

2014 First Half Results Presentation

14 August 2014



FRANKLIN TEMPLETON
INVESTMENTS

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The headquarters of Fondul Proprietatea SA are at 78-80 Buzesti Str, 7th Floor, Bucharest District 1, 011017, Romania. Fondul Proprietatea's Fiscal Identification Code (CIF) is 18253260 and Trade Registry registration no is J40/21901/2005. The subscribed share capital is RON 12,861,183,036.65 and paid share capital is RON 12,515,396,724.25. This presentation is issued by Franklin Templeton Investment Management Limited ("FTIML"), registered with ASF under no. PJR09SIIR/400006/18.08.2010, which is authorized and regulated in the UK by the Financial Conduct Authority with Register Number 121779, registered as a foreign equivalent of an investment adviser with the US Securities Exchange Commission, and the Romanian branch is regulated by the Romanian Financial Supervisory Authority.

Date: August 2014.

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Fund Information

The Fund – Key Facts

Fund Details as at 31 July 2014 ¹	RON	EUR
NAV	14.76 bn	3.34 bn ²
NAV/Share	1.2489	0.2826 ²
Price/Share ³	0.8360	0.1892
Discount ³	33.06%	33.06%
Number of Shares in Issue	13,538,087,407	
Number of Paid Shares	13,174,101,815	
Number of Paid Shares less Treasury Shares ⁴	11,820,293,075	
Investment Objective		
Maximization of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.		

1. Based on local regulator methodology.

2. Computed using the NBR EUR/RON FX rate as at 31 July 2014.

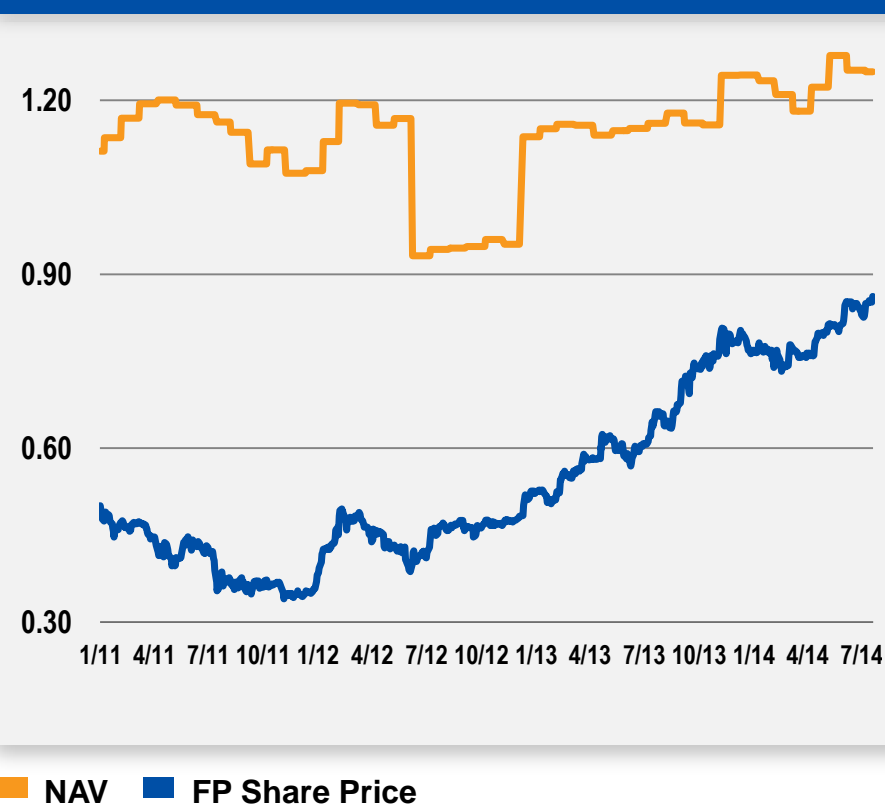
3. As at 31 July 2014. Computed using the NBR EUR/RON FX rate as at 31 July 2014.

