

# Fondul Proprietatea Q1 2017 Results Conference Call

15 May 2017



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The price of shares and income from them can go down as well as up and you may lose some or all of your capital invested. The previous results of a fund or company do not account for future performances. Currency fluctuations will affect the value of foreign investments. All investments are subject to certain risks. Generally, investments offering the potential for higher returns are accompanied by a higher degree of risk. Stocks and other equities representing an ownership interest in a corporation have historically outperformed other asset classes over the long term but tend to fluctuate more dramatically over the shorter term. Small or relatively new companies can be particularly sensitive to changing economic conditions due to factors such as relatively small revenues, limited product lines, and small market share. Smaller company stocks have historically exhibited greater price volatility than larger company stocks, particularly over the short term. The significant growth potential offered by Emerging Markets remains accompanied by heightened risks when compared to developed markets, including risks related to market and currency volatility, adverse social and political developments, and the relatively small size and lesser liquidity of these markets.

The Fund's headquarters are located at 78-80 Buzesti Street, 7th Floor, Bucharest, 1st District, 011017, Romania. Fund's Fiscal Identification Code is 18253260 and Trade Registry registration number is J40/21901/2005. The subscribed share capital is RON 5,742,226,025.22 and paid up share capital is RON 5,534,852,985.72.

Starting with 1 April 2016, in view of complying with the AIFMD, implemented in the Romanian legislation through Law no. 74/2015 on managers of alternative investment funds and Regulation no. 10/2015 on alternative investment fund management, Fondul Proprietatea SA, qualifying as an alternative investment fund, is managed by Franklin Templeton Investment Services S.Â R.L. ("FTIS"), a société à responsabilité limitée qualifying as an alternative investment fund manager under Article 5 of the Luxembourg Law of 12 July 2013 on alternative investment fund managers, authorized by the Commission de Surveillance du Secteur Financier under no. A00000154/21 November 2013, whose registered office is located at 8A rue Albert Borschette, L-1246 Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B 36.979, registered with the Romanian Financial Supervisory Authority ("FSA") under number PJM07.1AFIASMDLUX0037/10 March 2016.

This presentation herein is issued by Franklin Templeton Investment Management Limited ("FTIML"), registered with the FSA under no. PJM01SFIM/400005/14 September 2009, which is authorized and regulated in the UK by the Financial Conduct Authority, registered therein under the number 121779, registered as a foreign equivalent of an investment adviser with the US Securities Exchange

Commission, acting through its Romanian branch having its registered office at Premium Point, 78-80 Buzesti Str., 7-8th floors, 1st. District, Bucharest, Romania.

FTIML acts herein as a delegate of FTIS with respect to the portfolio management functions as well as administration services over the Fund.



# Fund Information



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# The Fund – Key Facts

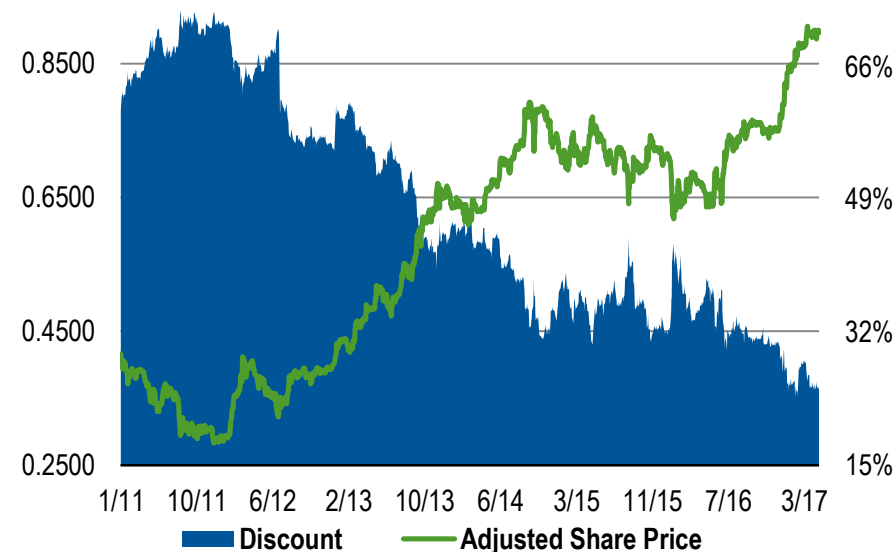
## Fund Details<sup>1</sup>

	RON	USD <sup>2</sup>
NAV	10.82 bn	2.61 bn <sup>2</sup>
NAV/Share	1.2159	0.2933 <sup>2</sup>
Price/Share	0.9000	0.2171 <sup>2</sup>
Price/GDR	45.81	11.05
Market Capitalization as at 12 May 2017 <sup>3</sup>	7.99 bn	1.91 bn <sup>3</sup>
Discount/Share as at 12 May 2017	24.73%	
Discount/GDR as at 12 May 2017	24.40%	
Number of Paid Shares less Treasury Shares <sup>7</sup>	8,893,000,970	

## Investment Objective

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

## FP Share Price<sup>4</sup> and Discount (%)



	BVB	LSE
Average Daily Turnover (USD mn)	2.13 <sup>5</sup>	1.54 <sup>6</sup>

Source: BVB, FP 28 April 2017 NAV report.

1. Based on local regulator methodology.

2. Computed using the NBR USD/RON FX rate as at 28 April 2017.

3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 12 May 2017. Using the NBR USD/RON FX rate as at 12 May 2017.

4. Source: BVB, until 12 May 2017.

5. Source: BVB, for the period 3 January – 12 May 2017.

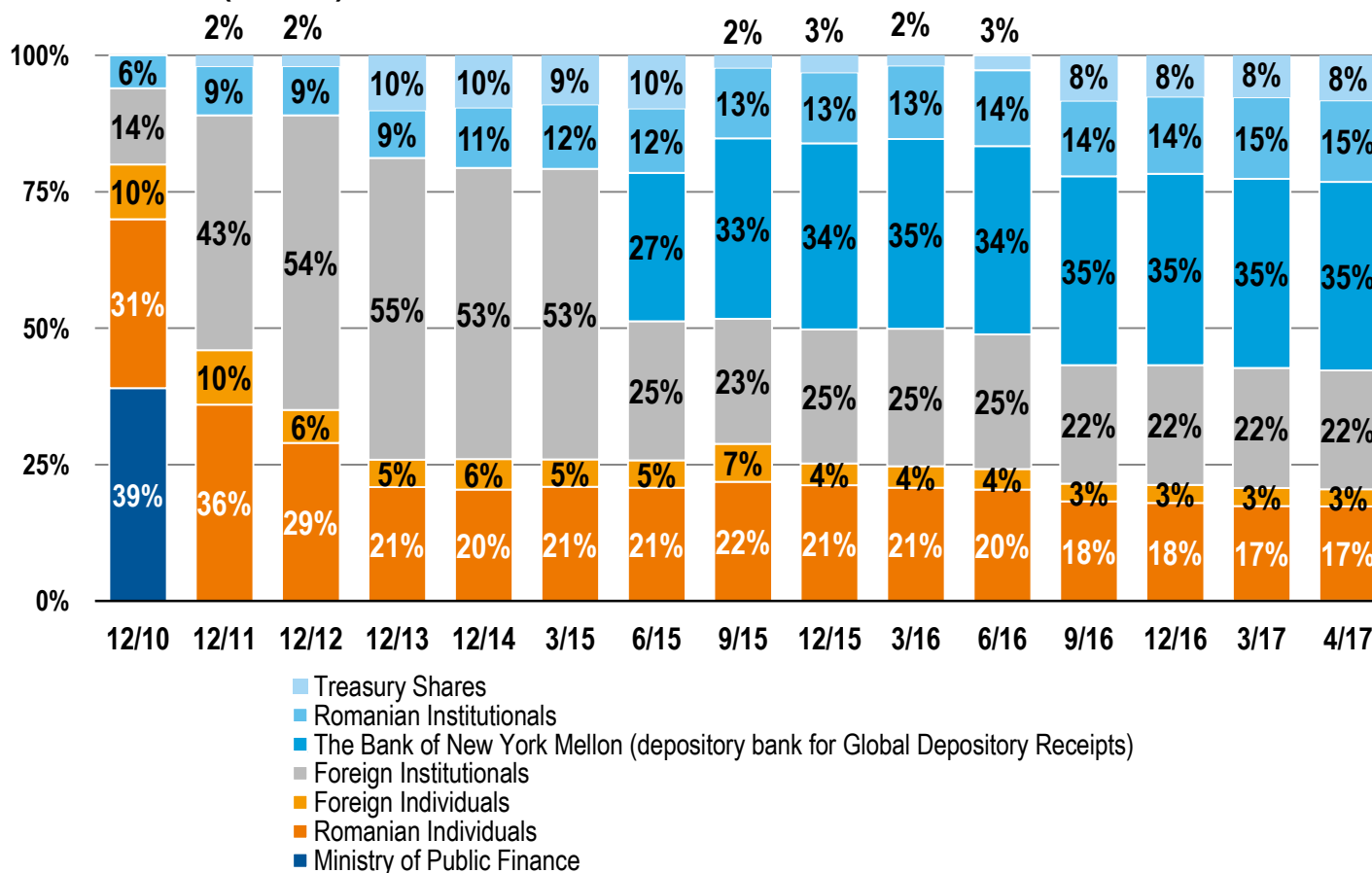
6. Source: Bloomberg, for the period 3 January – 12 May 2017.

