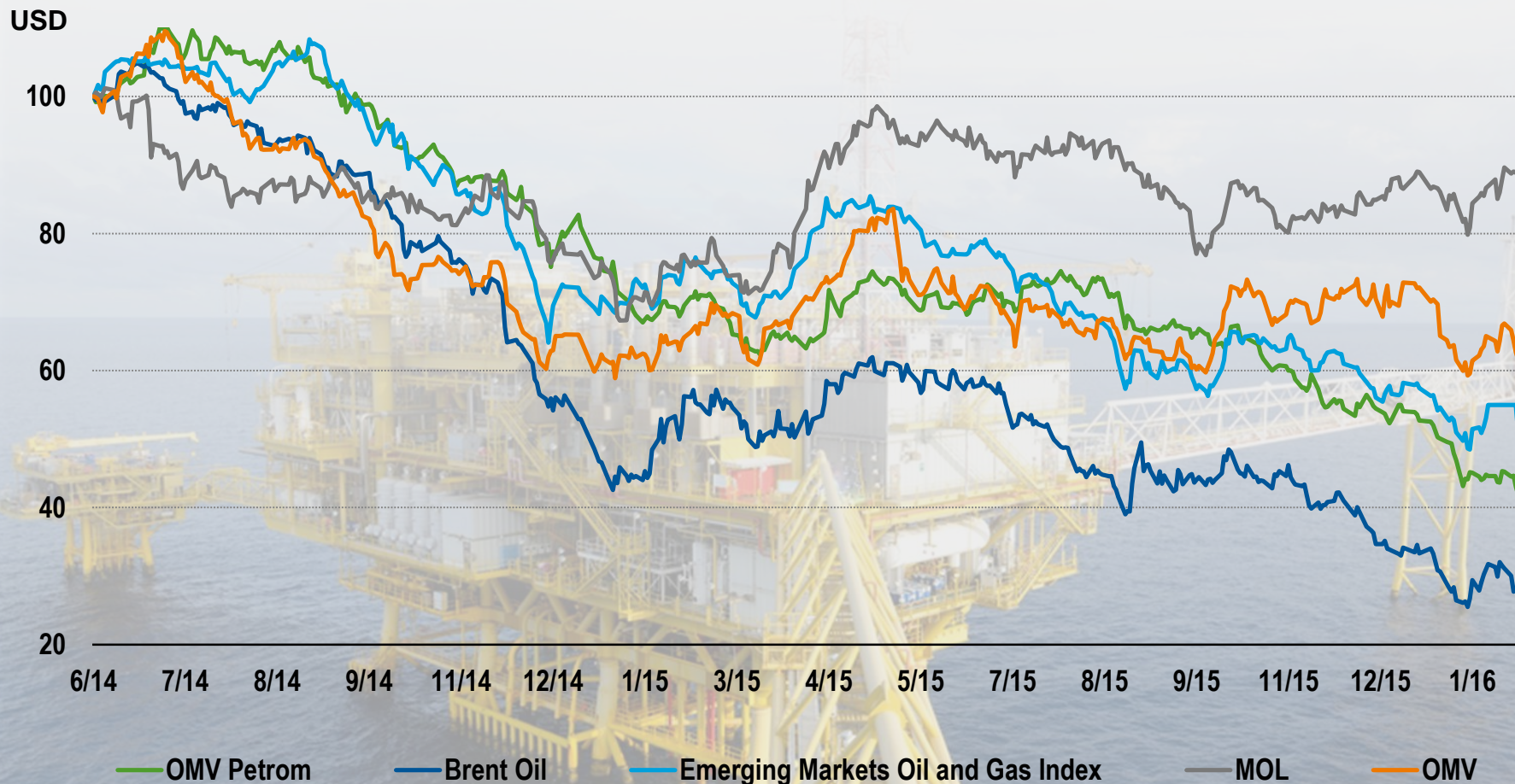
Note: EBITDA is calculated as Operational result + Depreciation and Amortization.

Weighted for the companies' weight in the Fund's NAV.



# OMV Petrom – Update

FONDUL  
PROPRIETATEA



Source: Bloomberg, as at 12 February 2016.