4. As at 23 July 2014.

5. Source: Bloomberg, until 11 August 2014.

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FP Share Price⁵ and NAV

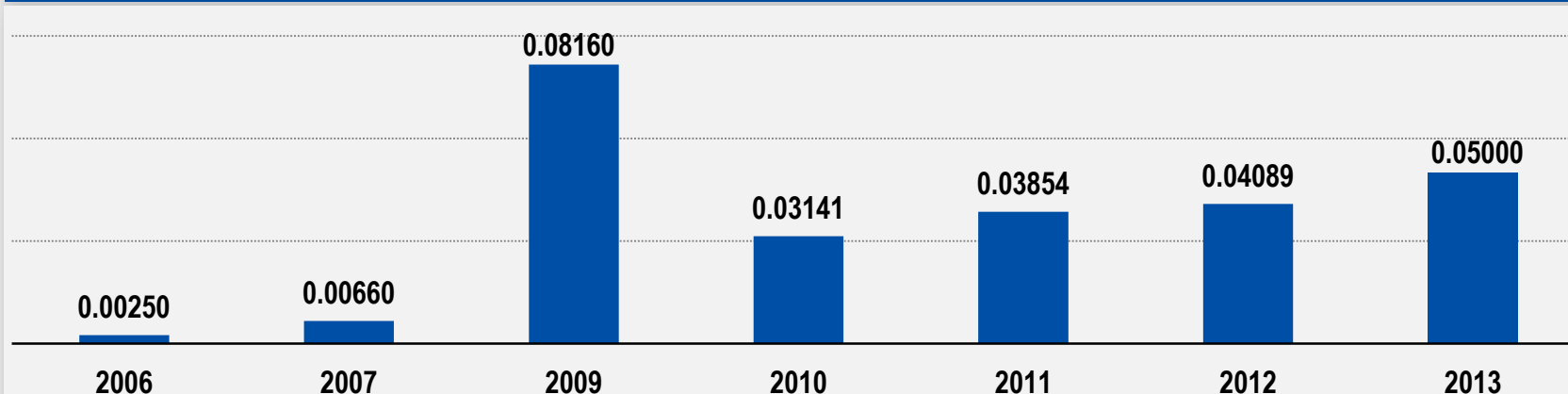


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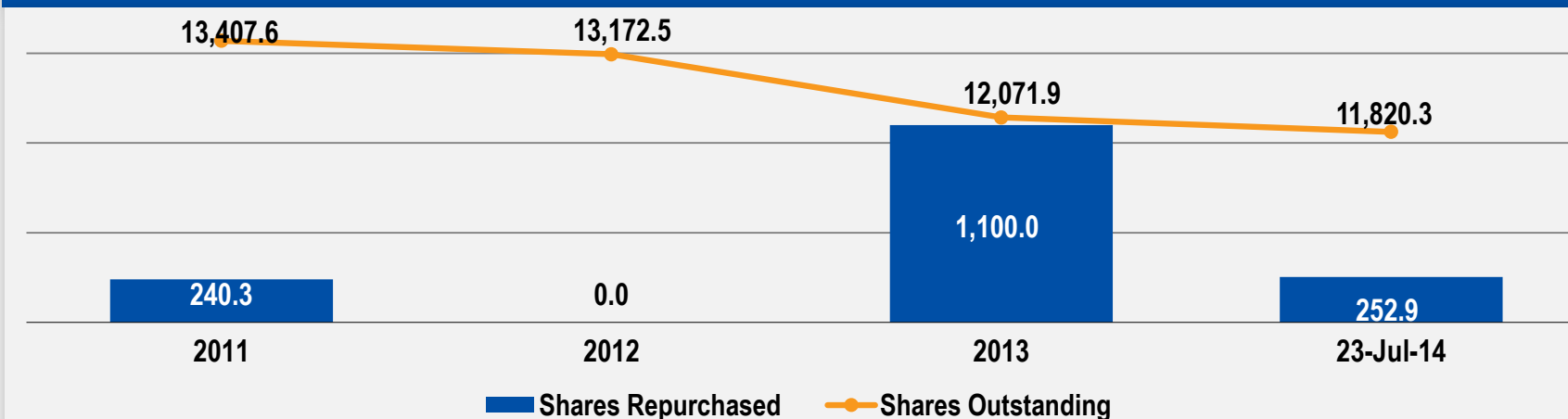


Distributions to Shareholders

Distributions per Share (RON)¹



Share Buy-Back Activity (for the 12 Months Ended) Mn Shares

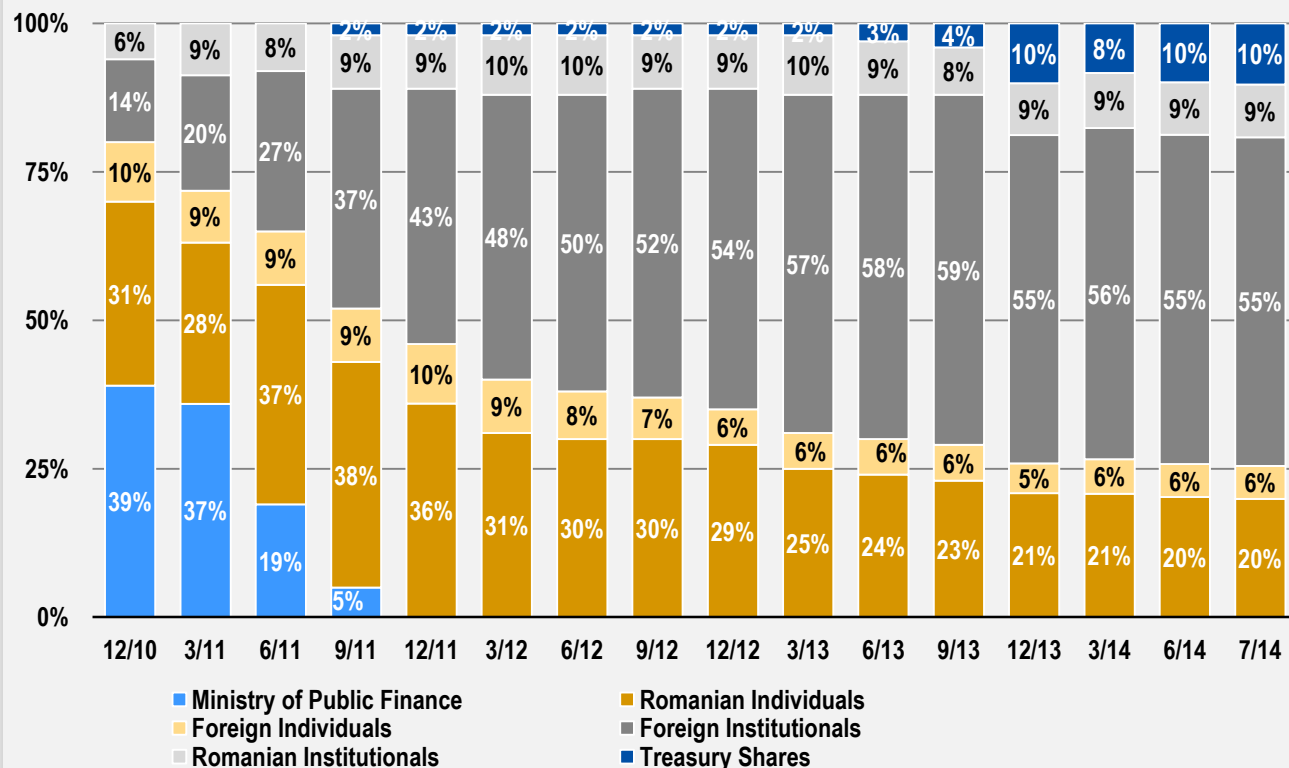


1. The RON 0.08160/share distribution was for 2008 and 2009. The RON 0.05/share return of capital was recommended by the Fund Manager and approved by shareholders during the Extraordinary General Shareholders Meeting on 3 February 2014.

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Shareholders Structure¹

Evolution (% Held)



