

Fondul Proprietatea Q3 2015 Results Conference Call

13 November 2015



Disclaimer

This presentation is made solely to the intended recipient and should not be distributed to, or acted upon by, any other person. It is for general information only and reflects the personal views of the presenter. Nothing herein is intended to constitute advice on investment, legal or tax matters, nor is it an offering or an invitation to buy or sell shares in Fondul Proprietatea SA ("the Fund") or in any other issuer of securities mentioned herein. Any person considering an investment in the Fund or any other security mentioned herein should refer to the relevant issuer's prospectus and consult their own legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the securities. The Fund's prospectus contains important information on the potential risks involved in such an investment which are not included in this presentation. Read the prospectus before investing in the Fund. The prospectus, the latest annual report and semi-annual report can be found on the Fund website www.fondulproprietatea.ro.

The distribution of this presentation in certain jurisdictions may be restricted by law and persons who come into possession of it are required to inform themselves about and to observe such restrictions and limitations. Neither the Fund nor its Fund Manager accepts any liability to any person in relation to the distribution or possession of the presentation in or from any jurisdiction. The shares issued by the Fund and those issued by the Company have not been and will not be registered under the US Securities Act of 1933, as amended, or with any securities authority of any state or territory within the jurisdiction of the United States of America. The Fund's shares may not be offered, sold or delivered in the United States of America or to American citizens or nationals.

The information contained in this presentation is as of its date, unless otherwise indicated, and is not a complete analysis of every material fact regarding the market, and any industry sector, security, or portfolio. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation is made as to the completeness or accuracy. Furthermore, no responsibility is accepted for updating any facts or assumptions in this document. Because market and economic conditions are subject to rapid change, opinions provided are valid only as of the date of the materials. Any forward-looking statements are based upon certain assumptions; actual events are difficult to predict and are beyond the control of the author, therefore actual events may differ from those assumed. References to particular securities are only for the limited purpose of illustrating general market or economic conditions, and are not recommendations to buy or sell a security or an indication of the author's or any managed account's holdings. The manager's opinions are intended solely to provide insight into how the manager analyses securities and are not a recommendation or individual investment advice for any particular security, strategy or investment product.

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 EU Directive 2011/61/EU on Alternative Investment Fund Managers has been transposed into Romanian legislation on April 2015, the AIFMs having to comply with the provisions of the law on implementing AIFM Directive by 24 May 2016. This presentation is not used for any direct / indirect promotion / offering of Fondul Proprietatea shares.

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 10,074,080,745.90 and paid up share capital is RON 9,746,649,630.90. 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.



Fund Information



This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

The Fund – Key Facts

Fund Details ¹	30 October 2015 RON	30 September 2015 RON	Change (%)	30 October 2015 EUR	30 September 2015 EUR	Change (%)
NAV	11.93 bn	12.00 bn	(0.6)	2.69 bn ²	2.72 bn ²	(1.1)
NAV/Share	1.1322	1.1342	(0.2)	0.2555 ²	0.2568 ²	(0.5)
Price/Share	0.8200	0.7900	3.7	0.1850	0.1789	3.3
Discount per Share	27.6%	30.4%	(9.2)	27.6%	30.4%	(9.2)
Discount per Share as at 12 November 2015	27.13%					
Price/GDR ³ (USD)	10.30					
Discount/GDR ³	26.89%					
Discount/GDR as at 12 November 2015	25.76%					
Number of Shares in Issue	11,193,423,051					
Number of Paid Shares	10,829,610,701					
Number of Paid Shares less Treasury Shares ⁴	10,522,947,177					

Investment Objective

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

Source: FP Factsheets as at 30 September 2015, and 30 October 2015.

1. Based on local regulator methodology.

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

3. As at 30 October 2015.

4. Treasury shares and the equivalent number of shares corresponding to the GDRs bought back acquired until 6 November 2015.

Key Terms of the IMA

	Current IMA	New IMA
Base Fee	0.60%	0.60% <ul style="list-style-type: none"> For each day in a period when the Discount is below or equal to 20%, but above 15%, an additional Base Fee Rate of 0.05% per year shall become payable (i.e. the Base Fee Rate referred to in the calculation above shall become 0.65% per year for the applicable days in the relevant period). For each day in a period when the Discount is equal or below 15%, a further additional Base Fee Rate of 0.05% per year shall become payable (i.e. the Base Fee Rate referred to in the calculation above shall become 0.70% per year for the applicable days in the relevant period).
Consideration for the Base Fee	Average quarterly market cap of the Fund	Average quarterly market cap of the Fund
Distribution Fees	<ul style="list-style-type: none"> 2.00% of total non-dividend distributions (30 Sep. 2014 – 31 Oct. 2015) 1.00% of total non-dividend distributions (1 November 2015 – end of the mandate) 	<ul style="list-style-type: none"> 2.00% of the total non-dividend distributions made available up to and including 31 March 2017; 1.50% of total non-dividend distributions made available from 1 April 2017 up to and including 30 September 2017; and 1.00% of total non-dividend distributions made available from 1 October 2017 up to and including 1 April 2018
Consideration for the Distribution Fees	Share buy-backs, public tender buy-backs, reductions of the share capital	Share buy-backs, GDR buy-backs, public tender buy-backs, reductions of the share capital
Duration	2 years	2 years
Continuation vote	Annually, each October	Annually, each October

Performance Objectives

	Current Mandate	New Mandate
NAV Objective	The Adjusted NAV per share as at 30 June 2015, to be higher than the NAV per share as at 30 September 2013 (RON 1.1610 / share)	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)
Discount Objective	The discount between the closing price and the 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 October 2014 – 30 June 2015	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
Discount Control Mechanism	<p>None.</p> <p>Nevertheless, the Fund Manager has finalized 5 buy-back programmes and is currently executing the 6th buy-back programme, completed two tender offers, and paid annual cash distributions to shareholders.</p>	<p>In the absence of investment opportunities offering better returns for shareholders, or if the discount to NAV per share is wider than 15% for more than 50% of the Trading Days in any 3 month financial quarter, the Fund Manager will use all or a significant part of proceeds from dividends and disposals to implement measures aimed at maximizing cash returns to shareholders and fulfilling the Performance Objectives through the following DCM techniques:</p> <ul style="list-style-type: none"> • Recommendation of buy-back programs of shares and GDRs • Reduction of the nominal value of shares and cash distributions • Execution of buy-back programs via daily buy-backs or tender offers • Increasing investor demand for the shares and GDRs, with the aim of increasing the market price, by: <ul style="list-style-type: none"> – Maintaining a transparent cash distribution policy; – Increasing the share of listed companies in the portfolio and their transparency; – Building good communication through active investor relations work; – Supporting initiatives to make the Romanian capital market more attractive for investors

2015 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 – 30 October 2015**

- Adjusted NAV as at 30 October 2015 is lower than the NAV per share as at 30 June 2015

NAV Objective	Amount RON	Comments
Total NAV as at 30 October 2015	11,933,928,817	
Costs related to the 2015 return of capital after 30 June 2015 , until 30 October 2015	2,889	Accrual for the 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 buybacks after 30 June 2015, until 30 October 2015	107,182	Fees related to fifth buyback programme after 30 June 2015 and sixth buyback programme up to 30 Sept 2015
Distribution fees	1,789,631	Accrual for FTIML distribution fees for distributions to shareholders (buybacks) after 30 June 2015
Total Adjusted NAV as at 30 October 2015	11,935,828,519	
Number of Fund's paid shares, less Treasury shares as at 30 October 2015	10,540,118,177	
Adjusted NAV per share as at 30 October 2015¹	1.1324	
NAV per share as at 30 June 2015	1.1851	
Difference	(0.0527)	
%	(4.45%)	

Source: Fondul Proprietatea 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.