7. As at 12 May 2017.



# Shareholders Structure

Evolution (% Held)



Largest Shareholders<sup>1</sup>

Elliott Associates	21.06%
City of London Investment Mgmt.	5.04%
NN Group	5.02%
Total Number of Shareholders <sup>2</sup>	6,877

1. Based on the total voting rights. Source: Ownership disclosures submitted by Elliott Associates on 21 October 2015, City of London Investment Management Company Ltd. on 5 April 2016, and NN Group on 27 March 2017.

2. Shareholders structure as at 30 April 2017, based on paid share capital starting 31 July 2011. Source: Central Depository.

# NAV, Share Price and GDR Performance

## Cumulative Performance

	2011	2012	2013	2014	2015	2016	Q1 2017	YTD <sup>1</sup>	Since Performance Inception <sup>1</sup>
NAV (RON)	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	7.33%	4.88%	6.78%	41.85%
Ordinary Share Price (RON)	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	4.90%	18.07%	19.66%	114.46%
GDR (USD)	N/A	N/A	N/A	N/A	N/A	1.15%	17.97%	24.15%	14.89%

## Average Annual Discount

2011	2012	2013	2014	2015	2016	YTD <sup>2</sup>	Current Share Price Discount <sup>3</sup>	Current GDR Price Discount <sup>3</sup>
55.67%	50.09%	40.74%	30.70%	28.90%	32.10%	26.33%	24.73%	24.40%

Source: BVB, LSE, Bloomberg, FP NAV reports.

Note: The discount is calculated based on the latest published NAV available for the day of the calculation.

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.

1. As at 28 April 2017.

2. For the period: 3 January – 12 May 2017.

3. As at 12 May 2017.

# Attribution to NAV Performance for Q1 2017

## TOP PERFORMERS

Company	Status	Weight in total NAV <sup>1</sup>	Change in share price/NAV value per share in Q1 2017	Total effect for Q1 2017
OMV Petrom SA	Listed	20.1%	15.9%	2.58%
Nuclearelectrica SA	Listed	1.7%	39.4%	0.45%
Alro SA	Listed	1.0%	23.9%	0.18%
Conpet SA	Listed	0.5%	42.1%	0.15%
BRD Groupe Societe Generale SA	Listed	2.9%	3.7%	0.10%

## BOTTOM PERFORMERS

Company	Status	Weight in total NAV <sup>1</sup>	Change in share price/NAV value per share in Q1 2017	Total effect for Q1 2017
Palace SA	Listed	0.0%	(1.7)%	0.00%

## TOTAL NAV / SHARE VARIANCE Q1 2017

0.7%

Note: amounts adjusted with the dividends declared by the companies according with FP accounting policy.

1. Source: FP 31 March 2017 Detailed Statement of Investments.



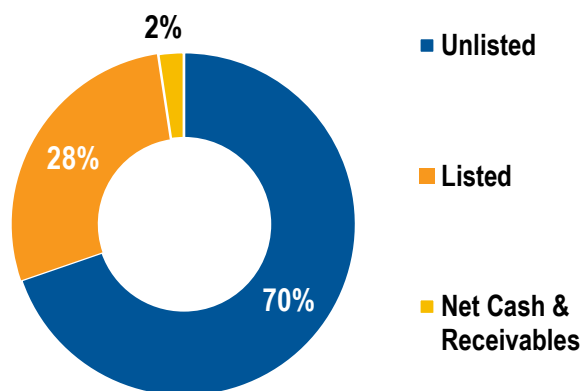
# Portfolio



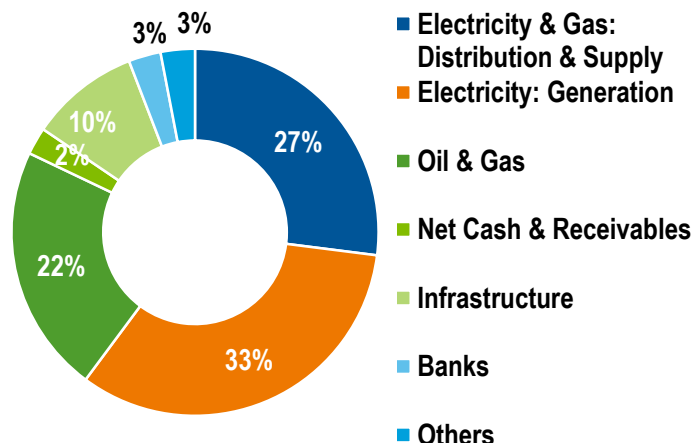
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# Portfolio Structure

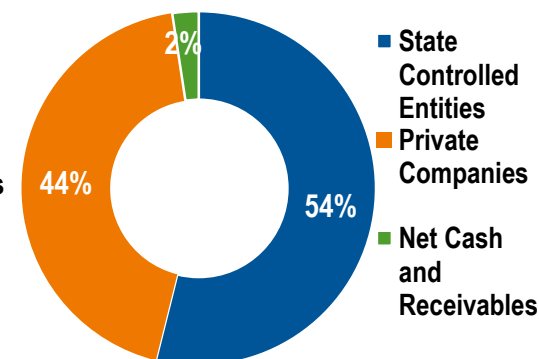
**Listed vs Unlisted**  
as at 28 April 2017 (% NAV)<sup>1</sup>