Largest Shareholders²

Elliott Associates	15.22%
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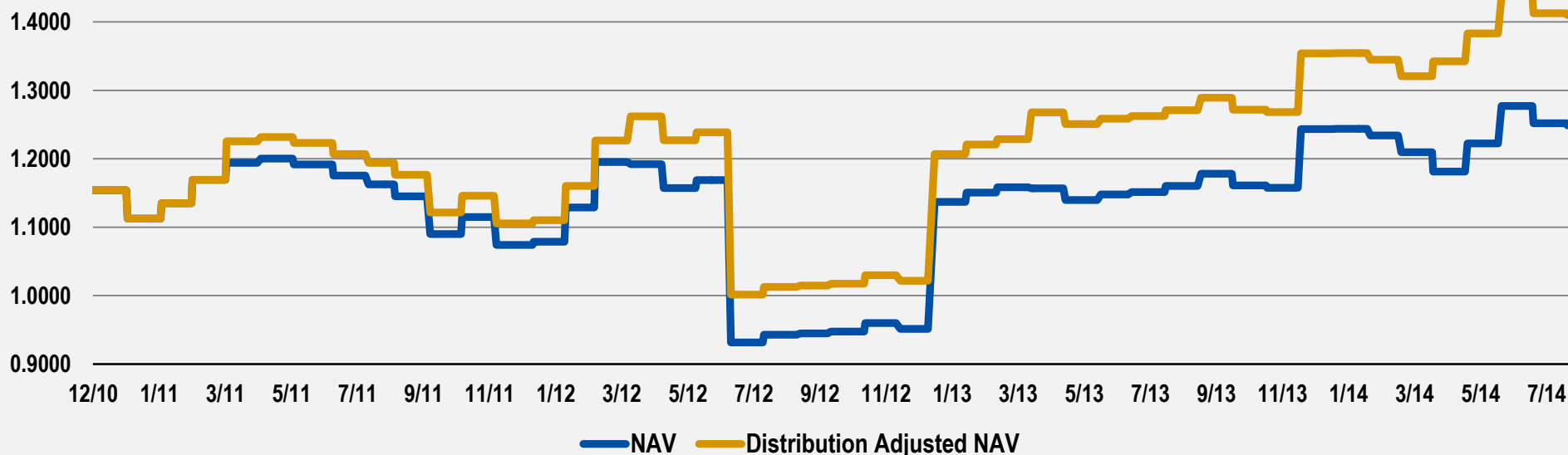
Total Number of Shareholders ¹	7,885
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1. Shareholders structure as at 31 July 2014, based on paid share capital starting 31 July 2011. Source: Central Depository.

2. Based on the paid share capital as at 31 July 2014. Source: Ownership disclosure submitted by shareholder.

Net Asset Value

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 local regulator's valuation methodology which allows companies in insolvency to be valued based on an independent valuation report.
- In February 2014, Hidroelectrica re-entered the insolvency procedure and the Fund's stake has been valued based on an independent valuation report.
- In June 2014, the NAV was adjusted for the RON 0.05 share capital decrease approved by shareholders on 3 February 2014 (for which registration date was 30 April 2014).

Contributors to NAV Performance for H1 2014

TOP PERFORMERS

Company	Status	% in Total NAV ³	% change in NAV performance for H1 2014	Change in NAV per share (RON)
OMV Petrom SA	Listed	34.9%	0.87%	0.0111
Electrica Furnizare SA ¹	Unlisted	0.6%	0.59%	0.0074
Transelectrica SA	Listed	1.5%	0.44%	0.0056
E.ON Energie Romania SA ¹	Unlisted	0.9%	0.44%	0.0055
ENEL Energie SA ¹	Unlisted	0.5%	0.13%	0.0017

BOTTOM PERFORMERS

Company	Status	% in Total NAV ³	% change in NAV performance for H1 2014	Change in NAV per share (RON)
Complexul Energetic Oltenia SA ²	Unlisted	0.8%	(1.34)%	(0.0170)
Hidroelectrica SA ²	Unlisted	14.2%	(0.89)%	(0.0113)
Nuclearelectrica SA	Listed	1.5%	(0.57)%	(0.0072)
Alro SA	Listed	0.6%	(0.12)%	(0.0015)
Raiffeisen Bank international AG ⁴	Listed	0.5%	(0.05)%	(0.0006)
TOTAL NAV VARIANCE H1 2014				(0.0082)

1. These holdings were valued by an independent valuer (KPMG).

2. The valuation of these holdings were updated by an independent valuer (KPMG).

3. NAV report as at 30 June 2014.

4. Holding sold in March 2014.

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Contributors to NAV Performance for Q2 2014

TOP PERFORMERS

Company	Status	% in Total NAV ³	% change in NAV performance for Q2 2014	Change in NAV per share (RON)
OMV Petrom SA	Listed	34.9%	4.15%	0.0499
Electrica Furnizare SA ¹	Unlisted	0.6%	0.62%	0.0074
Romgaz SA	Listed	13.3%	0.52%	0.0062
E.ON Energie Romania SA ¹	Unlisted	0.9%	0.46%	0.0055
Transelectrica SA	Listed	1.5%	0.40%	0.0048

BOTTOM PERFORMERS

Company	Status	% in Total NAV ³	% change in NAV performance for Q2 2014	Change in NAV per share (RON)
Complexul Energetic Oltenia SA ²	Unlisted	0.8%	(1.41)%	(0.0170)
Nuclearelectrica SA	Listed	1.5%	(0.25)%	(0.0030)
Aeroportul International Timisoara - Traian Vuia SA	Unlisted	0.0%	(0.03)%	(0.0004)
Aeroportul International Mihail Kogalniceanu - Constanta SA	Unlisted	0.0%	(0.02)%	(0.0002)
Forsev SA	Listed	0.0%	(0.01)%	(0.0001)
TOTAL NAV VARIANCE Q2 2014				0.0705

1. These holdings were valued by an independent valuer (KPMG).

2. The valuation of the holding in Complexul Energetic Oltenia was updated by an independent valuer (KPMG).

3. NAV report as at 30 June 2014.

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NAV and Share Price Performance

Cumulative Performance

	2011	2012	2013	Since Performance Inception ¹	YTD ¹
NAV	(0.47)	8.91	13.29	28.26	4.44
Ordinary Share Price	(30.32)	38.30	61.34	66.15	6.86

Average Annual Discount

2011	2012	2013	YTD ²	Current Discount ³
55.67%	49.83%	41.30%	33.64%	31.02%

Note: Fondul Proprietatea's NAV and NAV per share were not adjusted for the share capital decrease of RON 0.05 / share (for which registration date was 30 April 2014). This share capital decrease will be recorded in Fondul Proprietatea's books, and will be reflected in the Net Asset Value, at the date when it will be endorsed by FSA.