# Hidroelectrica – Financial Performance

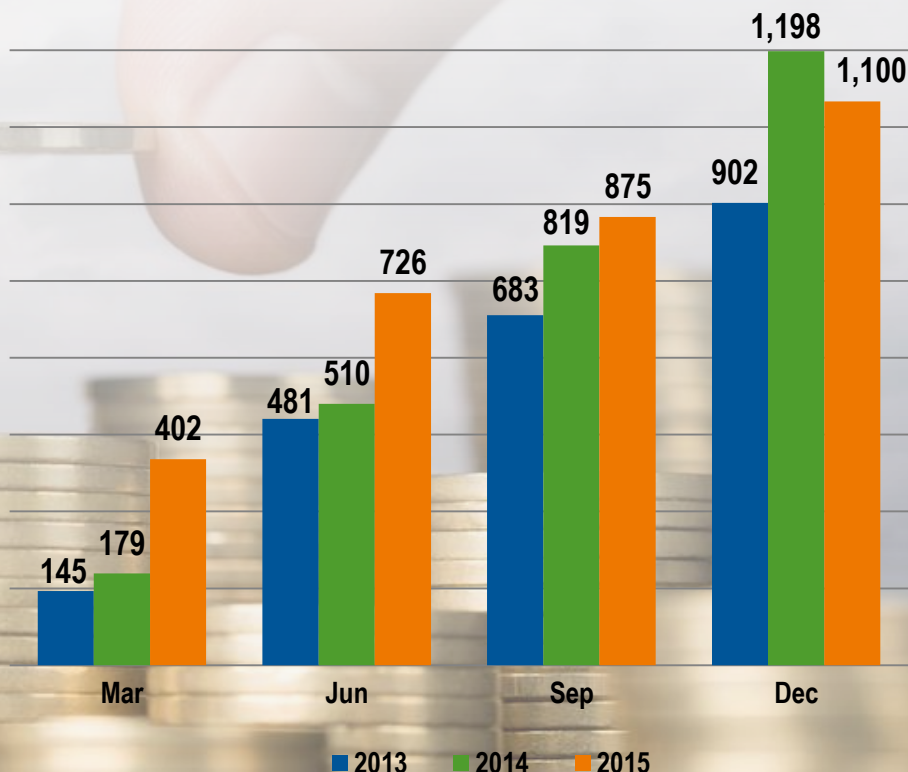
- **Update on litigations:**

- The syndic judge dismissed all oppositions to the opening of the insolvency procedure through a decision that is subject to a second appeal. The second appeal was heard on 11 February 2016
- Contestations against the creditors' table and litigations arising from the unilateral termination of the bilateral agreements are still being judged in front of the syndic judge. Experts have been appointed in these cases.
- Value of estimated claims: approximately RON 1.6 billion.

- **Electricity generated in 2015 vs 2014:** 15.9 TWh vs 18.4 TWh

- **IPO process:** The consortium of intermediaries appointed for doing the IPO (Morgan Stanley and Raiffeisen) have already started working on the project. Bi-monthly calls with consortium, company and shareholders are being held. Company can be listed soon after the exit from insolvency since part of the preparatory work will already have been done.

Pre-tax cumulated profit (RON mn)



Source: Hidroelectrica 2013 – 2015 Annual reports and financial statements, Hidroelectrica monthly press releases.