**By Sector**  
as at 28 April 2017 (% NAV)<sup>1</sup>



**By Controlling Ownership** as  
at 31 March 2017<sup>2</sup>



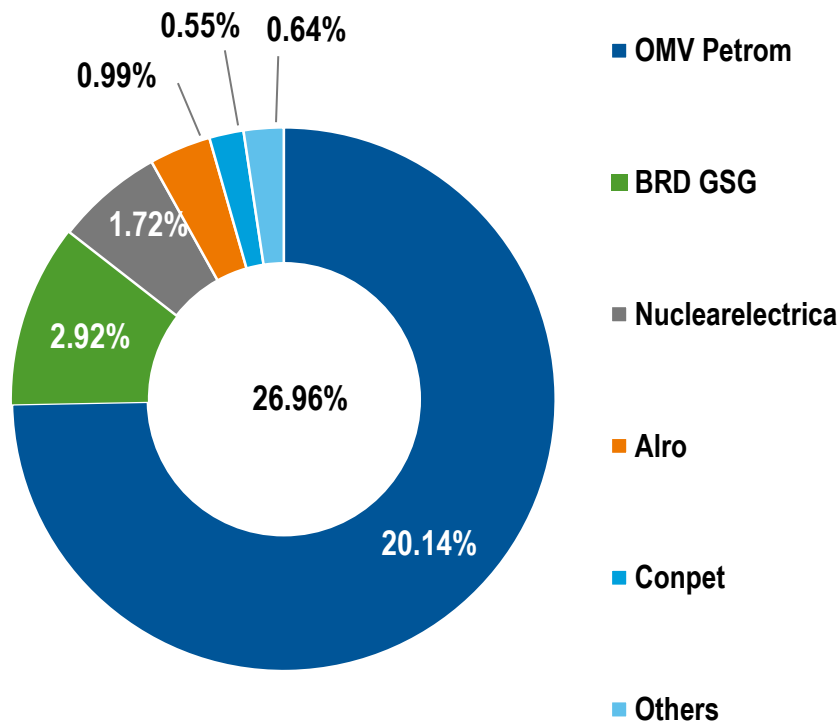
- As at 28 April 2017, the portfolio included stakes in 43 companies (11 listed and 32 unlisted)
- Net cash and receivables position as at 28 April 2017 was USD 62.4 mn
- In July 2016, the Fund Manager contracted a revolving credit facility for a maximum committed amount of RON 1 billion from BRD - Groupe Societe Generale SA. The purpose of this credit facility is for general corporate use, including buybacks of own shares, distributions to shareholders, but excluding investments. The credit facility was extended until July 2018.

1. Source: FP 28 April 2017 Factsheet.

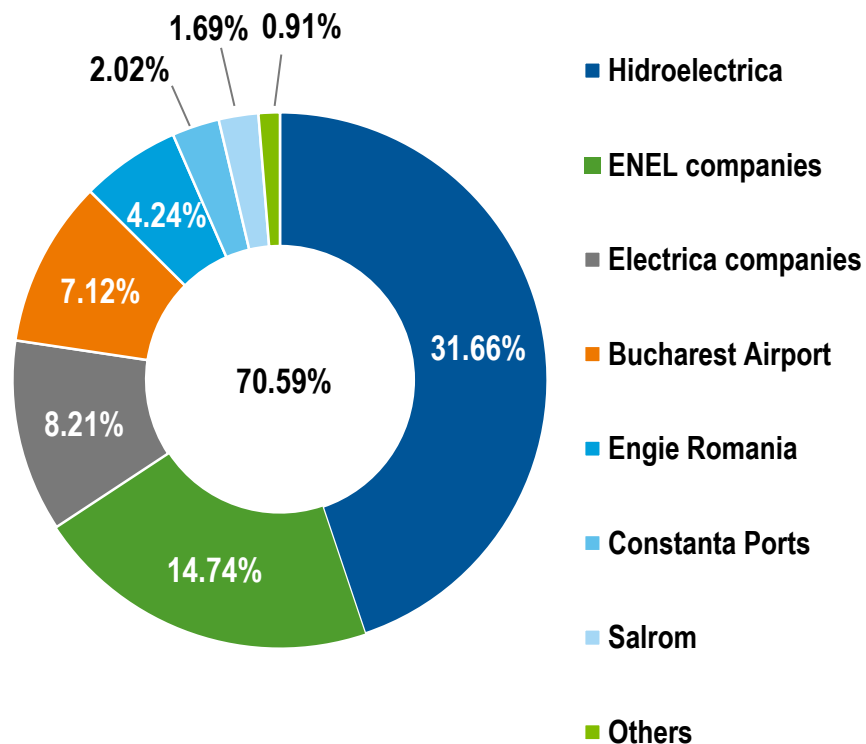
2. FP 31 March 2017 Detailed Statement of Investments.

# Portfolio Structure – Listed vs. Unlisted

**Listed Companies**  
(% of NAV as at 31 March 2017)



**Unlisted Companies**  
(% of NAV as at 31 March 2017)



Source: FP 31 March 2017 Detailed Statement of Investments.

# Largest Holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake <sup>1</sup>	NAV as at 28 April 2017 (USD mn)	% in NAV as at 28 April 2017
Hidroelectrica SA	Unlisted	Romanian State	19.9%	816.35	<b>31.27</b>
OMV Petrom SA	<b>Listed</b>	OMV	12.6%	552.88	<b>21.18</b>
CN Aeroporturi Bucuresti	Unlisted	Romanian State	20.0%	183.58	<b>7.03</b>
E-Distributie Banat <sup>2</sup>	Unlisted	Enel Group	24.1%	144.72	<b>5.54</b>
Engie Romania	Unlisted	Engie	12.0%	109.38	<b>4.19</b>
E-Distributie Muntenia <sup>2</sup>	Unlisted	Enel Group	12.0%	108.41	<b>4.15</b>
E-Distributie Dobrogea <sup>2</sup>	Unlisted	Enel Group	24.1%	91.72	<b>3.51</b>
BRD Groupe Societe Generale	<b>Listed</b>	Societe Generale Group	3.6%	73.67	<b>2.82</b>
SDEE Muntenia Nord <sup>3</sup>	Unlisted	Electrica	22.0%	61.56	<b>2.36</b>
SDEE Transilvania Sud <sup>3</sup>	Unlisted	Electrica	22.0%	59.39	<b>2.27</b>
<b>Top 10 Portfolio Holdings</b>				<b>2,201.66</b>	<b>84.32</b>
<b>NAV</b>				<b>2,611.02</b>	<b>100.00</b>
<b>NAV Per Share (USD)</b>				<b>0.2933</b>	

Note: Values in USD calculated using the USD/RON FX rate as at 28 April 2017.

Source: FP Factsheet as at 28 April 2017.

1. Based on the FP 31 March 2017 Detailed Statement of Investments.

2. Enel Distributie companies changed their names to E-Distributie.

3. Electrica Distributie companies changed their names to Societatea de Distributie Energie Electrica ("SDEE").

# Portfolio Holdings – Q1 2017 Results

	EBITDA (mn RON)		Net Profit (mn RON)	
	Q1 2016	Q1 2017	Q1 2016	Q1 2017
Hydroelectrica	505.0	638.0	293.8	393.9
OMV Petrom	1,176.0	1,590.0	288.2	518.1
BRD Groupe Societe Generale	-	-	72.9	329.9
Nuclearelectrica	195.0	230.4	66.9	84.1
Alro	43.1	126.3	27.3	77.7
Conpet	32.0	33.2	18.4	19.5
<b>Total<sup>1</sup></b>	<b>1,951.1</b>	<b>2,617.9</b>	<b>767.5</b>	<b>1,423.2</b>
<b>Weighted Total<sup>1</sup></b>	<b>272.6</b>	<b>362.9</b>	<b>107.4</b>	<b>172.4</b>

Source: Companies' Q1 2017 unaudited financial statements and reports.