1. As at 31 July 2014.

2. For the period: 1 January – 13 August 2014.

3. As at 13 August 2014.

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Update on the New Investment Management Agreement (I)

Current Investment Management Agreement

Fees

- Base Fee: 0.479%
- Consideration: Average quarterly market capitalization of the Fund

Duration

- Until 29 September 2014

New Investment Management Agreement

Fees

- Base Fee: 0.60%
- Consideration: Average quarterly market capitalization of the Fund
- Distribution Fee:
 - 2.00% of total non-dividend distributions (30 September 2014 – 31 October 2015)
 - 1.00% of total non-dividend distributions (1 November 2015 – end of the mandate)
- Consideration: Share buy-backs, public tender buy-backs, reductions of the share capital

Duration

- 2 years, starting with 30 September 2014
- The Fund Manager will call a GSM each year in October to review the performance of the Fund Manager and shareholders will have the right to vote on the continuation of the mandate of the Fund Manager

Status:

- Shareholders approved the new IMA at the Annual General Shareholders Meeting on 28 April 2014
- **On 4 August 2014, the new IMA has been partially endorsed by the FSA, and certain amendments have been requested**

Update on the New Investment Management Agreement (II)

New Investment Management Agreement

Amendments requested by the FSA:

- Force Majeure Event clauses (elimination of devaluations and fluctuations as force majeure events)
- New Appointment Date definition
- Clause 9.6 related to the agenda of October 2015 GSM (selection procedure of a new Fund Manager and Sole Director based on the legislation in force, not on a procedure prepared by the Fund Manager and agreed with the Board of Nominees)
- Clauses 13.3 and 13.4 letter b) regarding the termination of the agreement (in case of early termination of the IMA by the Fund Manager, selection procedure for a new Fund Manager and Sole Director will be initiated based on the legislation in force, not on a procedure prepared by the Fund Manager and agreed with the Board of Nominees)
- Clause 14.3 regarding AIFMD implementation (in case of changes in the applicable law that would impose additional requirements on the Fund Manager, a reputable Affiliate or other alternative arrangements cannot be procured by the Fund Manager)
- Clause 19 regarding the governing law and dispute resolution (governing law will be the Romanian law, not England and Wales and any disputes will be resolved by the Paris Court of International Arbitration and not by the London Court of International Arbitration)
- Clause 21.2 regarding the key employees
- Clause 22 regarding the language of the IMA (IMA to be signed in Romanian and English, not only English)
- Elimination of the Distribution Fee

FSA Argumentation:

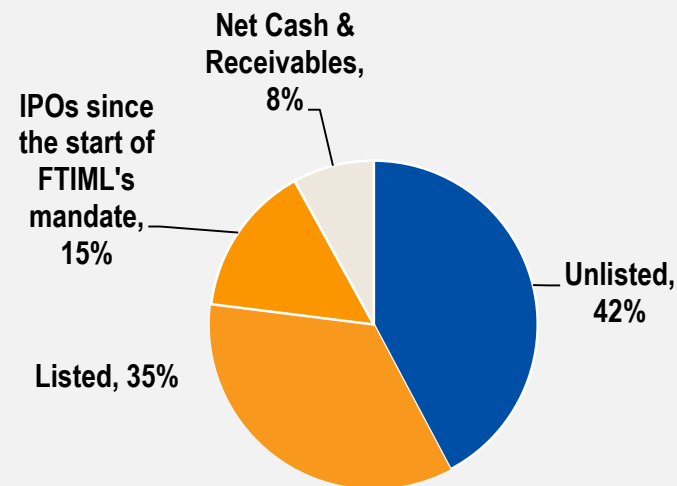
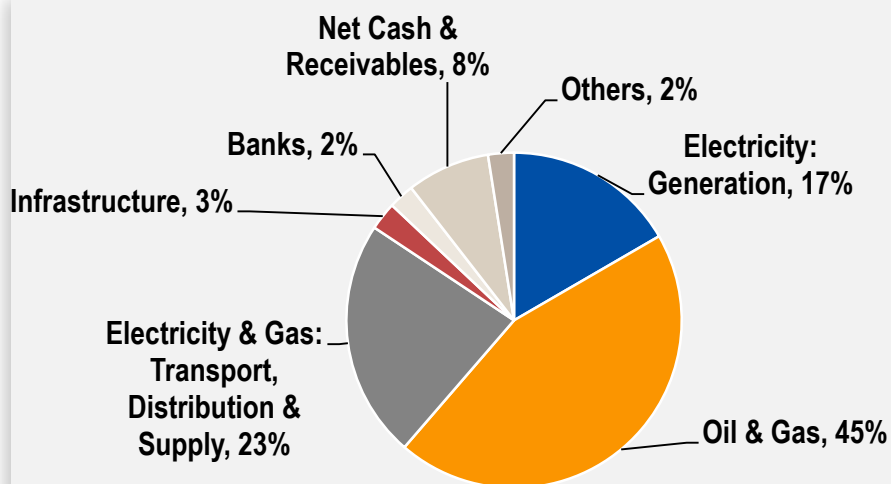
- The amendments requested by the FSA are based on the Government Decision no. 1514/2008 issued for the first selection process of the Fund Manager that was initiated during 2008 and based on the Law no. 247/2005 for setting-up the Fund

Next Steps:

- The amendments requested by the FSA will be voted on by the Fund's shareholders in the General Shareholders' Meeting convened on 23 September 2014. If approved, the new IMA will come into force starting with 30 September 2014.

Portfolio Performance

Portfolio Structure – 31 July 2014



- As at 31 July 2014, the portfolio included stakes in 56 companies (18 listed and 38 unlisted)
- In March 2014, the Fund announced that it is reviewing strategic options to potentially reduce its stake in OMV Petrom to below a 15% holding, subject to appropriate market conditions and required approvals
- During H1 2014, the Fund disposed of its entire holdings in Resib SA, Turdapan SA, Raiffeisen Bank and Erste Bank, and part of its holdings in Oil Terminal SA, and Primcom SA.
- On 18 June 2014, the Fund sold a 4.99% stake in Romgaz through an accelerated bookbuild offering, with gross proceeds from the transaction of RON 644.6 million (EUR 146.4 million). Following the sale, the Fund owns a 10.00% stake in Romgaz.
- On 9 July 2014, the Fund sold its entire 15% stake in Transelectrica through an accelerated bookbuild offering, with gross proceeds from the transaction of RON 212.7 million (EUR 48.4 million)

Largest Holdings by NAV

No.	Portfolio Company	Status	Majority Shareholder	% Stake ¹	NAV as at 31 July 2014 (EUR mn)	% in NAV as at 31 July 2014
1	OMV Petrom SA	Listed	OMV	19.0%	1,168.4	35.0
2	Hidroelectrica SA	Insolvency	Romanian State	19.9%	476.4	14.3
3	Romgaz SA	Listed	Romanian State	10.0%	295.7	8.9
4	ENEL Distributie Banat	Unlisted	Enel Group	24.1%	129.7	3.9
5	ENEL Distributie Muntenia	Unlisted	Enel Group	12.0%	107.1	3.2
6	GDF Suez Energy Romania	Unlisted	GDF Suez	12.0%	91.5	2.7
7	ENEL Distributie Dobrogea	Unlisted	Enel Group	24.1%	85.8	2.6
8	E.ON Moldova Distributie SA	Unlisted	E.ON Group	22.0%	78.2	2.3
9	Electrica Distributie Muntenia Nord SA	Unlisted	Electrica Group	22.0%	67.0	2.0
10	CN Aeroporturi Bucuresti SA	Unlisted	Romanian State	20.0%	65.1	2.0
Top 10 Portfolio Holdings					2,564.9	76.9
NAV					3,341.0	100.0
NAV Per Share (EUR)					0.2826	

Note: Values in EUR calculated using the EUR/RON FX rate as at 31 July 2014.