2015 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 – 30 October 2015**

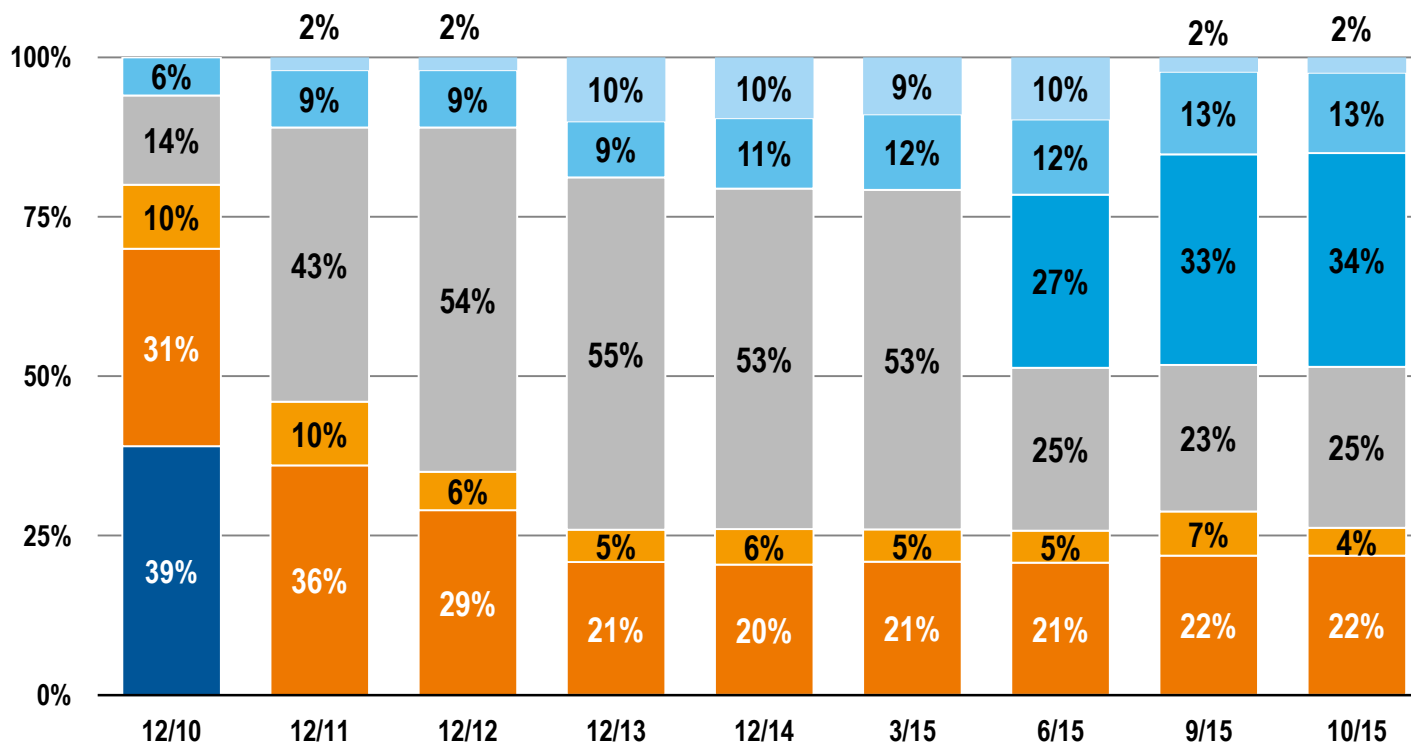
- In the period 1 July 2015 – 30 October 2015, discount was higher than 15%, for both shares and GDRs.

- **Discount Evolution**

Discount at the Start of the Reporting Period – 30 June 2015	Discount as at 30 October 2015	Average for the Reporting Period	Discount Range for the Reporting Period
32.82%	27.70%	32.07%	27.53% - 40.11%

Shareholders Structure

Evolution (% Held)



- Treasury Shares
- Romanian Institutions
- The Bank of New York Mellon (depository bank for Global Depository Receipts)
- Foreign Institutions
- Foreign Individuals
- Romanian Individuals

Largest Shareholders

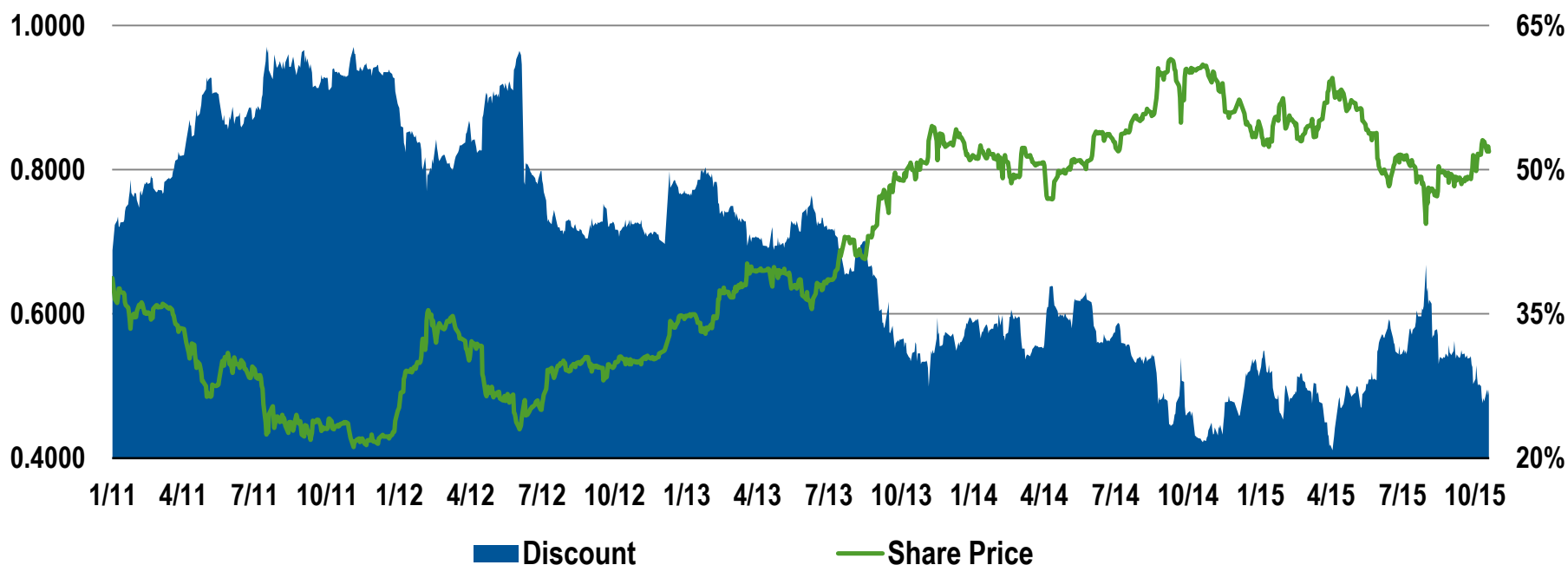
Elliott Associates ¹	21.06%
Total Number of Shareholders ²	8,507

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

2. Shareholders structure as at 30 October 2015, based on paid share capital starting 31 July 2011. Source: Central Depository.

3. The Bank of New York Mellon holding includes 19,271,700 shares equivalent of the 385,434 GDRs of the Fund.

FP Share Price¹ (RON) and Discount (%)



	BVB	LSE
Discount ²	27.1%	25.8%
Average Daily Turnover	EUR 1.8 mn ³	EUR 1.4 ⁴

1. Source: BVB, for the period 1 January 2011 – 12 November 2015.

2. As at 12 November 2015.

3. Source: BVB, for the period 1 July – 12 November 2015.

4. Source: LSE, for the period 1 July – 12 November 2015

NAV, Share Price and GDR Performance

Cumulative Performance (RON)

	2011	2012	2013	2014	Q3 2015	YTD ¹	Since Performance Inception ²
NAV	(0.47)%	8.91%	13.29%	1.39%	(4.29%)	(2.68)%	21.40%
Ordinary Share Price	(30.32)%	38.30%	61.34%	14.53%	(0.63%)	(2.87)%	72.96%
GDR	N/A	N/A	N/A	N/A	(1.57%)	N/A	2.30%

Average Annual Discount

2011	2012	2013	2014	YTD ³	Current Share Price Discount ⁴	Current GDR Price Discount ⁴
55.67%	50.20%	41.30%	30.57%	29.13%	27.13%	25.76%

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

1. As at 30 October 2015.

2. 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.