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

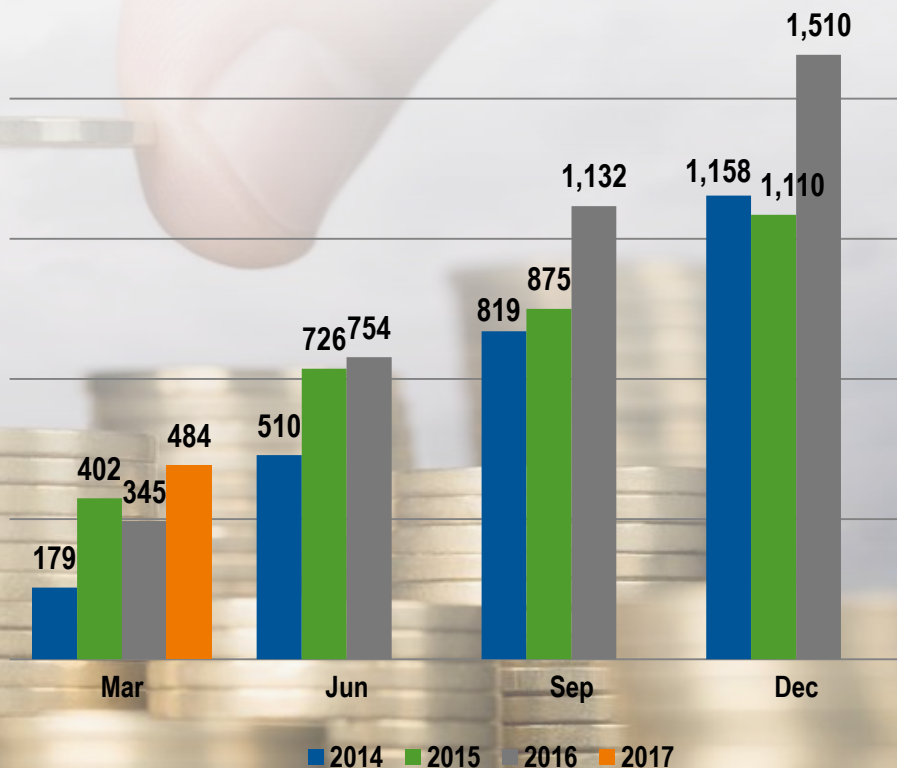
1. Weighted for the Fund's stake in the companies.



# Hidroelectrica – Update

- **Corporate Governance:** In the shareholders' meeting held on 19 April 2017, the Government approved the appointment of an interim Board with a mandate of 4 months. The Government is planning to complete a new selection process for the board during this period.
- **Litigations:** All litigations related to insolvency have been irrevocably ruled in favor of Hidroelectrica.
- **Financials:** Revenues increased by over 18% in Q1 2017 compared with the same period last year, to RON 907 mn, while the net profit increased by 34% (RON 394 mn vs. RON 294 mn). The electricity sold decreased by 7.5%, from 4 TWh in Q1 2016, to 3.7 TWh in Q1 2017. The average realized electricity price was RON 214/ MWh in Q1 2017 vs RON 163/ MWh in Q1 2016.
- **Cash Level:** RON 2.19 bn (USD 528 mn) at the end of March 2017.
- **Listing:** preparation is ongoing, led by Morgan Stanley and Raiffeisen.

Pre-tax cumulated profit (RON mn)

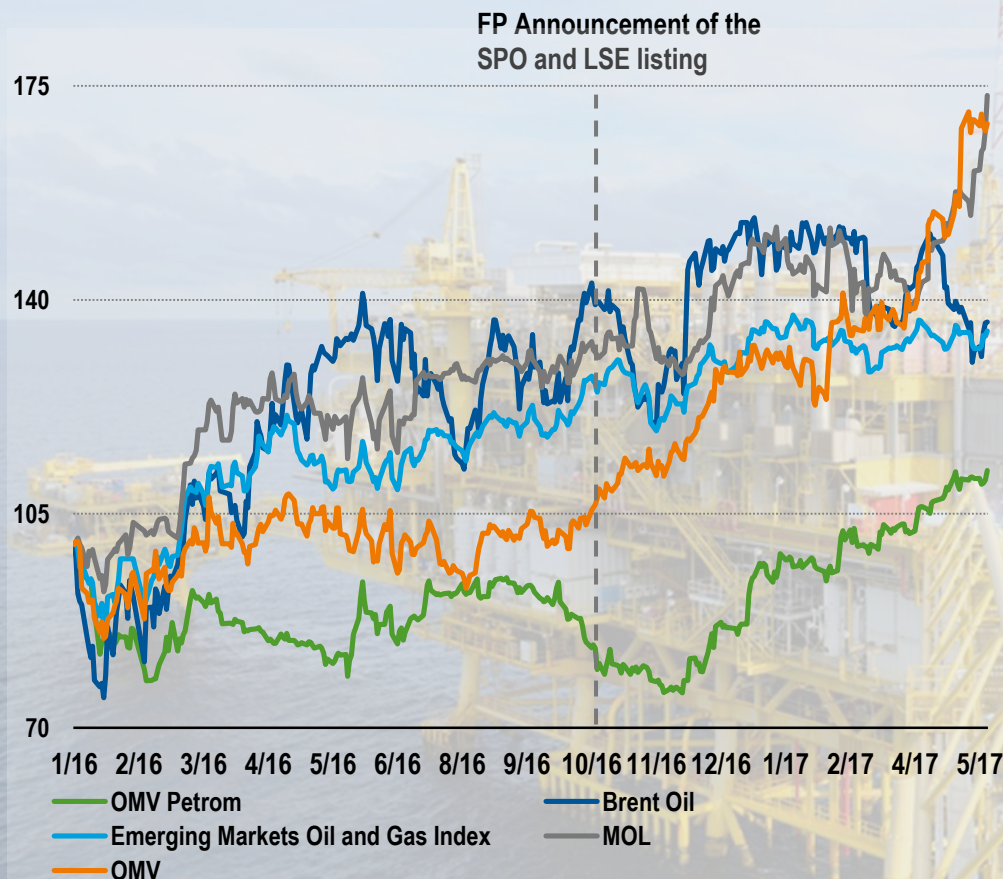


Source: Hidroelectrica 2009 – 2015 Annual reports and financial statements, Hidroelectrica monthly press releases, reports, and presentations.  
Note: For 2016, the figures presented are preliminary, and do not take into considered any possible adverse effect resulting from potential provisions.



# OMV Petrom – Update

## OMV Petrom - Share Price Performance % in USD<sup>1</sup>



## OMV Petrom - Average Daily Trading Value (USD)<sup>2</sup>

6 MO prior SPO	0.24 mn
6 MO after SPO	0.84 mn

## MSCI EM Status – Size and Liquidity Requirements<sup>3</sup>

Number of Companies required to meet the Standard Criteria	3
Company Size – Total Market Cap	USD 1.26 billion
Company Free Float	USD 0.63 billion
Liquidity – Annualized Traded Value Ratio	15%

## OMV Petrom – Meets MSCI Size Requirements<sup>4</sup>

Total Market Cap	USD 4.42 billion
Free Float	USD 0.88 billion
Estimated Annualized Traded Value <sup>5</sup>	14%

1.Source: Bloomberg, as at 12 May 2017.

2.Source: BVB. Values in USD calculated using the USD/RON FX rate as at 12 May 2017.

3.Source: MSCI.

4.Source: BVB, as at 12 May 2017. Values in USD calculated using the USD/RON FX rate as at 12 May 2017.

5.Source: MSCI, Bloomberg, Wood Research, as at end of April 2017.