Source: Report prepared by the Fund Manager as at 31 July 2014.

1. Based on the 30 June 2014 Detailed Statement of Investments.

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IPO, SPO, and ABO Transactions

Completed Transactions

Company	Transaction	Seller	Offering Stake	Market Value (EUR mn)	Investment Consortium Selected	Comments
Transelectrica	SPO	Romanian State	15.0%	37.6 ¹	BCR, Swiss Capital, Intercapital Invest	Completed in March 2012
Transgaz	SPO	Romanian State	15.0%	72.0 ²	Raiffeisen, Wood & Company, BT Securities	Completed in April 2013
OMV Petrom	ABO	FP	5.6%	56.9	Wood & Co., Raiffeisen C&I	Completed in May 2013
Nuclearelectrica	IPO	New Shares	10.0%	63.2 ⁴	Swiss Capital, BT Securities	Completed in September 2013
Romgaz	IPO	Romanian State	15.0%	382.8 ³	Goldman Sachs, Erste-BCR, Raiffeisen	Completed in November 2013
Transgaz	ABO	FP	15.0%	67.8	Citigroup Global Markets, Raiffeisen C&I, Wood & Co	Completed in December 2013
<hr/>						
Romgaz	ABO	FP	4.99%	146.4	Goldman Sachs and Erste-BCR	Completed in June 2014
Electrica	IPO	New Shares	51%	444.3 ⁸	Citigroup, Raiffeisen C&I, BRD, Societe Generale, Swiss Capital	Completed in June 2014
Transelectrica	ABO	FP	13%	48.4	Raiffeisen Bank, UniCredit, SSIF Broker	Completed in July 2014

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

2. Source: Based on final price of RON 179 for institutional and large retail tranche and RON 170 for the small retail tranche and NBR EUR/RON FX rate as at 17 April 2013.

3. Source: Based on the final price of RON 30 for institutional tranche and RON 28.5 for the small retail tranche that subscribed in the first 5 days and RON 29.1 for the rest of the small retail tranche and NBR EUR/RON FX rate as at 1 November 2013. The final price for the GDRs listed on the London Stock Exchange is USD 9.25.

4. Source: Based on the price of RON 11.2 for institutional and large retail tranche and RON 10.304 for the small retail tranche that subscribed in the first 3 days and RON 10.864 for the rest of the small retail tranche and NBR EUR/RON FX rate as at 20 September 2013.

5. Source: The NAV report prepared by the Fund Manager as at 31 August 2013. 6. Source: The NAV report prepared by the Fund Manager as at 30 October 2013.

7. For Nuclearelectrica – 4 November 2013; for Romgaz – 12 November 2013.

8. Source: Based on the final price of RON 11 per share and USD 13.66 per GDR listed on the London Stock Exchange.

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Discount on Accelerated Bookbuild Offerings

Company	Pricing Announcement	Reference Price Pre ABO Announcements (RON / share)	Placement Price (RON / share)	Discount vs Reference Price	Placement Value (RON mn)	Placement Value vs. Average Daily Trading Value (30 day pre-ABO)
OMV Petrom	17 May 2013	0.44	0.39	12.2%	246.7	545.8x
Transgaz	12 Dec 2013	190.4	172.0	9.7%	303.5	203.7x
Romgaz	17 Jun 2014	35.6	33.50	5.9%	644.6	191.3x
Transelectrica	9 Jul 2014	23.38	21.50	8.0%	212.7	281.5x
Total					1,407.5	

Source: Bucharest Stock Exchange.

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Government SPO & IPO Calendar

Future IPOs and Privatizations

Company	Official Timeline ¹	FP Expectations	Offering Size %	Offering Size Value (EUR mn)	FP Stake Value (EUR mn)	Seller	Investment Consortium Selected
Hydroelectrica	IPO – June 2014	Delayed by the insolvency proceedings	15.0	412.1 ²	476.4 ²	New Shares	Morgan Stanley, Raiffeisen
CE Oltenia	IPO – June 2014	2015	12.0/15.3	17.1/22.4 ⁴	27.3 ⁴	New Shares	BRD Groupe Societe Generale, Swiss Capital ³
Posta Romana	Privatization (Share Capital Increase)	H2 2014	>50.0	>41.6 ⁴	13.9 ⁴	New Shares	KPMG, Tuca, Zbarcea and Associates

Other candidates from the Fund's portfolio for IPOs

Company	FP Stake ⁴	FP Stake Value (EUR mn)	Market Cap
Administratia Porturilor Maritime (Constanta Port)	20.0%	15.9 ⁴	79.3 ⁴
Aeroporturi Bucuresti (Bucharest Airports)	20.0%	65.1 ²	325.5 ²
Salrom	49.0%	24.2 ⁴	49.5 ⁴

1. As agreed with the IMF in the September 2013 Letter of Intent.

2. Source: The NAV report prepared by the Fund Manager as at 31 July 2014.

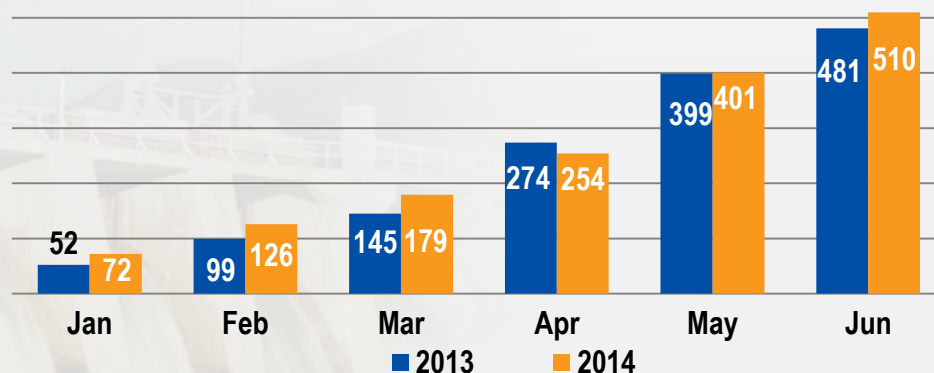
3. Offer submitted in April 2013.