3. For the period: 5 January – 12 November 2015.

4. As at 12 November 2015.

This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

Contributors to NAV Performance for Q3 2015

TOP PERFORMERS

Company	Status	% in Total NAV ¹	% change in NAV performance for Q3 2015	Change in NAV per share (RON)
Banca Transilvania SA	Listed	1.7%	0.31%	0.0037
Alro SA	Listed	0.8%	0.11%	0.0013
Romaero SA	Listed	0.2%	0.04%	0.0005
Primcom SA	Listed	0.1%	0.03%	0.0003
Oil Terminal SA	Listed	0.0%	0.00%	0.0000

BOTTOM PERFORMERS

Company	Status	% in Total NAV ¹	% change in NAV performance for Q3 2015	Change in NAV per share (RON)
OMV Petrom SA	Listed	30.0%	(3.56%)	(0.0426)
Romgaz SA	Listed	9.6%	(1.95%)	(0.0233)
Nuclearelectrica SA	Listed	1.6%	(0.10%)	(0.0012)
BRD Groupe Societe Generale SA	Listed	2.2%	(0.08%)	(0.0009)
CN Administratia Porturilor Dunarii Fluviale SA	Unlisted	0.0%	(0.02%)	(0.0003)

TOTAL NAV VARIANCE Q3 2015

(0.0509)

1. Source: Detailed Statement of Investments as at 30 September 2015.

Contributors to NAV Performance for 9-months 2015

TOP PERFORMERS

Company	Status	% in Total NAV ¹	% change in NAV performance for 9MO 2015	Change in NAV per share (RON)
Banca Transilvania SA	Listed	1.7%	0.42%	0.0053
BRD Groupe Societe Generale SA	Listed	2.2%	0.32%	0.0040
Alro SA	Listed	0.8%	0.13%	0.0016
Conpet SA	Listed	0.3%	0.05%	0.0006
Alcom SA	Listed	0.1%	0.05%	0.0006

BOTTOM PERFORMERS

Company	Status	% in Total NAV ¹	% change in NAV performance for 9MO 2015	Change in NAV per share (RON)
OMV Petrom SA	Listed	30.0%	(5.93%)	(0.0742)
Romgaz SA	Listed	9.6%	(1.56%)	(0.0195)
Nuclearelectrica SA	Listed	1.6%	(0.15%)	(0.0019)
Salubriserv SA ²	Unlisted	0.0%	(0.08%)	(0.0010)
Forsev SA ³	Listed	0.0%	(0.04%)	(0.0005)

TOTAL NAV VARIANCE 9-months 2015

(0.0783)

1. Source: Detailed Statement of Investments as at 30 September 2015.
2. Company in insolvency procedure starting 2015.
3. Holding disposed of in April 2015.

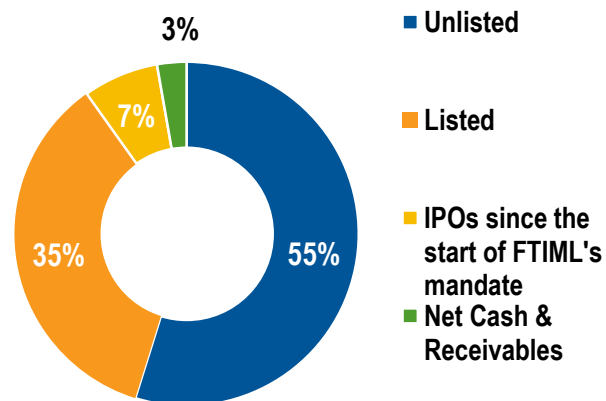
Portfolio



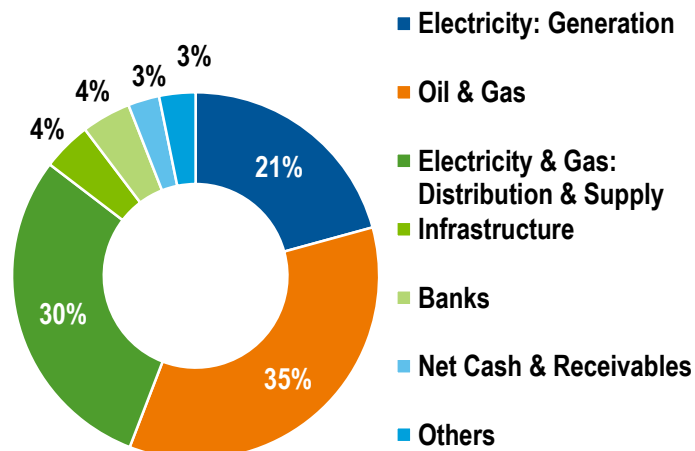
This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

Portfolio Structure

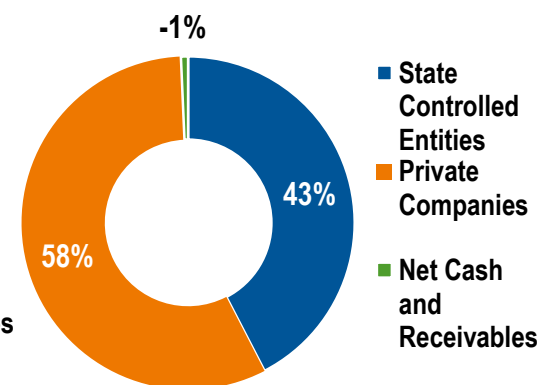
**Listed vs Unlisted
as at 30 October 2015**



**By Sector
as at 30 October 2015**



**By Controlling Ownership as
at 30 September 2015**



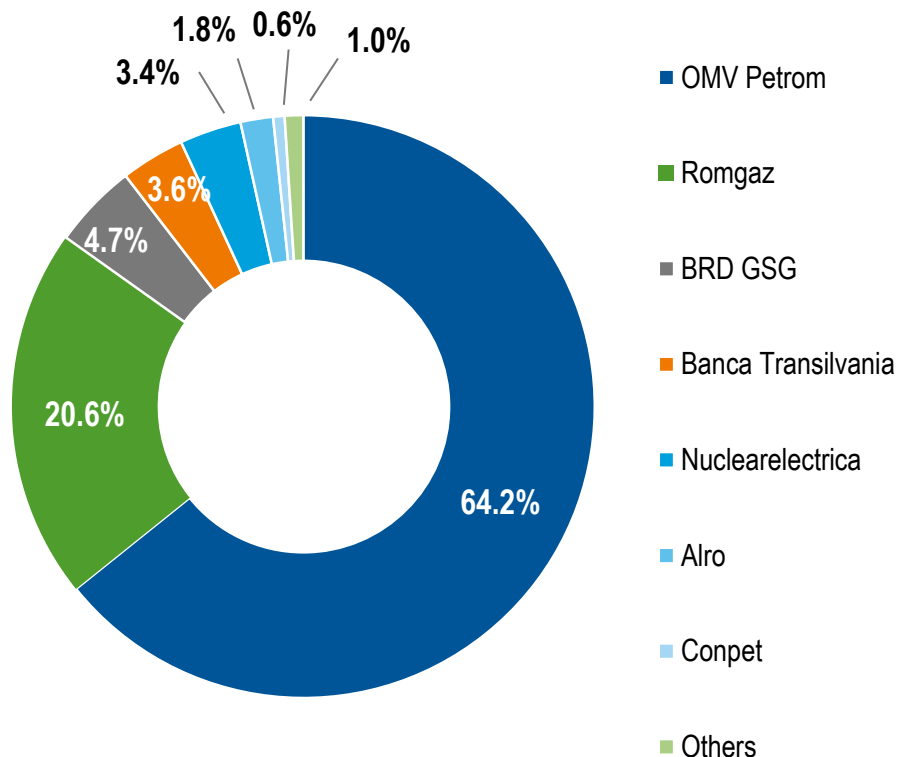
- As at 30 October 2015, the portfolio included stakes in 49 companies (14 listed and 35 unlisted)
- Net cash and receivables position as at 30 October 2015 was EUR 74.2 mn.
- The Fund Manager intends to extend the Citi credit facility, which was to expire at the end of 2015. The credit facility will be used mainly for corporate actions (share buy-backs and return of capital).

Source: Monthly Factsheet prepared by the Fund Manager as at 30 October 2015, Q3 2015 results report.