# C.N. Aeroporturi Bucuresti – Update

Financial Performance <sup>1</sup>	2011	2012	2013	2014	2015	2016 Preliminary	% y/y
Operating revenues (mn RON)	501.5	555.5	582.6	672.1	755.6	885.7	17%
Operating profit (mn RON)	88.5	80.9	94.0	124.4	213.5	277.3	30%
Net Income (mn RON)	52.6	53.1	72.0	98.8	178.8	229.7	28%
Number of passengers (mn)	7.45	7.54	7.67	8.32	9.28	10.99	18%

- **Passenger Traffic:** increased by 21.5% in the first 2 months of 2017 compared to the same period from 2016, reaching 1.66 million passengers. The number of aircraft movements increased 8.3% to 18,069 while the cargo traffic increased 4.5% to 5,010 tons.
- **Board and Management:** New Interim General Manager was appointed following the expiration of the mandate of the previous General Manager, who had been appointed based on Corporate Governance legislation in 2013. The entire Board is also composed of interim members. The selection process as per Corporate Governance legislation was initiated for the Board. A full mandate General Manager can only be appointed by a full mandate Board.
- **IPO:** We continue discussions with the new Government on this topic.

1. Source: CN Aeroporturi Bucuresti annual financial statements and annual reports, 2016 preliminary financial statements.

Note: For 2016, the figures are preliminary. Final figures may differ.

# Top 20 Portfolio Holdings – Key Financials

Top 20 Holdings <sup>1</sup>	EBITDA (RON mn)					Net Profit (RON mn)				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Hidroelectrica SA	707.3	2,008.3	2,189.3	2,100.2	2,166.0 <sup>6</sup>	(508.0)	718.8	941.5	899.4	1,268.0 <sup>6</sup>
OMV Petrom SA	8,270.2	9,313.0	8,145.0	6,231.1	4,641.8	3,946.1	4,820.9	2,100.0	(676.0)	1,037.7
CN Aeroporturi Bucuresti SA	205	238.4	257.5	331.7	N/A	53.1	72.0	98.8	178.8	229.7 <sup>6</sup>
E-Distributie Banat SA <sup>4</sup>	292.4	335.1	323.2	315.8	238.7	167.2	190.7	172.2	157.90	93.6
Engie Romania SA <sup>2</sup>	582.6	730.5	838.8	716.1	657.9	360.1	447.1	439.4	380.5	382.0
E-Distributie Muntenia SA <sup>4</sup>	357.9	424.0	439.9	451.4	396.6	206.3	267.2	240.8	237.9	151.7
E-Distributie Dobrogea SA <sup>4</sup>	189.7	248.2	239.0	252.9	195.1	94.5	133.5	87.7	114.8	73.5
BRD Groupe Societe Generale SA <sup>2</sup>	-	-	-	-	-	(290.6)	(384.3)	63.1	465.8	763.5
SDEE Muntenia Nord SA <sup>5</sup>	165.6	146.8	271.7	289.6	231.5	87.2	126.5	140.3	153.2	103.7
SDEE Transilvania Sud SA <sup>5</sup>	156.4	211.9	242.2	318.1	291.1	45.8	69.4	100.1	152.6	116.4
CN Administratia Porturilor Maritime SA	80.8	110.3	123.4	150.1	N/A	35.6	65.0	70.3	97.40	N/A
SDEE Transilvania Nord SA <sup>5</sup>	161.6	146.8	255.4	313.5	292.7	53.1	126.5	95.3	158.8	119.4
Nuclearelectrica SA	549.1	892.5	605.7	652.9	632.5	34.5	426.9	137.1	147.4	110.8
SN a Sarii Salrom SA	41.1	65.4	51.0	47.7	N/A	20.8	42.8	24.5	15.8	N/A
Electrica Furnizare SA	108.2	107.2	230.5	150.5	208.4	90.5	101.5	204.7	131.1	175.8
Alro S.A.	323	(43.0)	155.0	306.0	292.3	(240.0)	(102.0)	0.0	0.0	71.5
Enel Energie SA	281.3	(20.5)	133.5	46.7	49.8	331.3	(39.5)	129.9	34.8	39.0
Enel Energie Muntenia SA	52.5	27.0	48.6	27.5	53.1	72.4	28.1	46.8	24.9	39.3
Conpet SA	85.2	66.6	101.3	120.6	120.6	30.9	31.3	51.4	63.2	71.5
Posta Romana SA	0.5	20.1	77.5	6.5	N/A	(52.1)	(29.4)	22.9	(33.0)	N/A
<b>TOTAL</b>	<b>12,610.4</b>	<b>15,028.6</b>	<b>14,728.5</b>	<b>12,828.9</b>	<b>10,468.2</b>	<b>4,538.7</b>	<b>7,113.0</b>	<b>5,166.8</b>	<b>2,705.3</b>	<b>4,847.1</b>
<b>WEIGHTED TOTAL</b>	<b>2,391.7</b>	<b>2,792.6</b>	<b>2,715.4</b>	<b>2,343.1</b>	<b>1,578.7</b>	<b>924.6</b>	<b>1,381.9</b>	<b>941.2</b>	<b>418.0</b>	<b>705.8</b>
<b>WEIGHTED TOTAL LISTED COMPANIES<sup>3</sup></b>	<b>1,720.6</b>	<b>1,870.7</b>	<b>1,627.6</b>	<b>1,281.2</b>	<b>678.1</b>	<b>758.1</b>	<b>941.9</b>	<b>417.5</b>	<b>(94.2)</b>	<b>179.9</b>
<b>WEIGHTED TOTAL UNLISTED COMPANIES<sup>3</sup></b>	<b>671.1</b>	<b>921.9</b>	<b>1,087.8</b>	<b>1,062.0</b>	<b>900.6</b>	<b>157.3</b>	<b>440.1</b>	<b>523.6</b>	<b>512.2</b>	<b>525.9</b>

Note: EBITDA = Operational result + Depreciation. Source: Companies' financial statements, Hidroelectrica Judicial Administrator's reports.

1. Based on the 31 March 2017 Detailed Statement of Investments.
2. Consolidated IFRS financial statements.
3. Weighted for the Fund's stake in the companies.
4. Enel Distributie companies changed their names to E-Distributie.
5. Electrica Distributie companies changed their names to Societatea de Distributie Energie Electrica ("SDEE").
6. Based on companies' estimations for 2016.