4. Source: 30 June 2014 Detailed Statement of Investments.

Update on Hidroelectrica Insolvency

- Starting 25th of February 2014 the company is run by Remus Borza as judicial administrator and Gabriel Dumitrascu as special administrator
- Performance improvements continued in H1 2014: pre-tax profits of RON 510 mn. compared to RON 481 mn in H1 2013
- Starting July 2014, the regulated market price increased by approx. 10 RON/MWh to 125 RON/MWh.
- Appointment of professional management is ongoing: head of trading, head of corporate strategy, head of investments and refurbishment, and head of IT have already been hired
- Litigations with the traders are ongoing; claims from traders are worth more than RON 1.6 bn
- The company plans to open subsidiaries in Budapest and Belgrade to start trading electricity in Hungary and Serbia

Pre-tax profit (RON mn)



Source: Company website.

1. Source: Bloomberg, as at 15 June 2014.

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Disposal of the Unlisted Power and Gas Distribution Companies

Company	FP Stake	NAV EUR mn	% NAV
E.ON Moldova Distributie	22%	78.7	2.3%
E.ON Gaz Distributie	12%	37.7	1.1%
E.ON Energie Romania	13%	29.8	0.9%
Enel Distributie Muntenia (EDM)	12%	107.8	3.2%
Enel Energie Muntenia (EEM)	12%	14.8	0.4%
Enel Distributie Banat (EDB)	24%	130.7	3.9%
Enel Distributie Dobrogea (EDD)	24%	86.4	2.6%
Enel Energie (EE)	12%	16.9	0.5%
GDF Suez Energy Romania	12%	92.2	2.7%
Electrica Distributie Muntenia Nord	22%	67.5	2.0%
Electrica Distributie Transilvania Nord	22%	47.1	1.4%
Electrica Distributie Transilvania Sud	22%	43.8	1.3%
Electrica Furnizare	22%	20.1	0.6%
TOTAL		773.5	22.9%

Notes: Values in EUR calculated using the EUR/RON FX rate as at 30 June 2014.
Based on the 30 June 2014 Detailed Statement of Investments.

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Background

- The total value of the holdings is EUR 773.5 mn, or 22.9% of the NAV per the Fund's 30 June 2014 Detailed Statement of Investments
- 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 mn

Status

- E.ON:** Following the positive ruling of the Arbitration Court in Paris regarding the Call option exercised by E.ON back in 2010, E.ON acquired from Electrica an additional 17% stake in E.ON Moldova Distributie and proportionally 2.4% stake in E.ON Energie Romania, increasing its share in the share capital of the two companies to 68% and 53.4% respectively. In July 2014, E.ON announced that it intends to merge the electricity distribution company E.ON Moldova Distributie with the gas distribution company E.ON Gaz Distributie. Based on the valuation reports, the Fund's stake would be around 18.3% of the new entity.
- Enel:** Following failed negotiations between Enel and the Romanian Government, the Government has decided to resolve the dispute over the value of the put option at the Paris Court of International Arbitration. In July 2014, Enel announced that intends to sell the operations in Romania. Citibank and Unicredit have been appointed by Enel to advise on the transactions. The Fund has tag along rights in EDM and EEM.
- Electrica:** Following the appointment of a new Board of Electrica in the shareholder meeting on 22 September 2014, the Fund will re-start discussions for the potential sale of its stakes in the Electrica subsidiaries. All the minorities stakes held by Electrica in the privatized power and gas distributors have been transferred to a newly created company, SAPE (company for the administration of participations in the energy sector), controlled by the Department of Energy.

Corporate Governance Code and Listing of SOEs

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

Legend

- ✓ Completed
- ? Appointment suspected to be politically influenced
- X Not completed
- Changes from Q1 2014

Company	FP Stake ¹	% in Total NAV ¹	NAV EUR mn ¹	Listing Status ²	Independent Board ²	Professional Management ²
Hidroelectrica	20	14.2	479.9	X	NA	NA
Romgaz	10	9.0	304.9	✓	✓	✓
Electrica Distributie Muntenia Nord	22	2.0	67.5	X	?	?
CN Aeroporturi Bucuresti	20	1.9	65.6	X	X	X
Nuclearelectrica	10	1.5	50.4	✓	?	✓
Electrica Distributie Transilvania Nord	22	1.4	47.1	X	?	?
Electrica Distributie Transilvania Sud	22	1.3	43.8	X	?	?
Conpet	30	0.9	29.0	✓	✓	?
Complexul Energetic Oltenia	22	0.8	27.3	X	?	?
Societatea Nationala a Sarii Salrom	49	0.7	24.2	X	X	X
Electrica Furnizare	22	0.6	20.1	X	?	?
CN Administratia Porturilor Maritime	20	0.5	15.9	X	✓	✓
Posta Romana	25	0.4	13.9	X	X	X
Romaero	21	0.1	4.2	✓	X	X
CN Administratia Canalelor Navigabile ³	20	0.1	3.7	X	✓	?
A.I. Timisoara – Traian Vuia	20	0.0	0.4	X	X	X
Oil Terminal	6	0.0	0.9	✓	?	?
Plafar	49	0.0	1.1	X	X	X
AI M. Kogalniceanu – Constanta	20	0.0	0.5	X	?	?
CN Administratia Porturilor Dunarii Fluviale ³	20	0.0	0.8	X	?	?
CN Administratia Porturilor Dunarii Maritime	8	0.0	0.0	X	?	?
Total		35.4	1,201.2			

1. Source: Based on the 30 June 2014 Detailed Statement of Investments. Values in EUR calculated using the EUR/RON FX rate as at 30 June 2014.

2. As at 31 July 2014.

3. The administration plan was not approved.

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Top 20 Portfolio Holdings – Key Financial Ratios