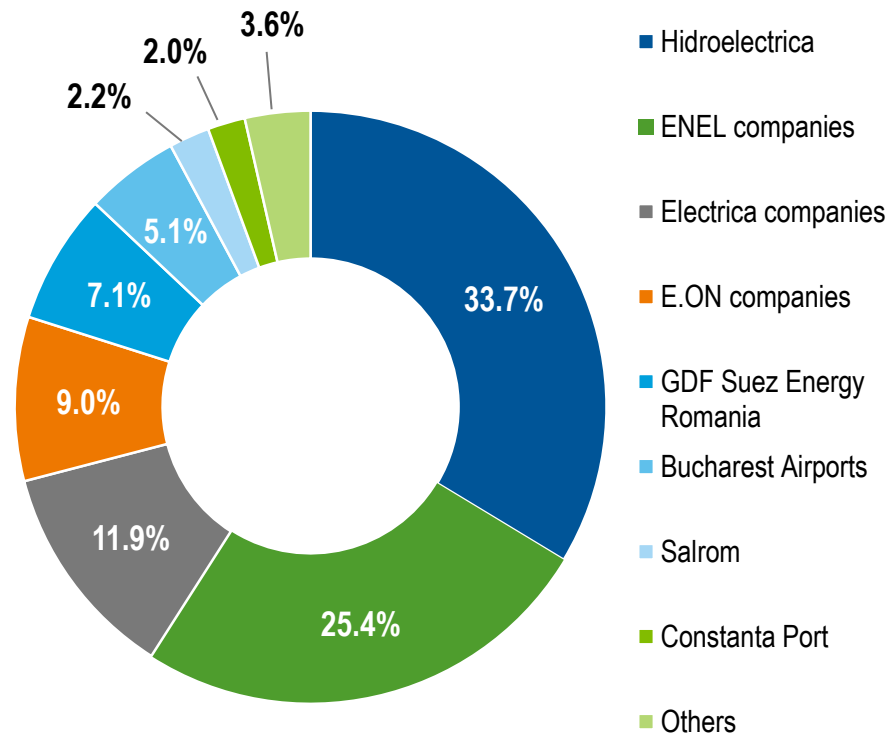
This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

Portfolio Structure as at 30 September 2015

Listed Companies



Unlisted Companies



Source: Detailed Statement of Investments as at 30 September 2015.

This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

Potential Disposals of Unlisted Power and Gas Distribution Companies

Company	FP Stake	NAV EUR mn	% NAV
Enel Distributie Banat (EDB)	24%	145.0	5.3%
Enel Distributie Muntenia (EDM)	12%	105.5	3.9%
Enel Distributie Dobrogea (EDD)	24%	89.9	3.3%
Enel Energie (EE)	12%	16.8	0.6%
Enel Energie Muntenia (EEM)	12%	14.7	0.5%
Total Enel		371.9	13.6%
Electrica Distributie Muntenia Nord	22%	53.3	2.0%
Electrica Distributie Transilvania Sud	22%	46.8	1.7%
Electrica Distributie Transilvania Nord	22%	45.6	1.7%
Electrica Furnizare	22%	28.6	1.1%
Total Electrica		174.3	6.5%
E.ON Distributie Romania	18%	101.0	3.7%
E.ON Energie Romania	13%	30.3	1.1%
Total E.ON		131.3	4.8%
GDF Suez Energy Romania	12%	104.4	3.8%
TOTAL		781.9	28.7%

Background

- The total value of the holdings is EUR 781.9 mn, or 28.7% of the NAV per the Fund's 30 September 2015 Detailed Statement of Investments.

Status

- Electrica:** On 10 November, 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 34.4mil in 2014).

Notes: Values in EUR calculated using the EUR/RON FX rate as at 30 September 2015.

Source: Detailed Statement of Investments as at 30 September 2015.

Electrica Distribution Companies

Company	Holding value as per NAV as at 30 Sep 2015 (RON mn)	Holding value as per NAV as at 30 Oct 2015 (RON mn)	Difference (RON mn)
Electrica Distributie Muntenia Nord SA	235.60	253.90	+18.30
Electrica Distributie Transilvania Nord SA	201.60	215.60	+14.00
Electrica Distributie Transilvania Sud SA	206.50	222.30	+15.80
Electrica Furnizare SA	126.37	149.60	+23.23
Total	770.07	841.40	+71.33

Company	EBITDA (RON mn)		Net Profit (RON mn)	
	H1 2014	H1 2015	H1 2014	H1 2015
Electrica Distributie Muntenia Nord SA	122.25	146.30	75.80	83.14
Electrica Distributie Transilvania Sud SA	140.74	158.97	66.54	77.28
Electrica Distributie Transilvania Nord SA	131.37	155.16	61.14	80.03
Electrica Furnizare SA	144.27	77.15	130.64	66.24
Total	538.63	537.58	334.12	306.69

Source: Fund Manager, Electrica Distributie Muntenia Nord, Electrica Distributie Muntenia Nord, Electrica Distributie Transilvania Sud, Electrica Furnizare H1 2015 financial statements.

Top Portfolio Holdings – H1 2015 Key Financials

Holdings	EBITDA (RON mn)		Net Profit (RON mn)	
	H1 2014	H1 2015	H1 2014	H1 2015
OMV Petrom SA	4,245.00	3,128.00	1,386.54	1,041.36
Hidroelectrica SA	974.25	1,217.28	400.97	596.88
Romgaz SA	1,424.12	1,234.05	871.00	766.60
GDF Suez Energy Romania SA	509.24	521.54	346.74	351.29
CN Aeroporturi Bucuresti SA	128.15	165.92	52.57	90.36
BRD Groupe Societe Generale SA	-	-	127.89	270.14
Electrica Distributie Muntenia Nord SA	122.25	146.30	75.80	83.14
Electrica Distributie Transilvania Sud SA	140.74	158.97	66.54	77.28
Nuclearelectrica SA	204.04	248.31	1.58	14.42
Electrica Distributie Transilvania Nord SA	131.37	155.16	61.14	80.03
Banca Transilvania SA	-	-	186.71	2,278.97
SN a Sarii Salrom SA	26.01	44.78	13.42	29.44
CN Administratia Porturilor Maritime SA	67.09	89.42	41.82	61.41
Electrica Furnizare SA ²	144.27	77.15	130.64	66.24
Others	1,182.86	1,769.51	431.67	730.32
TOTAL	9,299.39	8,956.39	4,195.03	6,537.88
WEIGHTED TOTAL	1,602.66	1,545.05	642.02	742.64
WEIGHTED TOTAL LISTED COMPANIES¹	967.11	740.01	360.58	351.19
WEIGHTED TOTAL UNLISTED COMPANIES¹	667.29	822.01	310.18	406.02

Note: EBITDA is calculated as Operational result + Depreciation. Source: Companies' financial statements, Judicial Administrator's reports.

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

2. The company was registered in July 2010 and created through the merger of Electrica Furnizare Muntenia Nord, Electrica Furnizare Transilvania Nord and Electrica Furnizare Transilvania Sud.

Top Listed Portfolio Holdings – 9-Months 2015 Results

	EBITDA (mn RON)		Net Profit (mn RON)	
	9-MO 2014	9-MO 2015	9-MO 2014	9-MO 2015
OMV Petrom SA	6,394.0	4,823.0	3,186.7	1,253.2
Romgaz SA	1,917.7	1,688.9	1,115.0	975.3
BRD Groupe Societe Generale SA ¹	N/A	N/A	37.6	379.8
Banca Transilvania SA ¹	N/A	N/A	338.1	2,296.2
Nuclearelectrica SA	421.6	459.7	72.3	131.2
Conpet SA	86.2	94.3	48.0	52.0
Alro SA	59.4	266.4	(216.4)	72.7
Total	8,878.9	7,332.3	4,586.3	5,160.4
Weighted Total	1,376.1	1,089.4	669.3	397.5

Source: OMV Petrom, Romgaz, BRD GSG, Banca Transilvania, Nuclearelectrica, Alro and Conpet financial statements and reports published on the companies websites..