# Hidroelectrica – Valuation

Current Market Cap: USD 3,205 mn<sup>1</sup>

	P/E				P/B				EV/EBITDA			
	2012	2013	2014	2015e	2012	2013	2014	2015e	2012	2013	2014	2015e
<b>Hidroelectrica</b>	-	18.5	14.1	14.7	0.8	0.8	0.7	0.8	13.9	6.5	5.9	5.8
RusHydro	-	10.6	9.8	6.2	0.4	0.4	0.4	0.4	7.0	5.2	5.7	4.9
Verbund	9.7	6.5	30.2	17.8	0.8	0.8	0.8	0.8	6.0	4.5	8.8	9.4
Aes Tiete	5.3	5.4	10.5	7.4	2.6	2.6	3.5	3.0	3.9	4.0	6.6	4.7
Empresa Chile	30.2	20.0	21.2	14.4	2.8	2.7	2.6	2.7	12.3	10.1	9.1	7.1
NHPC	8.0	9.4	19.7	8.8	0.9	0.8	0.8	0.7	7.6	9.2	8.8	7.3
Edegel	18.2	-	12.6	12.1	2.7	2.6	2.6	2.6	9.7	9.0	8.1	7.9
Iberdrola	14.6	15.9	17.2	15.6	1.2	1.1	1.1	1.1	9.6	14.2	10.2	8.4
Chonqing Three Gorges	56.9	45.2	33.3	21.5	4.4	4.2	4.1	2.7	29.4	25.6	21.3	-
<b>Mean</b>	<b>20.4</b>	<b>16.1</b>	<b>19.3</b>	<b>13.0</b>	<b>2.0</b>	<b>1.9</b>	<b>2.0</b>	<b>1.8</b>	<b>10.7</b>	<b>10.2</b>	<b>9.8</b>	<b>7.1</b>
<b>Median</b>	<b>14.6</b>	<b>10.6</b>	<b>18.5</b>	<b>13.2</b>	<b>1.9</b>	<b>1.9</b>	<b>1.8</b>	<b>1.9</b>	<b>8.6</b>	<b>9.1</b>	<b>8.8</b>	<b>7.3</b>

Value <sup>2</sup>	31 May 2012 (RON mn)	30 Jun 2012 (RON mn)	31 Dec 2012 (RON mn)	31 Dec 2013 (RON mn)	28 Feb 2014 (RON mn)	31 Dec 2014 (RON mn)	31 Dec 2015 (RON mn)
Hidroelectrica	3,288.71	0.00	2,001.00	2,239.41	2,105.16	2,178.09	2,654.1

Source: Bloomberg, as at 13 January 2016. Note: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

Note: From June 2012 to June 2013 the company was in insolvency procedure. Starting February 2014 the company is in insolvency procedure.

1. Source: FP NAV report prepared by the Fund Manager as at 29 January 2016.

2. Source: FP NAV reports prepared by the Fund Manager.

# C.N. Aeroporturi Bucuresti – Valuation

Curent Market Cap: USD 599 mn<sup>1</sup>

Bucharest Airports vs. Peer Companies <sup>2</sup>	P/E			P/B			EV/EBITDA			EV/Sales		
	2013	2014	2015e	2013	2014	2015e	2013	2014	2015e	2013	2014	2015e
<b>Bucharest Airports</b>	<b>20.84</b>	<b>16.82</b>	<b>18.23</b>	<b>0.29</b>	<b>0.41</b>	<b>0.61</b>	<b>6.98</b>	<b>6.54</b>	<b>8.25</b>	<b>2.69</b>	<b>2.51</b>	<b>3.40</b>
Fraport	22.54	16.89	18.84	1.55	1.32	1.51	11.32	9.38	9.47	3.49	2.87	3.10
Aeroports de Paris	27.16	21.83	23.07	2.08	2.42	2.47	10.94	10.93	11.09	4.23	4.17	4.48
Vienna Airport	17.45	17.53	17.50	1.36	1.67	1.68	8.24	7.98	8.04	3.21	3.06	3.27
TAV Airports	13.96	9.77	9.07	2.89	3.15	2.27	10.61	11.14	6.11	3.20	3.79	2.75
Airports of Thailand	12.41	31.65	34.09	2.27	4.00	5.01	13.35	15.75	21.10	7.20	8.80	12.42
Copenhagen Airport	21.63	21.82	N/A	7.01	8.06	N/A	13.53	12.91	N/A	7.41	6.66	N/A
ASUR Mexico	20.39	22.49	25.64	2.95	3.04	3.69	14.97	15.47	16.37	9.04	9.03	9.07
<b>Mean</b>	<b>19.55</b>	<b>19.85</b>	<b>20.92</b>	<b>2.55</b>	<b>3.01</b>	<b>2.46</b>	<b>11.24</b>	<b>11.26</b>	<b>11.49</b>	<b>5.06</b>	<b>5.11</b>	<b>5.50</b>
<b>Median</b>	<b>20.62</b>	<b>19.68</b>	<b>18.84</b>	<b>2.18</b>	<b>2.73</b>	<b>2.27</b>	<b>11.13</b>	<b>11.04</b>	<b>9.47</b>	<b>3.86</b>	<b>3.98</b>	<b>3.40</b>