Top 20 Holdings ¹	% Stake ¹	Net Debt/Equity	P/BV	EV/EBITDA	P/E
1 OMV Petrom	18.99%	0.00	1.02	3.11	5.53
2 Hidroelectrica SA ²	19.94%	0.08	0.63	5.92	14.69
3 Romgaz	10.00%	(0.17)	1.44	5.42	13.43
4 ENEL Distributie Banat	24.12%	(0.37)	1.08	4.68	12.47
5 ENEL Distributie Muntenia	12.00%	(0.39)	1.01	5.72	14.75
6 GDF Suez Energy Romania	12.00%	0.02	0.95	4.70	7.54
7 ENEL Distributie Dobrogea	24.09%	(0.24)	1.06	4.93	11.79
8 E.ON Moldova Distributie	22.00%	0.00	0.89	6.16	18.04
9 Electrica Distributie Muntenia Nord	21.99%	(0.21)	0.97	7.22	10.65
10 CN Aeroporturi Bucuresti	20.00%	0.10	0.69	6.89	19.99
11 BRD Groupe Societe Generale	3.64%	-	1.22	-	-
12 Transelectrica ³	13.49%	0.21	0.62	3.58	8.00
13 Nuclearelectrica	9.72%	0.15	0.30	3.82	5.33
14 Electrica Distributie Transilvania Nord	22.00%	0.07	2.53	4.69	14.75
15 Electrica Distributie Transilvania Sud	21.99%	0.07	0.84	4.44	12.58
16 E.ON Gaz Distributie	12.00%	0.12	1.06	7.08	20.30
17 E.ON Energie Romania	13.39%	(0.06)	1.38	4.09	4.35
18 Conpet SA	29.70%	(0.38)	0.66	1.80	13.69
19 Complexul Energetic Oltenia	21.55%	0.34	0.10	4.41	121.24
20 Banca Transilvania	2.93%	-	1.23	-	9.68
Average		(0.03)	0.98	4.43	16.94
Weighted Average		(0.04)	0.99	4.35	10.98

1. Based on the 30 June 2014 Detailed Statement of Investments.

2. The company is in insolvency procedure.

3. The Fund's stake in the company was sold in July 2014

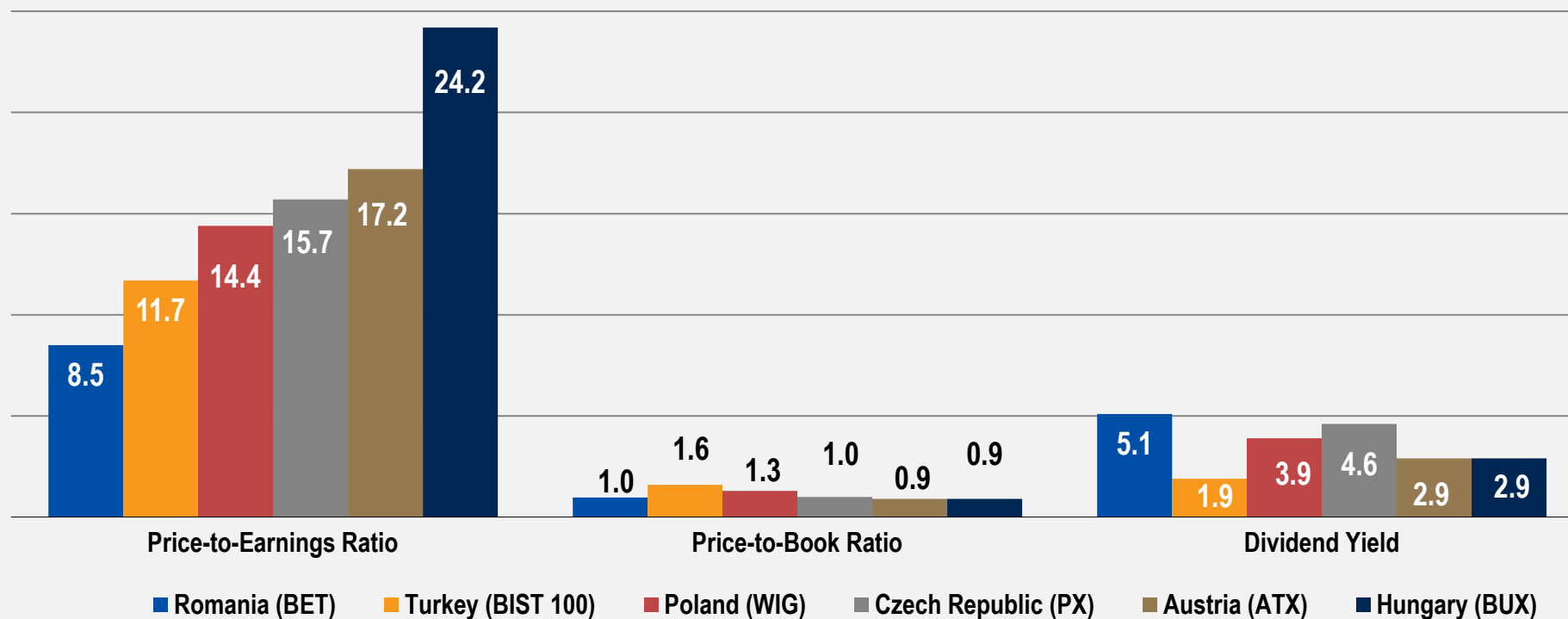
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Valuation Gap Between Romania and Other Countries

Valuation Comparison: Romania vs. Countries in the Region



Source: Bloomberg – July 2014

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Corporate Actions

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
First	May–September 2011	Completed	240.3 mn / 1.74%	0.4994	Wood & Co.	Effective as of February 2014
Second	April–December 2013	Completed	1.1 bn / 7.99%	0.8743	Wood & Co., BCR	Ongoing. Cancellation approved on 28 April 2014
Third	March–July 2014	Completed	253 mn / 1.89%	0.8126	Raiffeisen	To be submitted for shareholder approval
Fourth	-	Approved by shareholders on 28 April 2014	991.0 mn / 7.32%	NA	To be selected	-

Update on the Fourth Buy-Back Program

- The fourth buy-back program will be started as soon as the cancellation of the shares repurchased in the second buy-back program will become effective
- The FSA may issue a decision on the endorsement of the Constitutive Act reflecting the share capital decrease only after the legal term of two months elapses since the publication of the Shareholders' Resolution in the Official Gazette, which was performed on 15 July 2014
- The response from the FSA on the endorsement is reasonably expected soon after 15 September 2014

Secondary Listing on the LSE – Plan



Fungible trading between London and Bucharest is planned to be achieved via the use of Depositary Interests (“DIs”) in the UK. In this regard, a UK-based registrar and depository would bridge the London and Bucharest markets by holding Shares through a local (Bucharest based) custodian via Clearstream (clearing and settlement entity connected to the Central Depositary in Bucharest) and issuing DIs in London. Regulatory changes are required in order for trading of DIs to be feasible in Romania.



New local and foreign investors will be attracted via separate placements of shares facilitated by existing shareholders through accelerated placements and/or individual trades on the regular (open) market either at the same time or subsequent to the listing in London. No new shares will be issued by the Fund

Status

Discussions with the FSA to endorse the changes in the current regulations are ongoing. Target listing date: late September – early October 2014. It is critical to have the approval of the changes in FSA regulations in early September 2014. The Fund will be ready to file all required listing documentation in early September.