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

1. Consolidated financial statements.

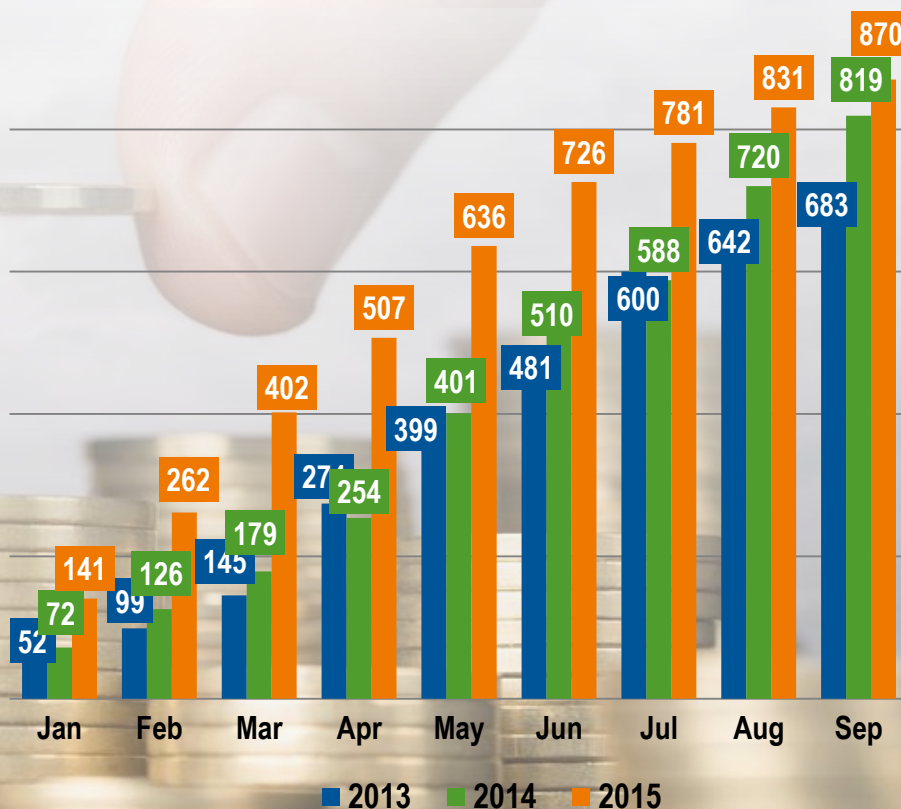
This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

Hidroelectrica – Update

- **Update on litigations**

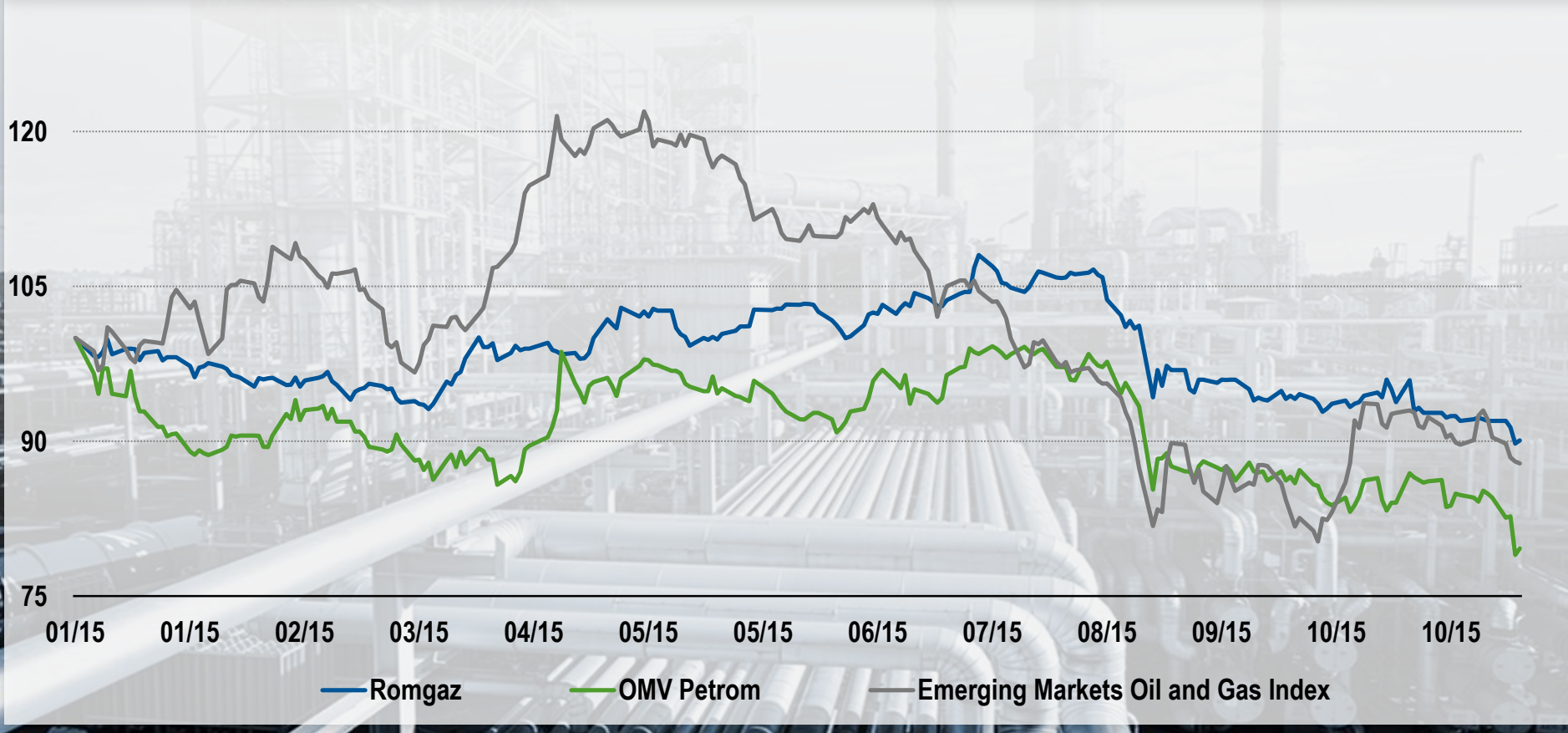
- The syndic judge dismissed all oppositions to the opening of the insolvency procedure through a decision that is subject to a second appeal. The second appeal is expected to have the last hearing before end 2015.
- Contestations against the creditors' table and litigations arising from the unilateral termination of the bilateral agreements are currently 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 9 months 2015 vs 9 months 2014:**
- 12.63 TWh vs 13.92 TWh

Pre-tax cumulated profit (RON mn)



Romgaz – Update

Romgaz Performance



Source: Bloomberg, as at 12 November 2015.

Romgaz Accelerated Bookbuild Offering (I)

Transaction Details

Type of Offering	Pricing	Offering Size	Offering Structure	Pricing / Settlement
ABO of shares and GDRs	<ul style="list-style-type: none"> • RON 28.50 per share / \$7.32 per GDR • Discount to last closing price: 6.4% 	<ul style="list-style-type: none"> • RON 456 mn / \$117 mn • 16,000,000 shares • 4.15% of share capital representing 20.8% of the free float and 105x the 3M ADTV 	<ul style="list-style-type: none"> • 14,715,000 shares and 1,285,000 GDRs • The Fund reduced its stake from 10.00% to 5.85% 	<ul style="list-style-type: none"> • 20 Oct / 23 Oct

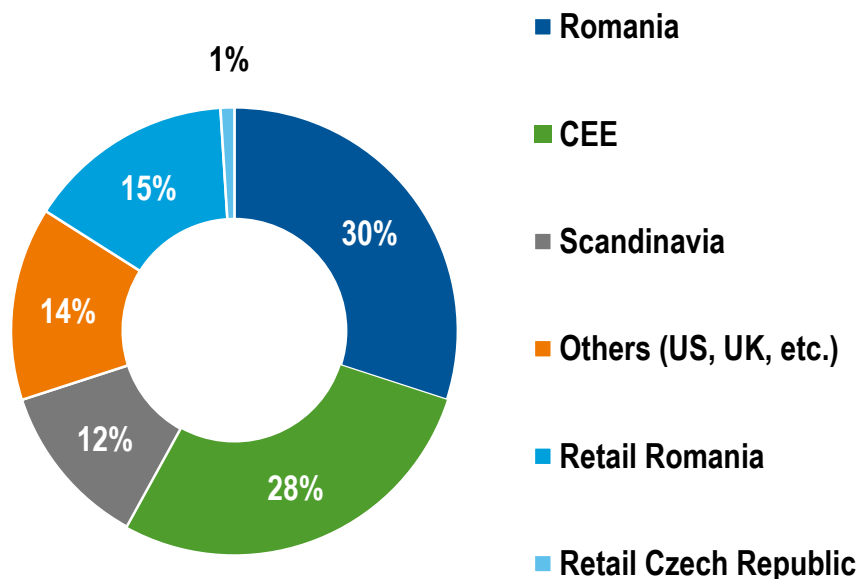
Transaction Highlights

- Second largest Romanian ABO ever, following the \$199 mn Romgaz ABO in June-2014
- Third largest CEE ABO 2015 YTD
- Large offering size of 105 days volume increasing free float by 21%
- The 6.4% discount was a strong outcome given the challenging market backdrop