1. Source: FP NAV report prepared by the Fund Manager as at 29 January 2016.

2. Source: Bloomberg, as at 2 February 2016. Note: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.



# Key Events with Impact on the Fund's Portfolio

<b>Elections</b>	The next local elections are scheduled to take place in June 2016 and the Parliamentary elections in November / December 2016.
<b>Politics</b>	After a fire in a club in Bucharest on 30 October, which killed 60 people, followed by the largest street protests since 1990 in several cities in Romania, the Government stepped down. President Klaus Iohannis nominated Dacian Cioloș (former European Commissioner for Agriculture and Minister of Agriculture) as Prime Minister. A technocratic Government was approved by the Parliament in November 2015.
<b>New Oil &amp; Gas Royalty Rates</b>	The draft is expected to be published for public consultation in a few weeks, with target date to become effective in January 2017. From previous officials statements', the preferred system seems to be based on a new tax on profits generated by upstream activities coupled with the elimination of several taxes currently in force (special constructions, hydrocarbon and 60/40 tax on revenues from gas liberalization) and allowing deductions for investments rather than increased royalties. Key provisions will be on applicability (new vs. existing concessions) and whether a stability clause will be included.
<b>Corporate Governance Code</b>	<p>The amendments initially posted on the Ministry of Finance website have been materially modified by the new government.</p> <p>The new government has stated many times their commitment to a proper implementation of the OUG 109/2011.</p> <p>The government is determined to progress with board/management selections under the current version of OUG 109/2011 and the process is pending.</p> <p>The Government has sent the new legislative act for Parliamentary approval</p>
<b>IPOs of SOEs</b>	Discussions continue on starting IPO processes for our 4 companies

# Corporate Actions



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# Buy – Back Programs

Program	Period	Status	No. of shares to be repurchased / % of the Fund's issued share capital	Average share price (RON/share)	Broker	Cancellation of shares
Fourth	Oct 2014 – Feb 2015	Completed	991.0 mn/7.32%	1.0557 <sup>1</sup>	Raiffeisen	Cancelled on 14 Aug 2015
Fifth	Feb – Jul 2015	Completed	227.6 mn/1.89%	0.8501 <sup>2</sup>	Wood & Co.	Approved by shareholders during the GSM on 29 Oct 2015
Sixth	Started on 9 Sep 2015	19.03% Completed	891.8 mn/7.54%	0.8057 <sup>3</sup>	Wood & Co., Goldman Sachs Int.	-
Seventh	-	Approved during the GSM on 29 October 2015	Max. 10% of the issued share capital at the relevant time	-	-	-

1. Including the 750 mn shares Tender Offer.

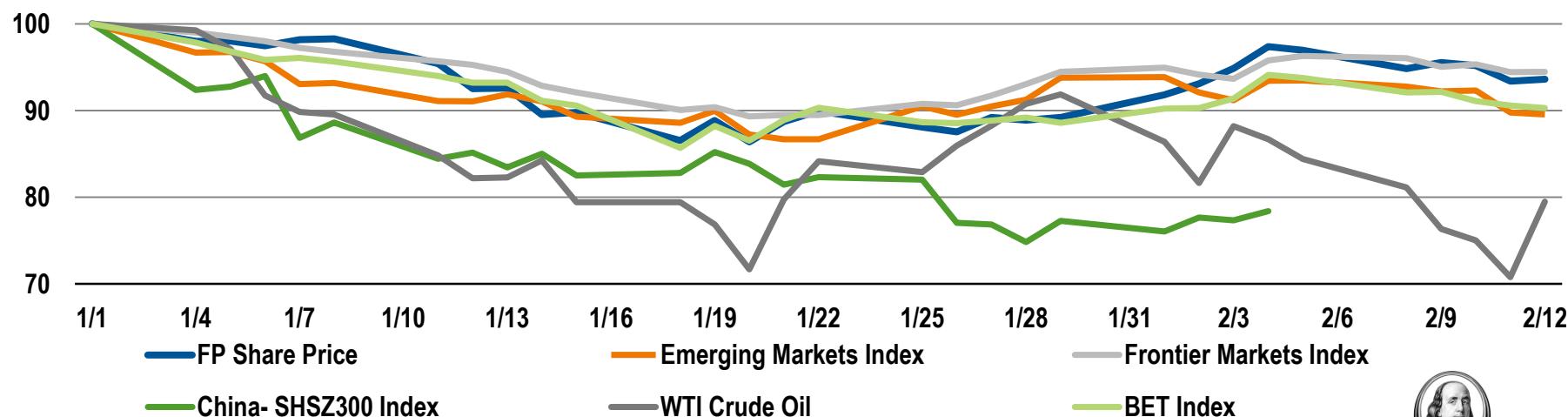
2. As at 29 July 2015, based on the 227,572,250 shares repurchased.