Return of Capital – RON 0.05/Share Cash Distribution

Status

- The payment of the total cash distribution of RON 601.3 mn started on 25 July 2014, and over 85% was paid in the first week
- The shareholders registered in the Fund's Shareholders' Registry at 30 April 2014 are entitled to request the share cash distributions at any branch of the paying agent appointed by the Fund, namely BRD - Groupe Société Générale
- Details with regards to the payment procedure for the cash distribution can be found on the Fund's website [here](#)

Dividend Income – Top 20 Portfolio Companies

Top 20 Holdings ¹	DIVIDEND PAYOUT %				FP NET DIVIDEND (RON mn)			
	2013 ²	2012	2011	2010	2014	2013	2012	2011
1 OMV Petrom SA	36	40	47	46	331.4	319.0	353.1	201.6
2 Hidroelectrica SA	—	—	—	—	—	—	—	52.5
3 Romgaz SA	99	85	91	109	148.5	158.9	140.6	106.0
4 ENEL Distributie Banat SA	—	—	—	56	—	—	—	20.2
5 ENEL Distributie Muntenia SA	—	—	—	—	—	—	—	—
6 GDF Suez Energy Romania	60	50	—	40	33.6	22.8	—	9.6
7 ENEL Distributie Dobrogea SA	—	—	—	56	—	—	—	13.5
8 E.ON Moldova Distributie SA	—	—	—	—	—	—	—	—
9 Electrica Distributie Muntenia Nord SA	83	84	12	—	23.2	16.2	1.8	—
10 CN Aeroporturi Bucuresti SA	NA	85	89	117	NA	9.1	9.4	9.9
11 BRD Groupe Societe Generale	—	—	25	25	—	—	3.6	2.1
12 Transelectrica SA	81	86	89	90	22.0	4.0	10.9	1.2
13 Nuclearelectrica SA	81	83	—	—	27.9	2.3	—	—
14 Electrica Distributie Transilvania Nord SA	83	—	—	—	11.7	—	—	—
15 Electrica Distributie Transilvania Sud SA	83	—	—	—	12.7	—	—	—
16 E.ON Gaz Distributie SA	—	—	— ⁶	—	—	29.9	—	—
17 E.ON Energie Romania SA	—	—	—	—	—	—	—	—
18 Conpet SA	94	92	90	90	8.8	8.4	6.6	7.0
19 Complexul Energetic Oltenia SA ³	—	85	N/A	N/A	—	10.3	N/A	N/A
20 Banca Transilvania SA	—	—	—	—	—	—	—	—
TOTAL (RON mn)					619.8	580.9	526.0	423.6
Total Dividends from Listed Companies (RON mn)					538.6	373.9	450.1	304.0
Total Dividends from Unlisted Companies (RON mn)					131.2	275.8⁷	168.9	215.1
Total Dividend Income (RON mn)					669.8	649.7	619.0	519.1
Dividend /Distribution per Share (RON)						0.05000	0.04089	0.03854
Share Price (RON)						0.7640⁸	0.6600⁴	0.5550⁵
Yield						6.54%	6.20%	6.94%
Yield for Romanian companies								

Note: Calculation based on the companies' financial statements.

1. Based on the 30 June 2014 Detailed Statement of Investments.

2. Dividends are distributed based on individual financial statements.

3. 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 6.5mn, CE Craiova RON 0.03mn), 2011 (CE Rovinari RON 0.02mn, CE Craiova RON 0.01mn)

4. As at 15 May 2013.

5. As at 9 May 2012.

6. Dividends distributed out of retained earnings for 2011 and 2012..

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

8. As at 28 April 2014.

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Investor Relations – Upcoming Events



More information about the Fund can be found on the website www.fondulproprietatea.ro

General Shareholders Meeting on 23 September 2014

OGM Agenda

- Approval of some amendments of the IMA signed between FTIML UK Bucharest Branch and Fondul Proprietatea SA on 25 February 2010, as imposed by FSA's Decision no. 70/19 June 2014
- Approval of Addendum no.1 to the IMA signed between FTIML UK Bucharest Branch and Fondul Proprietatea SA on 29 April 2014 reflecting the changes imposed by Decision no. 111/4 August 2014 issued by FSA
- Approval of Addendum no. 2 to the IMA (all clauses that were not endorsed by the FSA)
- Approval of Addendum 2 to the 2013 audit contract with Deloitte
- Approval of the renewal of the Fund Manager's mandate

EGM Agenda

- Approval of the amendments to the Constitutive Act requested by the Financial Supervisory Authority
- Approval of the decrease of the subscribed share capital of Fondul Proprietatea SA following the cancellation of 252.9 mn shares acquired through the third buy-back programme
- The full convening notice can be found on the Fund's website [here](#)

First Half 2014 Results

Income Statement (RON million)

	30 June 2013 (Unaudited)	30 June 2014 (Unaudited)
Revenues from Current Activity, Out of Which:	874.8	1,452.6
Revenues from Financial Assets	604.8	649.8
Interest Income	20.7	8.4
Reversal of Impairment Adjustments & Provisions	1.0	30.0
Revenues from Disposal of Financial Assets	247.8	762.4
Revenues from Foreign Exchange Differences	0.1	1.3
Other Income from Current Activity	0.4	0.7
Expenses from Current Activity, out of which:	360.2	383.2
Expenses from Disposal of Financial Assets	318.9	328.2
Expenses from Foreign Exchange Differences	0.1	2.1
Depreciation, provisions, losses from receivables and sundry debtors	1.6	2.0
Commissions and Fees	11.4	14.1
Other Expenses from Current Activity ¹	28.2	36.8
Gross Profit	514.6	1,069.4
Income Tax Expense	-	14.9
Net Profit	514.6	1,054.5

Source: S1 2014 Results Report, prepared in accordance with the Financial Supervisory Authority regulations¹ in force (Romanian Accounting Regulations).

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

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Balance Sheet (RON million)

	31 December 2013 (Audited)	30 June 2014 (Unaudited)
Intangible Assets	0.8	0.6
Financial Assets	10,490.6	10,157.0
Non-Current Assets – Total	10,491.4	10,157.6
Current Assets – Total	454.1	1,659.9
Prepaid Expenses	-	0.2
Payables Within One Year	31.2	649.9
Total Assets Less Current Liabilities	10,914.3	11,167.8
Provisions	29.3	15.0
Shareholder's Equity	10,885.0	11,152.8

Source: S1 2014 Results Report, prepared in accordance with the Financial Supervisory Authority regulations' in force (Romanian Accounting Regulations).

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