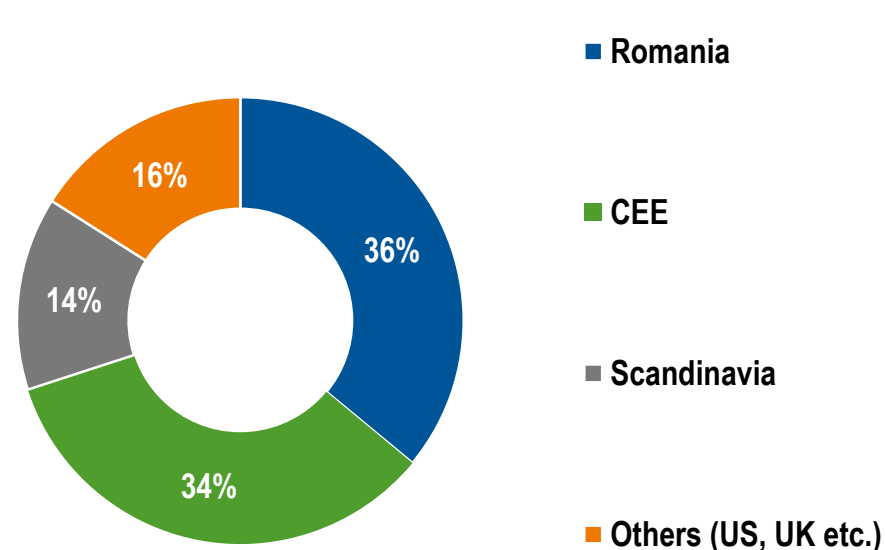
Source: Goldman Sachs.

Romgaz Accelerated Bookbuild Offering (II)

Total Demand by Location (Institutional and Retail)



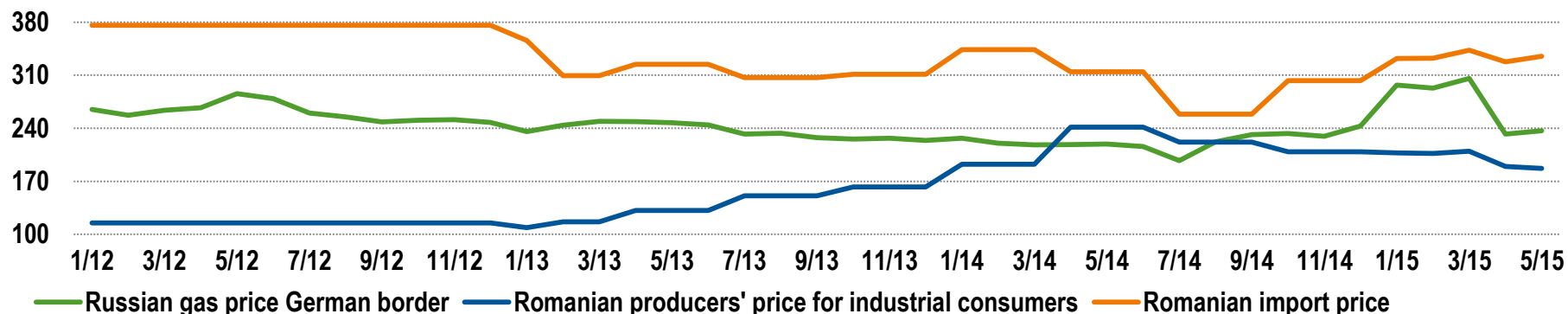
Institutional Demand by Location



Source: Goldman Sachs.

This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

Gas prices (EUR/cm)¹



Gas Price Liberalization Calendar – Households²

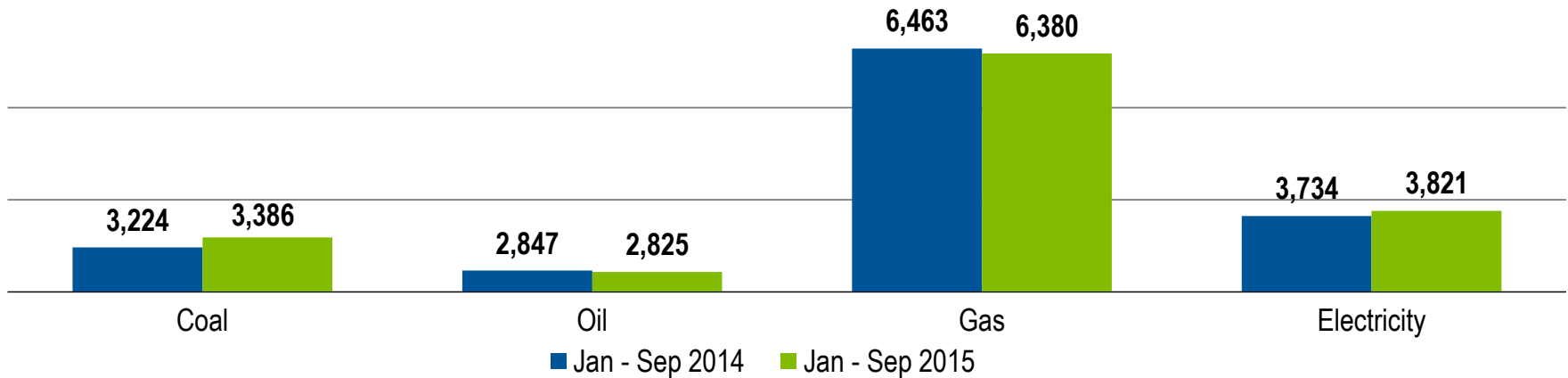
Date	Price (RON/MWh)	Growth
July 2015	60	13%
July 2016	66	10%
April 2017	72	9%
April 2018	78	8%
April 2019	84	7%
April 2020	90	7%

- Starting April 2018, the price increases will be reassessed, and the price would be set after an analysis of the market conditions at that time.

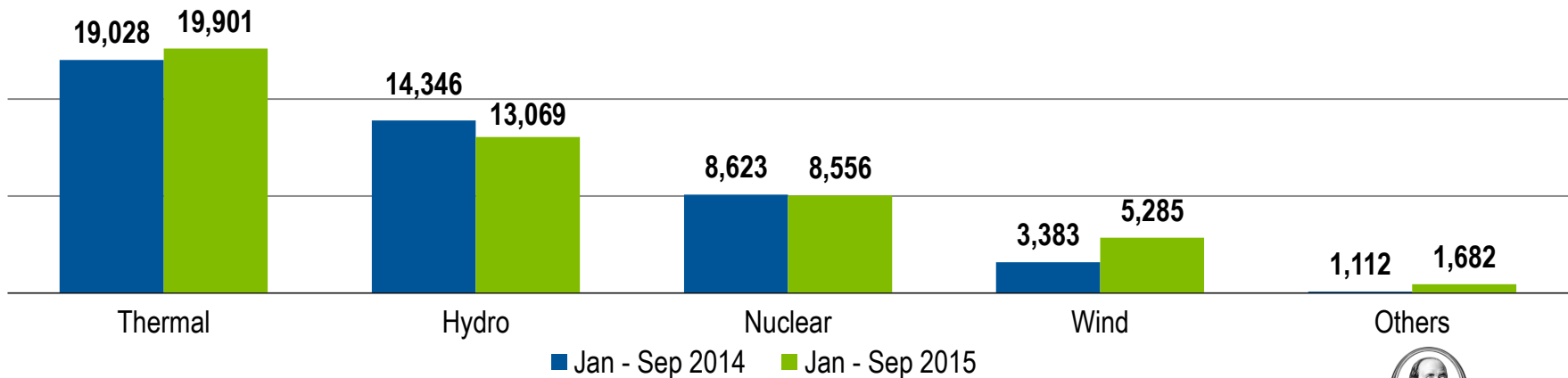
1. Source: Bloomberg, Wood & Co, as at 31 May 2015.