# State Controlled Companies – Key Financials

Company	EBITDA (RON mn)					Net Profit (RON mn)				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016
Hidroelectrica SA <sup>1</sup>	707.3 <sup>2</sup>	2,008.3	2,189.3	2,100.2	2,166.0 <sup>9</sup>	(508.0)	719.0	941.5	899.4	1,268.0 <sup>9</sup>
CN Aeroporturi Bucuresti SA	205.0	235.3	257.5	331.7	N/A	53.1	69.0	98.8	178.8	229.7 <sup>9</sup>
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SDEE Transilvania Sud SA <sup>8</sup>	156.4	211.9	242.2	318.1	291.1	45.8	69.4	100.1	152.6	116.4
Nuclearelectrica SA	549.1	892.5	605.7	652.9	632.5	34.5	426.9	137.1	147.4	110.8
SDEE Transilvania Nord SA <sup>8</sup>	161.6	205.5	255.4	313.5	292.7	53.1	63.7	95.3	158.8	119.4
Societatea Nationala a Sarii – Salrom SA	41.1	65.4	51.0	47.7	N/A	20.8	42.8	24.5	15.8	N/A
CN Administratia Porturilor Maritime SA	80.8	110.3	123.4	150.1	N/A	35.6	65.0	70.3	97.4	N/A
Electrica Furnizare SA	108.2	107.2	230.5	150.5	208.4	90.5	101.5	204.7	131.1	175.8
Complexul Energetic Oltenia SA	409.8 <sup>3</sup>	543.0	203.6	(133.7)	645.0	191.2 <sup>3</sup>	4.6	(693.6)	(960.9)	(139.8)
Posta Romana SA	0.5	20.1	77.5	6.5	N/A	(52.1)	(29.4)	22.9	(33.0)	N/A
Conpet SA	86.1	99.6 <sup>4</sup>	101.3	120.6	120.6	30.8	31.3	51.4	63.2	71.5
Romaero SA	(32.3)	(5.2)	(25.0)	(8.3)	N/A	(46.7)	(19.8)	(45.0)	(34.1)	N/A
CN Administratia Canalelor Navigabile SA	13.2	10.6	15.6	12.9	N/A	4.8	1.0	2.3	1.5	N/A
A.I. Timisoara – Traian Vuia SA	13.8	(13.4)	7.3	5.5	10.5 <sup>10</sup>	4.2	(21.6)	0.7	0.8	5.0 <sup>10</sup>
CN Administratia Porturilor Dunarii Fluviale SA	5.3	2.1	(0.5)	1.1	N/A	2.5	0.0	(2.5)	0.2	N/A
A.I. M. Kogalniceanu – Constanta SA	1.9	0.3	3.6	3.6	N/A	(1.4)	(3.8)	0.0	0.0	N/A
Plafar SA <sup>6</sup>	(0.9)	N/A	0.4	0.4	N/A	(1.0)	0.0	0.0	0.0	N/A
CN Administratia Porturilor Dunarii Maritime SA	1.9	2.2 <sup>5</sup>	2.3 <sup>5</sup>	2.4	5.0	1.2	1.4	1.4	1.3	1.6
<b>TOTAL</b>	<b>2,689.7</b>	<b>4,658.9</b>	<b>4,626.8</b>	<b>4,386.2</b>	<b>4,603.4</b>	<b>46.6</b>	<b>1,650.6</b>	<b>1,150.8</b>	<b>979.4</b>	<b>2,062.0</b>
<b>WEIGHTED TOTAL<sup>7</sup></b>	<b>496.4</b>	<b>864.7</b>	<b>887.2</b>	<b>822.5</b>	<b>867.5</b>	<b>12.8</b>	<b>299.3</b>	<b>215.9</b>	<b>169.9</b>	<b>398.2</b>
<b>WEIGHTED TOTAL LISTED COMPANIES<sup>7</sup></b>	<b>52.8</b>	<b>92.8</b>	<b>60.7</b>	<b>70.4</b>	<b>68.9</b>	<b>(4.6)</b>	<b>39.3</b>	<b>7.0</b>	<b>11.4</b>	<b>15.1</b>
<b>WEIGHTED TOTAL UNLISTED COMPANIES<sup>7</sup></b>	<b>443.6</b>	<b>772.0</b>	<b>826.5</b>	<b>752.1</b>	<b>798.7</b>	<b>17.3</b>	<b>260.1</b>	<b>208.8</b>	<b>158.6</b>	<b>383.1</b>

Note: EBITDA = Operational result + Depreciation. Source: Companies' Financial statements, Judicial Administrator's reports.

1. From June 2012 to June 2013, and February 2014 to June 2016 the company was in insolvency procedure.

2. Source: Hidroelectrica calculations.

3. For the period 31 May – 31 December 2012.

4. EBITDA = Operational result + Depreciation + Expenses with the revaluation of fixed assets.

5. EBITDA = Operational result - Other income + Depreciation.

6. The company was in insolvency procedure until September 2013.

7. Weighted for the Fund's stake in the companies.

8. Electrica Distributie companies changed their names to Societatea de Distributie Energie Electrica ("SDEE").

9. Based on companies' estimations for 2016.

10. Based on 2016 financial statements submitted for shareholders' approval.

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# Key Events with Impact on the Fund's Portfolio

## **Annual Dividends and Special Distributions from SOEs**

The new Government passed a memorandum to request the SOEs to pay out a minimum of 90% of the 2016 profits.

In addition, the new Government passed an Emergency Ordinance in March 2017, allowing the companies to distribute special dividends.

## **Sovereign Fund for Development and Investment (FSDI)**

The Government plans to set up the FSDI and transfer ownership of profitable SOEs including those where the Fund is a shareholder, from the line ministries into the FSDI.

The Ministry of Economy is to be the single shareholder of the Fund. The indicated deadline to set up the FSDI is 1 July 2017.

The purpose of the Fund (estimated at EUR 10 bn) is the development and financing of sustainable investment projects, as well, the upgrade to the emerging markets status of the local capital market.

The structure of the FSDI has not been made public until now.

## **New Oil & Gas Royalty Rates**

No new proposal submitted by the new Government – discussions continue based on last year proposals<sup>1</sup>.

Source: OMV Petrom Q1 2017 conference call.

# Corporate Actions

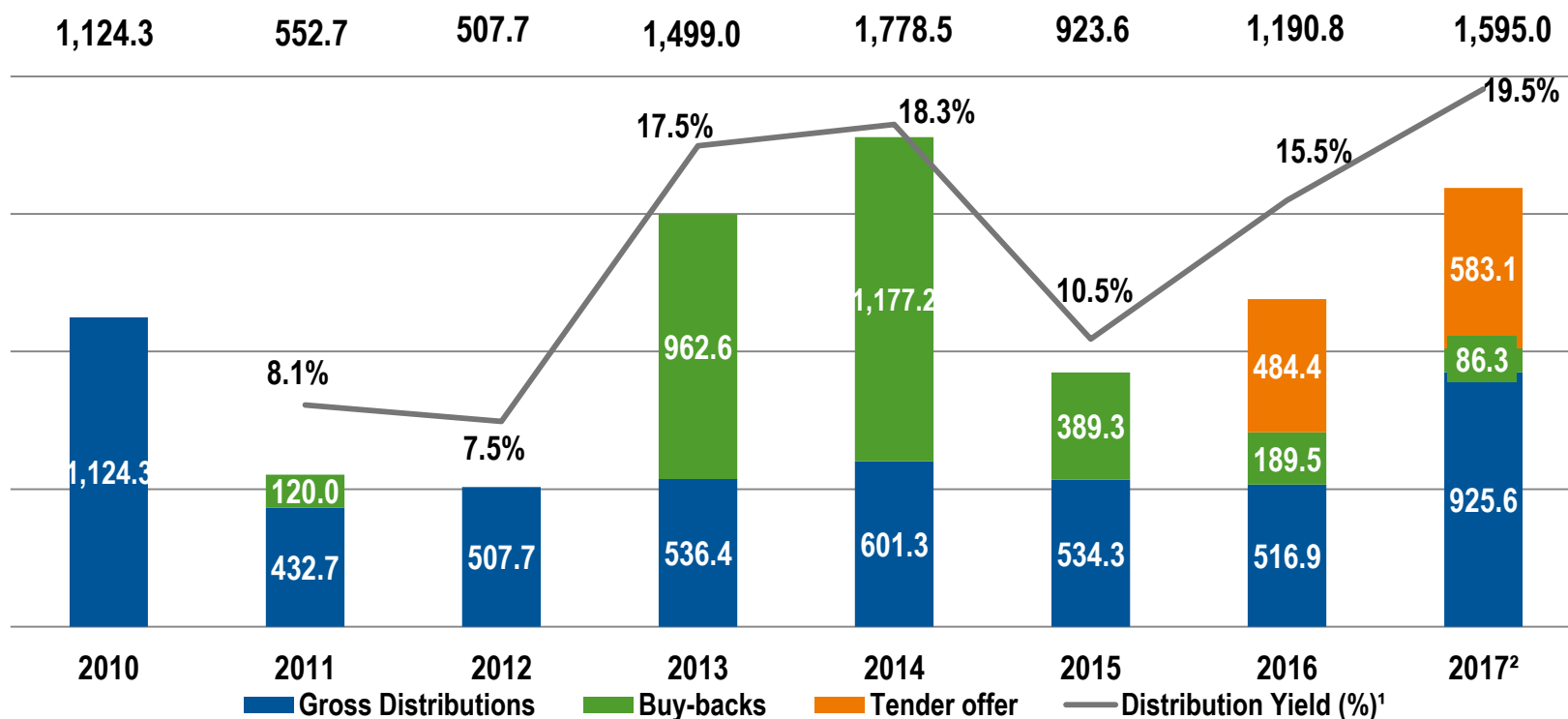


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# Distributions to Shareholders