3. As at 5 February 2016. Estimated value based on the 169,677,185 shares repurchased (130,352,485 ordinary shares and 39,324,700 equivalent shares of the GDRs repurchased).

# Third Tender Offer

- On 14 January 2016, the Fund Manager announced that it submitted for approval to the FSA an application for a tender offer for cash of its own shares in relation to the sixth buy-back programme. The Fund intended to repurchase up to 430,000,000 shares (both in the form of shares and GDRs) from its shareholders
- On 25 January 2016, the Fund Manager announced that it suspended the process of the tender offer and withdrew the application from the FSA. The decision was driven by the significant increase in global financial markets' volatility and prudence in the Fund's cash management in the current environment.
- Daily execution of the buy-back programme with respect to shares on the BVB and GDRs on the LSE restarted on 28 January 2016.
- The Fund Manager will continue to monitor market developments and is prepared to restart the process when market conditions are more supportive.

## YTD Performance of FP<sup>1</sup>



1. Source: Bloomberg, as at 12 February 2016.

# Dividend Income – Top 20 Portfolio Companies

Top 20 Holdings <sup>1</sup>	DIVIDEND PAYOUT (%)					FP NET DIVIDEND (RON mn)				
	2010	2011	2012	2013	2014	2011	2012	2013	2014	2015
OMV Petrom SA	46	47	40	36	35	201.6	353.1	319.0	331.4	120.5
Hidroelectrica SA	90	-	-	-	80	52.5	-	-	-	128.9
Enel Distributie Banat SA	56	-	-	-	50	20.2	-	-	-	20.7
Romgaz SA	109	91	85	99	86	106.0	140.6	158.9	148.5	121.4
E.ON Distributie Romania SA <sup>2</sup>	-	-	367	-	-	-	-	29.9	-	-
CN Aeroporturi Bucuresti SA	90	89	85	85	50	9.9	9.4	9.1	12.3	10.2
Enel Distributie Muntenia SA	-	-	-	-	-	-	-	-	-	-
GDF Suez Energy Romania SA	40	-	50	60	51	9.6	-	22.8	33.6	24.0
Enel Distributie Dobrogea SA	56	-	-	-	50	13.5	-	-	-	10.5
BRD Groupe Societe Generale	25	25	-	-	-	2.1	3.6	-	-	-
Electrica Distributie Muntenia Nord SA	-	12	84	83	85	-	1.8	16.2	23.2	24.7
Electrica Distributie Transilvania Sud SA	-	-	-	83	85	-	-	-	12.7	17.6
Electrica Distributie Transilvania Nord SA	-	-	-	83	85	-	-	-	11.7	16.7
Banca Transilvania SA	-	-	-	-	-	-	-	-	-	-
Societatea Nationala a Sarii Salrom SA	90	90	92	85	85	0.8	0.1	9.3	19.8	10.2
Nuclearelectrica SA	-	-	83	81	68	-	-	2.3	27.9	6.9

Note: Calculations based on the companies' annual financial statements. Dividends are distributed based on individual financial statements