2. Source: Press releases, media.

Main primary energy resources (thousands toe)



Electricity Production (mn kWh)



Note: Provisional data as at 30 October 2015.

Source: National Institute of Statistics – Energy resources report.

Key Events with Impact on the Fund's Portfolio

Politics	After a fire in a club in Bucharest on 30 October, which killed 55 people, followed by the largest street protests since 1990 in several cities in Romania, the Government stepped down. President Klaus Iohannis nominated Dacian Ciolos (former European Commissioner for Agriculture and Minister of Agriculture) as Prime Minister to form a technocratic government. The new Government will be presented next week and has to be approved by the Parliament.
Elections	The next local elections are scheduled to take place in June 2016 and the Parliamentary elections in November / December 2016.
Infrastructure Tax	The Romanian Parliament approved several changes to the Fiscal Code including the elimination of the infrastructure tax starting January 2017. Other significant changes: VAT rate to be reduced from 24% to 20% starting in 2016, and to 19% starting in 2017; the dividend withholding tax reduced to 5%, starting in 2016 through Government Emergency Ordinance/
IMF Agreement	Romania's agreement with the IMF expired in September 2015. In December 2014, the Government reached an agreement with the IMF on the approved 2015 budget – the target budget deficit is 1.83% of GDP. It is unclear whether there is going to be a new agreement starting 2016.
New Oil & Gas Royalty Rates	The Government has been working with the World Bank and IMF on a new draft of the fiscal regime for the oil and gas industry. The initial timeline was to introduce it starting January 2016 but it is very likely to be delayed until 2017.
Corporate Governance Code	<p>While the proposed changes will bring some positive outcomes, such as clarifying that the CEO is also selected through a separate selection process, sanctions being applied for failing to respect the ordinance even for the tutelary authority, there are also some negative probable consequences such as:</p> <ul style="list-style-type: none"> • minority shareholders no longer have the right to recommend candidates for the Board since the recommendation has to go through the Nomination Committee of the Board, • the Parliament can exclude companies from application of 109 at their own will, • variable remuneration of non-executives is linked to variable remuneration of executives which creates a wrong incentive for non-executives, • annual revision of the variable remuneration might lead to often changes (instability), • the new procedure for approving the administration plan does not solve the previous problems with the ministries dismissing the Boards for no reasons. <p>The ordinance does not include the Fund's proposals that would allow shareholders to challenge bad board decisions. The ordinance should also facilitate access of minority shareholders to courts in order for the minority shareholders to annul legal acts detrimental to the company concluded by the board and management which is not the case currently.</p>

Corporate Actions



This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

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	October 2014 – February 2015	Completed	991.0 mn/7.32%	1.0557 ¹	Raiffeisen	Cancelled on 14 August 2015
Fifth	February – July 2015	Completed	227.6 mn/1.89%	0.8501 ²	Wood & Co.	Approved by shareholders during the GSM on 29 October 2015
Sixth	Started on 9 September 2015	8.87% Completed	891.8 mn/7.54%	0.8062 ³	Wood & Co., Goldman Sachs Int.	-
Seventh	-	Approved by shareholders during the GSM on 29 October 2015	Max. 10% of the issued share capital at the relevant time	-	-	-

1. Including the 750mn shares Tender Offer.

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

3. As at 6 November 2015. Estimated value based on the 79,091,274 shares repurchased (52,194,574 ordinary shares and 26,896,700 equivalent shares of the GDRs repurchased).

Dividend Income – Top 20 Portfolio Companies

Top 20 Holdings ¹	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
Romgaz SA	109	91	85	99	86	106.0	140.6	158.9	148.5	121.4
Enel Distributie Banat SA	56	-	-	-	50	20.2	-	-	-	20.7
Enel Distributie Muntenia SA	-	-	-	-	-	-	-	-	-	-
GDF Suez Energy Romania SA	40	-	50	60	51	9.6	-	22.8	33.6	24.0
E.ON Distributie Romania SA ²	-	-	367	-	-	-	-	29.9	-	-
Enel Distributie Dobrogea SA	56	-	-	-	50	13.5	-	-	-	10.5
CN Aeroporturi Bucuresti SA	90	89	85	85	50	9.9	9.4	9.1	12.3	10.2
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	-	-	-	-	-	-	-	-	-	-
Nuclearelectrica SA	-	-	83	81	68	-	-	2.3	27.9	6.9
Societatea Nationala a Sarii Salrom SA	90	90	92	85	85	0.8	0.1	9.3	19.8	10.2

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

1. Based on the 30 September 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.

This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

Dividend Income – Top 20 Portfolio Companies

Top 20 Holdings ¹	DIVIDEND PAYOUT (%)					FP NET DIVIDEND (RON mn)				
	2010	2011	2012	2013	2014	2011	2012	2013	2014	2015
E.ON Energie Romania SA	-	-	-	-	-	-	-	-	-	-
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
Complexul Energetic Oltenia SA ²	-	-	85	-	-	-	-	10.3	-	-
Total Top 20 Holdings (RON mn)						416.2	515.2	592.5	650.8	557.1
Total Dividends from Listed Companies (RON mn)						304.0	450.1	373.9	538.6	251.5
Total Dividends from Unlisted Companies (RON mn)						215.1	168.9	275.8⁴	143.5	315.9
Total Dividend Income (RON mn)						519.1	619.0	649.7	682.1	567.4
Total Dividend Income per Share (RON)³						0.05959	0.04699	0.04954	0.05674	0.05310
Dividend / Distribution per Share (RON)						0.03854	0.04089	0.05000⁶	0.05000⁵	0.05000¹¹
Share Price (RON)						0.5550⁷	0.6600⁸	0.7640⁹	0.8130¹⁰	
Yield						6.94%	6.20%	6.54%	5.84%¹⁰	
Yield for Romanian companies (BET)						4.21%	5.09%	5.10%	3.50%	

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

1. Based on the 30 September 2015 Detailed Statement of Investments.

2. Created through the merger of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO; Dividends distributed to FP by merged companies:

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

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

5. 2015 Return of capital following the decrease of the nominal value of the Fund's share from RON 0.95 to 0.90.

6. 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

7. As at 14 May 2012.

8. As at 15 May 2013.

9. As at 30 April 2014.

10. As at 29 May 2015.

11. According to the 2016 Budget approved by the Fund's shareholders on 29 October 2015.

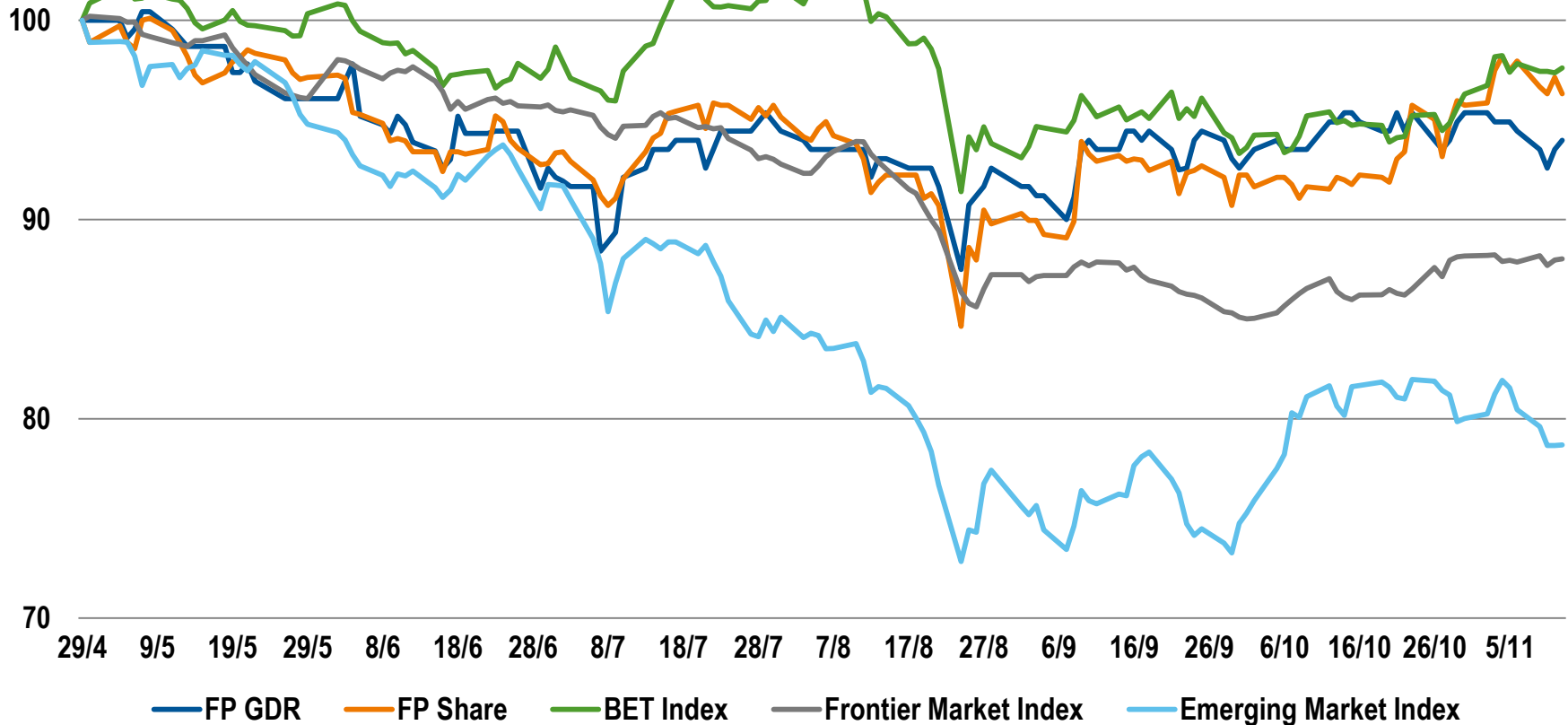
This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