## Annual Distributions to Shareholders (mn RON)



- The total distributions through buy-backs and cash would amount to RON 9.17 bn / USD 2.56 bn²

Note: Values exclude related acquisition fees. USD values based on the NBR average USD/RON FX for each year. For 2017, average USD/RON FX as at 12 May.

1. Based on the total annual distributions through buy-backs and cash, based on the average closing share price on BVB for the respective year and the average number of paid shares, excluding Treasury shares. For 2017, average closing share price as at 12 May.

2. For buy-backs, the values are as at 12 May 2017, i.e. include the Tender Offer within the seventh buy-back programme. The gross distributions figure is based on: the March 2017 distribution, the cash distribution approved by the Fund's shareholders during the February 2017 GSM, and the total number of shares as at 30 April 2017. The 2017 annual distribution approved during the February EGM payable starting 30 June 2017 is subject to regulatory approvals.



# 2017 Cash Distributions

## Cash Distributions to Shareholders (RON)

	Status	Payment Date	Ex-Date	Cash Distribution Per Share
Special Distribution – Return of Capital	Paid	27 March 2017	6 March 2017	RON 0.05
Annual Distribution	Approved by shareholders on 28 February 2017	30 June 2017 <sup>1</sup>	9 June 2017	RON 0.05
<b>Total</b>				<b>RON 0.10</b>

1. If all legal requirements are fulfilled.

# 2017 Return of Capital

- The 2017 Annual Return of Capital of RON 0.05 per share was approved by the Fund's shareholders on 28 February 2017
- If all legal requirements are fulfilled, the payment will be made to the Fund's shareholders registered as such at the **Registration Date (12 June 2017)**, proportionally with their participation to the paid-up share capital of Fondul Proprietatea SA.
- The payment will start on the **Payment Date: 30 June 2017**

Source: Fund Manager.

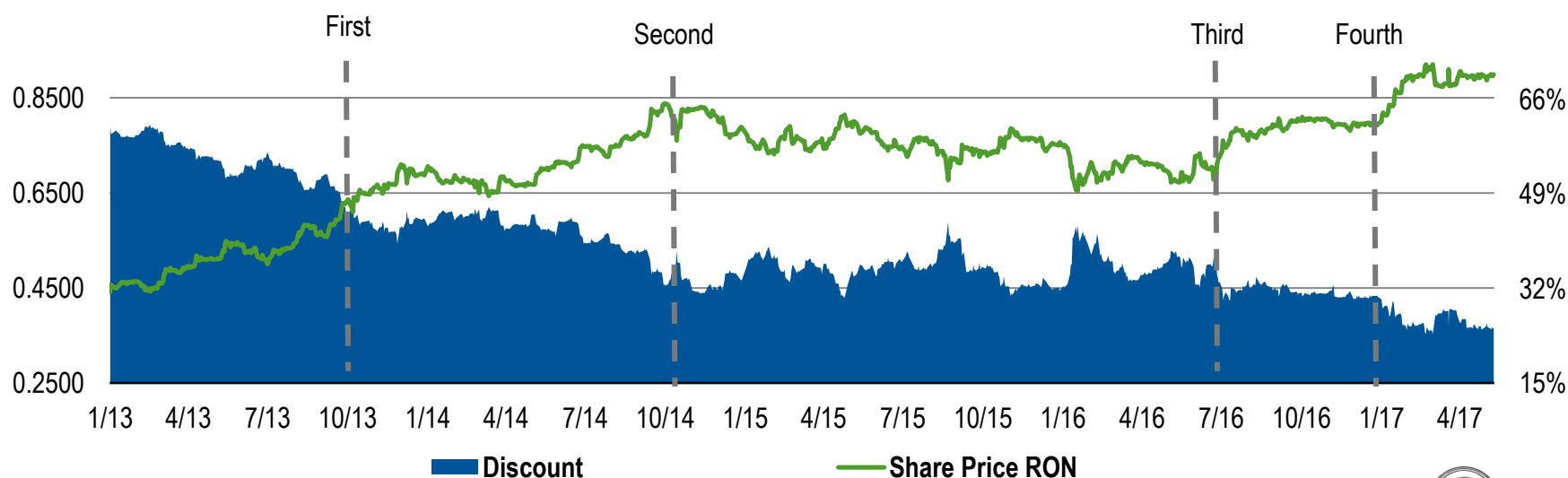
# Buy – Back Programs

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
Sixth	Sep 2015 – Sep 2016	Finalized	891.8 mn/8.13%	0.8208	Wood & Co., Goldman Sachs Int.	Finalized
Seventh	Started on 29 Sep 2016	81.1% Completed	1,007.4 mn/ 10.00%	0.8964 <sup>1</sup>	Wood & Co., Goldman Sachs Int.	Partial cancellation approved by shareholders during the 3 May 2017 EGM
Eight	-	Approved on 11 Oct 2016. Expected start date: May 2017	Up to 10% of the issued shares during the buy-back execution period	-	Selection ongoing	-

1. As at 12 May 2017. Estimated value based on the 817,267,426 shares repurchased (533,316,776 ordinary shares and 283,950,650 equivalent shares of the GDRs repurchased).

# Fondul Proprietatea Tender Offers

Tender Offer	Announcement date	Tender price (RON/share)	FP pre-announcement share price (RON/share)	Premium to pre-announcement share price (%)	Discount of offer price to NAV (%) <sup>1</sup>	Allocation ratio (%)
First	10 October 2013	1.00	0.7770	28.70%	15.12%	5.70%
Second	20 October 2014	1.11	0.8965	23.81%	10.76%	7.42%
Third	5 July 2016	0.8420	0.7380	14.09%	26.43%	8.67%
Fourth	27 January 2017	0.9100	0.8640	5.32%	23.30%	10.44%



Source: Investment Manager current reports, BVB as at 12 May 2017.

1. Latest NAV available at the date of the Tender offer announcement: 31 August 2013 for the First Offer, 30 September 2014 for the Second Offer, 30 June 2016 NAV for the Third Offer, and 30 December 2016 NAV for the Fourth Tender.