1. Based on the 31 December 2015 Detailed Statement of Investments.

2. Formed through the merger of E.ON Gaz Distributie and E.ON Moldova Distributie, as at 31 December 2014.

# Dividend Income – Top 20 Portfolio Companies

Top 20 Holdings <sup>1</sup>	DIVIDEND PAYOUT (%)					FP NET DIVIDEND (RON mn)				
	2010	2011	2012	2013	2014	2011	2012	2013	2014	2015
CN Administratia Porturilor Maritime SA	-	71	75	78	50	-	6.6	5.4	10.1	6.5
Electrica Furnizare SA	-	-	46	88	85	-	-	9.3	19.6	38.3
E.ON Energie Romania SA	-	-	-	-	-	-	-	-	-	-
Alro SA	100	99	-	-	-	13	19	-	-	-
<b>Total Top 20 Holdings (RON mn)</b>						<b>429.2</b>	<b>534.2</b>	<b>582.2</b>	<b>650.8</b>	<b>557.1</b>
<b>Total Dividends from Listed Companies (RON mn)</b>						<b>304.0</b>	<b>450.1</b>	<b>373.9</b>	<b>538.6</b>	<b>251.5</b>
<b>Total Dividends from Unlisted Companies (RON mn)</b>						<b>215.1</b>	<b>168.9</b>	<b>275.8<sup>3</sup></b>	<b>143.5</b>	<b>315.9</b>
<b>Total Dividend Income (RON mn)</b>						<b>519.1</b>	<b>619.0</b>	<b>649.7</b>	<b>682.1</b>	<b>567.4</b>
<b>Total Dividend Income per Share (RON)<sup>2</sup></b>						<b>0.05959</b>	<b>0.04699</b>	<b>0.04954</b>	<b>0.05674</b>	<b>0.05310</b>
<b>Dividend / Distribution per Share (RON)</b>						<b>0.03854</b>	<b>0.04089</b>	<b>0.05000<sup>5</sup></b>	<b>0.05000<sup>4</sup></b>	<b>0.05000<sup>10</sup></b>
<b>Share Price (RON)</b>						<b>0.5550<sup>6</sup></b>	<b>0.6600<sup>7</sup></b>	<b>0.7640<sup>8</sup></b>	<b>0.8130<sup>9</sup></b>	<b>0.7270<sup>11</sup></b>
<b>Yield</b>						<b>6.94%</b>	<b>6.20%</b>	<b>6.54%</b>	<b>5.84%<sup>10</sup></b>	<b>6.88%<sup>11</sup></b>
<b>Yield for Romanian companies (BET)</b>						<b>4.21%</b>	<b>5.09%</b>	<b>5.10%</b>	<b>3.50%</b>	

Note: Calculations based on the companies' annual financial statements. Dividends are distributed based on individual financial statements.

1. Based on FP 31 December 2015 Detailed Statement of Investments.

2. Calculation based on the number of paid shares at the registration date for each year excluding treasury shares at the same date.

3. Includes dividends from Romgaz and Nuclearelectrica, which were unlisted at that time.

4. 2015 Return of capital following the decrease of the nominal value of the Fund's share from RON 0.95 to 0.90.

5. Paid as a return of capital in June 2014, following the decrease of the nominal value of the Fund's share from RON 1 to RON 0.95

6. As at 14 May 2012.

7. As at 15 May 2013.

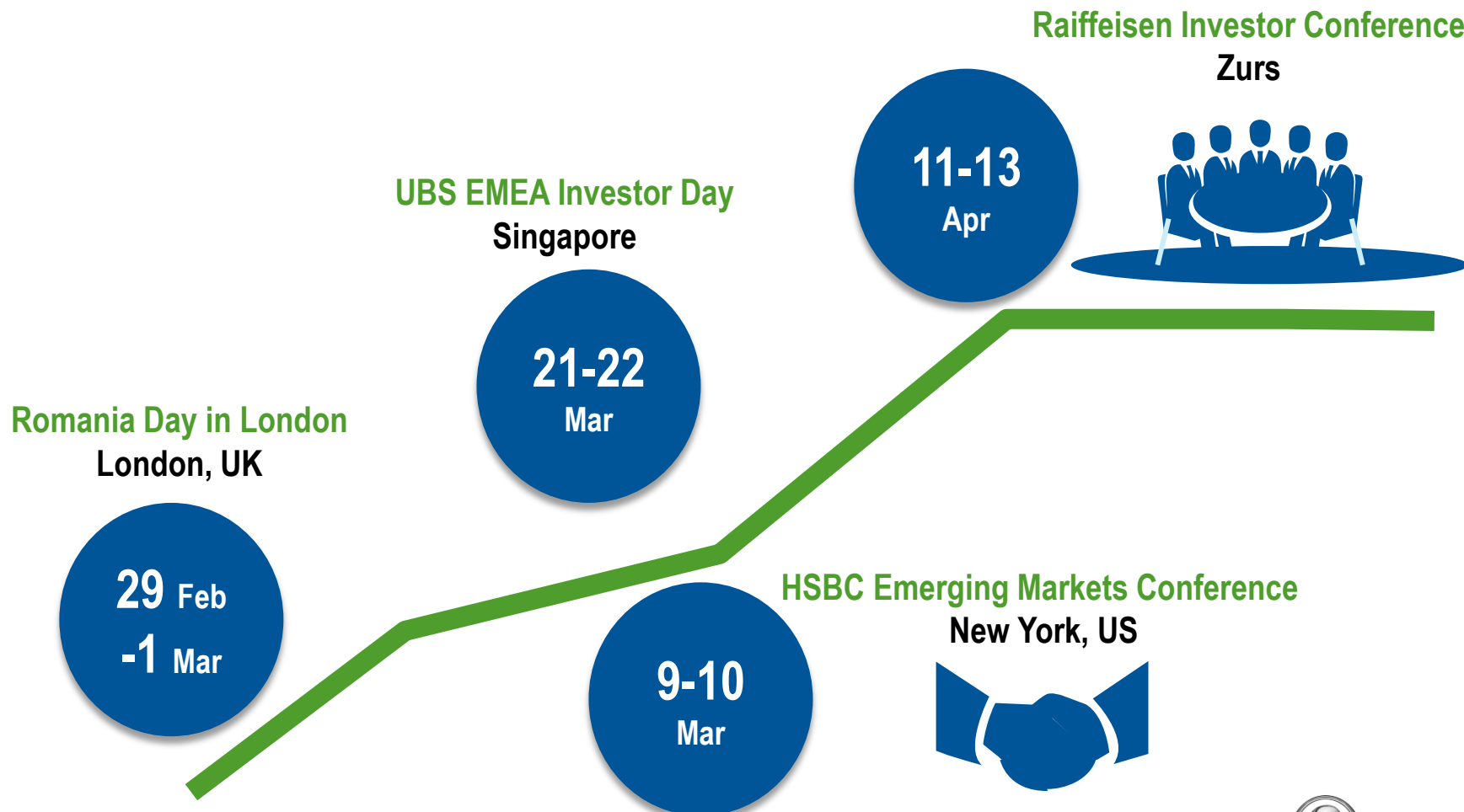
8. As at 30 April 2014.

9. As at 29 May 2015.

10. Approved by shareholders during the GSM on 27 January 2016

11. As at 12 February 2016.

# Investor Relations – Upcoming Events



More information about the Fund can be found on the website [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)

# 2016 Romania Investor Days in London – Proposed Agenda (I)

London	Monday, 29 February – The May Fair Hotel, Danziger Suite A
8:15 – 8:45 a.m.	Registration
8:45 – 9:00 a.m.	Welcome Dr. Mark Mobius, Executive Chairman, Templeton Emerging Markets Group Mr. Grzegorz Konieczny, CEO and Fund Manager of Fondul Proprietatea H.E. Theodor Cosmin Onisii, Chargé d'affaires Embassy of Romania (TBC)
9:00 – 9:20 a.m.	Presidential Administration of Romania Mr. Dan Mihalache, Presidential Adviser and Head of the Presidential Chancellery (TBC)
9:20 – 9:40 a.m.	Government of Romania His Excellency, Mr. Dacian Ciolos, Prime Minister of Romania (TBC)
9:40 – 10:00 a.m.	International Monetary Fund Guillermo Tolosa, IMF Resident Representative in Romania (TBC)
10:00 – 10:20 a.m.	Ministry of Finance Ms. Anca Dragu, Minister (TBC)
10:20 – 10:40 a.m.	Ministry of Energy Mr. Victor Grigorescu, Minister (TBC)
10:40 – 11:00 a.m.	Ministry of Economy, Commerce and Relations with the Business Environment Ms. Sorana Baci, State Secretary