# Dividend Income – Top 20 Portfolio Companies (I) **FONDUL** PROPRIETATEA

Top 20 Holdings <sup>1</sup>	DIVIDEND PAYOUT (%)						FP NET DIVIDEND (RON mn)					
	2011	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2017
Hidroelectrica SA	-	-	-	80	80	N/A	-	-	-	128.9	134.6	134.6 <sup>5</sup>
OMV Petrom SA	47	40	36	35	-	94	353.1	319.0	331.4	120.5	-	106.8
CN Aeroporturi Bucuresti SA	89	85	85	50	75	N/A	9.4	9.1	12.3	10.2	27.4	41.2 <sup>4</sup>
E-Distributie Banat SA <sup>2</sup>	-	-	-	50	44	40	-	-	-	20.7	16.8	8.9
Engie Romania SA	-	50	60	51	-	30	-	22.8	33.6	24.0	-	13.3
E-Distributie Muntenia SA <sup>2</sup>	-	-	-	-	-	-	-	-	-	-	-	-
E-Distributie Dobrogea SA <sup>2</sup>	-	-	-	50	44	37	-	-	-	10.5	12.0	6.6
BRD Groupe Societe Generale	25	-	-	-	50	70	3.6	-	-	-	7.7	17.6
SDEE Muntenia Nord SA <sup>3</sup>	12	84	83	85	85	90	1.8	16.2	23.2	24.7	26.9	19.3 <sup>6</sup>
SDEE Transilvania Sud SA <sup>3</sup>	-	-	83	85	85	90	-	-	12.7	17.6	26.3	21.7 <sup>6</sup>
CN Administratia Porturilor Maritime SA	71	75	78	50	75	N/A	6.6	5.4	10.1	6.5	14.1	17.6 <sup>4</sup>
SDEE Transilvania Nord SA <sup>3</sup>	-	-	83	85	85	90	-	-	11.7	16.7	28.0	22.1 <sup>6</sup>
Nuclearelectrica SA	-	83	81	68	70	88	-	2.3	27.9	6.9	8.6	8.6
Societatea Nationala a Sarii Salrom SA	90	92	85	85	-	N/A	0.1	9.3	19.8	10.2	-	20.0 <sup>4</sup>
Electrica Furnizare SA	-	46	88	85	85	90	-	9.3	19.6	38.3	24.5	34.8 <sup>6</sup>
Alro SA	99	-	-	-	-	100	19.0	-	-	-	-	6.9

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

1. Based on the 31 March 2017 Detailed Statement of Investments.

2. Enel Distributie companies changed their names to E-Distributie.

3. Electrica Distributie companies changed their names to Societatea de Distributie Energie Electrica ("SDEE").

4. Fund Manager estimations based on the estimated 2016 financial results and the Government Ordinance to increase payout ratios for SOEs to 90%.

5. Fund Manager estimations based on last year dividends.

6. Fund Manager estimations based on companies' proposals.

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# Dividend Income – Top 20 Portfolio Companies (II) **FONDUL** PROPRIETATEA

Top 20 Holdings <sup>1</sup>	DIVIDEND PAYOUT (%)						FP NET DIVIDEND (RON mn)					
	2011	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	2017
Enel Energie SA	-	-	-	50	50	-	-	-	-	7.4	2.1	-
Enel Energie Muntenia SA	-	-	-	-	-	-	-	-	-	-	-	-
Conpet SA	90	85	85	100	100	92	6.6	8.4	8.8	2.6	3.6	8.3
Posta Romana SA	-	-	-	-	-	N/A	-	-	-	-	-	N/A
<b>Total Top 20 Holdings (RON mn)</b>							<b>400.2</b>	<b>401.8</b>	<b>511.1</b>	<b>445.7</b>	<b>332.6</b>	<b>488.3</b>
<b>Total Dividends from Listed Companies (RON mn)</b>							<b>450.1</b>	<b>373.9</b>	<b>538.6</b>	<b>251.5</b>	<b>36.0</b>	<b>148.2</b>
<b>Total Dividends from Unlisted Companies (RON mn)</b>							<b>168.9</b>	<b>275.8<sup>3</sup></b>	<b>143.5</b>	<b>315.9</b>	<b>313.5</b>	<b>341.5</b>
<b>Total Dividend Income (RON mn)</b>							<b>619.0</b>	<b>649.7</b>	<b>682.1</b>	<b>567.4</b>	<b>349.5</b>	<b>489.7</b>
<b>Total Dividend Income per Share (RON)<sup>2</sup></b>							<b>0.04699</b>	<b>0.04954</b>	<b>0.05674</b>	<b>0.05310</b>	<b>0.0339</b>	<b>0.0551</b>
<b>Dividend / Distribution per Share (RON)</b>							<b>0.04089</b>	<b>0.05000</b>	<b>0.05000</b>	<b>0.05000</b>	<b>0.05000</b>	
<b>Share Price (RON)</b>							<b>0.6600<sup>5</sup></b>	<b>0.7640<sup>6</sup></b>	<b>0.8130<sup>7</sup></b>	<b>0.7200<sup>8</sup></b>	<b>0.8990<sup>9</sup></b>	
<b>Yield</b>							<b>6.20%</b>	<b>6.54%</b>	<b>5.84%</b>	<b>6.94%</b>	<b>5.56%</b>	
<b>Yield for Romanian companies (BET)</b>							<b>5.09%</b>	<b>5.10%</b>	<b>3.50%</b>	<b>4.56%</b>		

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

1. Based on FP 31 March 2017 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. For 2017, calculation based on the number of paid shares excluding treasury shares acquired as at 12 May 2017.

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

4. As at 14 May 2012.

5. As at 15 May 2013.

6. As at 30 April 2014.

7. As at 29 May 2015.

8. As at 9 June 2016.

9. As at 12 May 2017.



# Investor Relations – Upcoming Events



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

# Q1 2017 Results



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# Statement of Financial Position

RON million	31 March 2017 Unaudited	31 December 2016 Audited
Cash and current accounts	36.2	5.8
Deposits with banks	155.3	305.3
Treasury bills	69.8	781.4
Government bonds	79.2	328.6
Equity investments	10,369.0	9,992.2
Other assets	11.2	20.8
<b>Total assets</b>	<b>10,720.7</b>	<b>11,434.1</b>
Payables	48.1	27.1
Other liabilities	41.8	21.0
<b>Total liabilities</b>	<b>89.9</b>	<b>48.1</b>
Total equity	10,630.8	11,386.0
<b>Total liabilities and equity</b>	<b>10,720.7</b>	<b>11,434.1</b>

Source: FP Q1 2017 Results report.

# Statement of Comprehensive Income

RON million	31 March 2017 Unaudited	31 March 2016 Unaudited
Net unrealised profit / (loss) from equity investments at fair value through profit or loss	296.1	(535.9)
Reversal of impairment losses / (Impairment losses) on receivables, net	18.5	(0.4)
Interest income	6.1	1.2
Net gain on disposal of equity investments available for sale	6.3	-
Impairment losses on equity investments classified as available for sale	-	(29.8)
Other income/ (expenses), net <sup>1</sup>	(3.8)	2.3
<b>Net operating income/ (loss)</b>	<b>323.2</b>	<b>(562.6)</b>
Investment management and administration fees	(34.0)	(12.6)
Other operating expenses	(6.0)	(6.3)
<b>Operating expenses</b>	<b>(40.0)</b>	<b>(18.9)</b>
Finance costs	-	(0.2)
<b>Profit/ (Loss) before income tax</b>	<b>283.2</b>	<b>(581.7)</b>
Income tax	9.8	(3.9)
<b>Profit/ (Loss) for the period</b>	<b>293.0</b>	<b>(585.6)</b>
Other comprehensive income	75.3	(30.9)
<b>Total comprehensive income for the period</b>	<b>368.3</b>	<b>(616.5)</b>

Source: FP Q1 2017 Results report.

1. Other items of income/ (expense), net included mainly the net loss from revaluation of government securities through profit or loss, net foreign exchange gain / (loss) and other operating income/ (expenses).

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