# 2016 Romania Investor Days in London – Proposed Agenda (II)

London	Monday, 29 February – The May Fair Hotel, Danziger Suite A
11:00 – 11:20 a.m.	National Bank of Romania Mr. Liviu Voinea, Deputy Governor (TBC)
11:20 – 11:40 a.m.	National Anticorruption Agency Ms. Laura Codruta Kovesi, Chief Prosecutor (TBC)
11:40 a.m. – 12:00 p.m.	Financial Supervisory Authority Mr. Misu Negritoiu, President (TBC)
12:00 – 12:10 p.m.	Franklin Templeton Investments Ms. Jenny Johnson, Co-President
12.10 – 12.25 p.m.	Fondul Proprietatea Mr. Grzegorz Konieczny, CEO and Fund Manager of Fondul Proprietatea
12.25 – 12.40 p.m.	London Stock Exchange Tom Attenborough, Head of UK Large Caps – Primary Markets
12:40 – 1:30 p.m.	Lunch
1:30 – 5.00 p.m.	One-on-one meetings
6.30 p.m.	Dinner

# 2016 Romania Investor Days in London – Proposed Agenda (III)

<b>London</b>	<b>Tuesday, 1 March – The May Fair Hotel, Danziger Suite A</b>
8:30 – 9:00 a.m.	Registration
9:00 a.m. – 5:00 p.m.	One-on-one meetings
12:30 – 2:00 p.m.	Lunch

<b>Companies</b>		
<b>Alro</b>	<b>Electrica</b>	<b>Salrom</b>
<b>Banca Transilvania</b>	<b>Fondul Proprietatea</b>	SIF 1 Banat Crisana
<b>BRD Groupe Societe Generale</b>	<b>Hidroelectrica</b>	SIF 2 Moldova
<b>Bucharest Airports</b>	<b>NEPI</b>	SIF 3 Transilvania
<b>Bucharest Stock Exchange</b>	<b>Nuclearelectrica</b>	<b>Romgaz</b>
<b>CE Oltenia</b>	<b>OMV Petrom</b>	Teraplast
<b>Constanta Port</b>	<b>Posta Romana</b>	Transelectrica
<b>Conpet</b>	<b>RCS&amp;RDS</b>	Transgaz

# 2015 Preliminary Annual Results



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# IFRS Financial Statements – Statement of Financial Position

RON million (audited)	31 December 2015	31 December 2014
Cash and current accounts	0.6	6.9
Deposits with banks	197.8	109.4
Treasury bills	20.0	162.8
Government bonds	59.0	31.7
Equity investments	11,800.7	12,927.7
Deferred tax assets	-	152.7
Other assets	29.6	9.5
<b>Total assets</b>	<b>12,107.7</b>	<b>13,400.7</b>
Total liabilities	54.6	52.8
Total equity	12,053.1	13,347.9
<b>Total liabilities and equity</b>	<b>12,107.7</b>	<b>13,400.7</b>

Source: FP 2015 Preliminary Annual Results report.

# IFRS Financial Statements – Statement of Comprehensive Income

RON million (audited)	2015	2014
Gross dividend income	569.3	687.4
Net losses from equity investments at fair value through profit or loss	(1,240.8)	(604.2)
Impairment losses on equity investments available for sale	(90.5)	(344.1)
Interest income	3.9	20.9
Gain on disposal of equity investments available for sale, net	344.8	645.5
Other items of income/ (expense), net <sup>1</sup>	19.4	12.7
<b>Net operating income/ (loss)</b>	<b>(393.9)</b>	<b>418.2</b>
Operating expenses	(125.1)	(113.6)
Finance costs	(2.5)	-
<b>Profit/ (Loss) before income tax</b>	<b>(521.5)</b>	<b>304.6</b>
Income tax (expense) / benefit	(43.6)	122.6
<b>Profit/ (Loss) for the year</b>	<b>(565.1)</b>	<b>427.2</b>
Other comprehensive income	212.4	7.2
<b>Total comprehensive income for the year</b>	<b>(352.7)</b>	<b>434.4</b>

Source: FP 2015 Preliminary Annual Results report.

1. Other items of income/ (expense), net included the net foreign exchange gains/ (losses), the reversal of impairment losses on receivables and other income / (expenses).

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# FONDUL PROPRIETATEA

Managed by Franklin Templeton Investment Management Ltd.