Listing on the LSE – Top 10 Largest Funds

Fund	Symbol	Listing Currency	Total NAV (USD mn)	Premium / Discount to NAV (%)	% Listed Portfolio (approx.)	30 Days Avg. turnover (USD mn)	12m Yield (%)
Scottish Mortgage Inv Tr Plc	SMT	GBP	5,174.8	2.4%	97	4.2	1.3%
Alliance Trust Plc	ATST	GBP	4,665.2	(11.0)%	93	4.1	2.8%
Foreign & Colonial Invest Tr	FRCL	GBP	4,079.4	(8.0)%	99	2.2	2.4%
Rit Capital Partners Plc	RCP	GBP	3,691.5	2.1%	64	2.2	2.1%
FONDUL PROPRIETATEA (GDRs)	FP.	USD	2,964.8	(26.3)%	42	1.9	6.0%
Mercantile Investment Trust	MRC	GBP	2,795.6	(10.0)%	88	2.3	2.9%
Hicl Infrastructure Co Ltd	HICL	GBP	2,677.0	15.8%	101	4.6	4.8%
Caledonia Investments Plc	CLDN	GBP	2,385.4	(14.9)%	64	0.9	2.3%
Witan Investment Trust Plc	WTAN	GBP	2,360.7	(0.2)%	100	1.3	2.3%
Templeton Emerging Markets-o	TEM	GBP	2,298.6	(11.6)%	94	3	2.4%

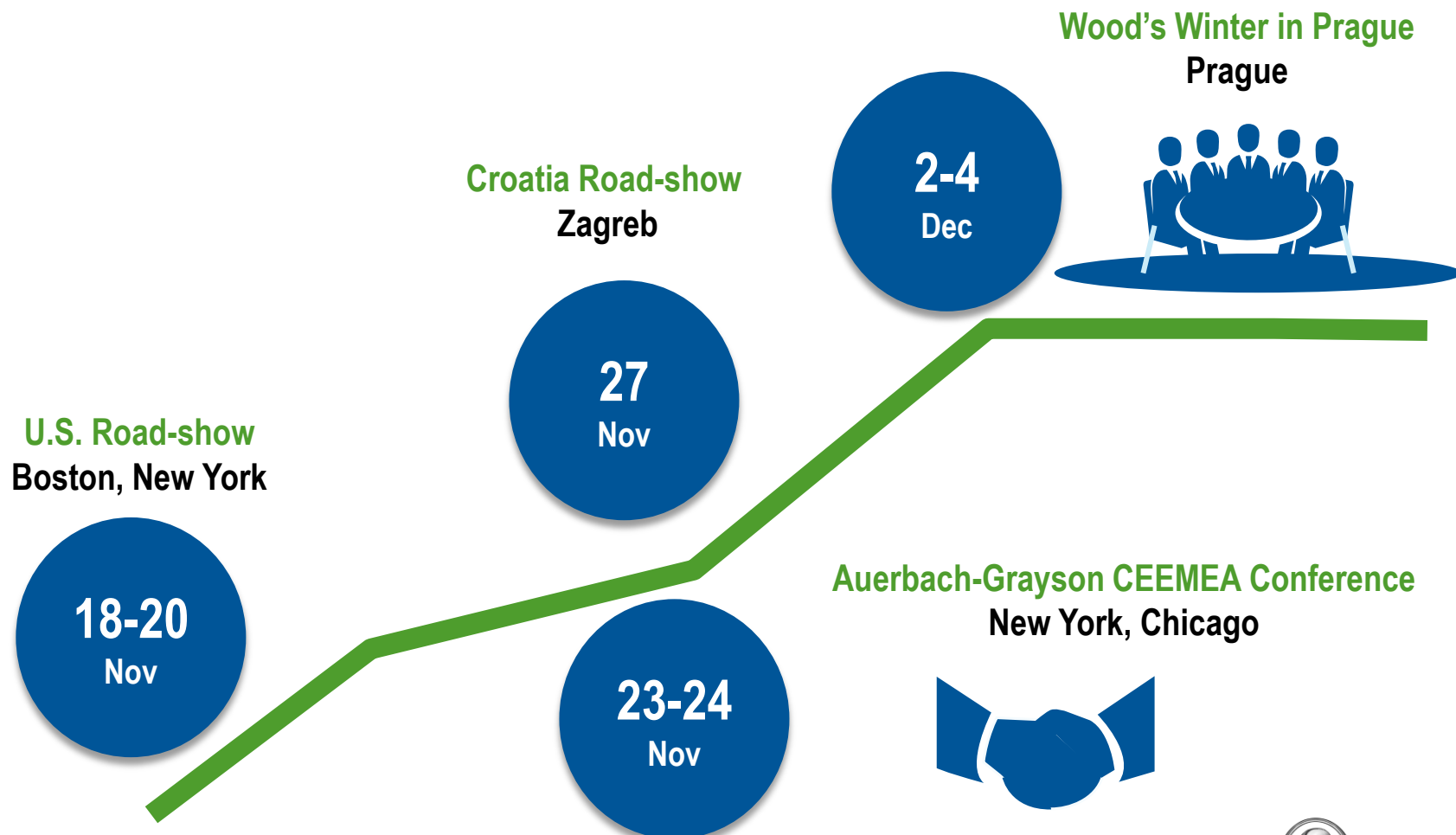
Source: Jefferies, Morningstar, Bloomberg, Company factsheets, LSE. Top 10 investment companies on LSEE by Total NAV, as per Morningstar, as at 3 November 2015. For Fondul Proprietatea, NAV as at 30 September 2015, discount as at 9 November 2015.

Performance of the FP GDR



Source: Bloomberg, as at 12 November 2015.

Investor Relations – Upcoming Events



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

Q3 2015 Results



This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.

RAS Financial Statements – Balance Sheet

Ron mn	31 December 2014 Audited	30 June 2015 Unaudited	30 September 2015 Unaudited
Intangible assets	0.8	0.8	0.7
Financial assets	9,075.2	8,798.4	8,348.0
Non-current assets - total	9,076.0	8,799.2	8,348.7
Current assets - total	319.5	438.6	343.0
Prepaid expenses	-	0.2	0.1
Payables within one year	41.4	544.5	408.1
Total assets less current liabilities	9,354.1	8,693.5	8,283.7
Provisions	15.1	17.1	17.1
Shareholders' equity	9,339.0	8,676.4	8,266.6

RAS Financial Statements – Income Statement

FONDUL
PROPRIETATEA

Ron mn Unaudited	Q3 2014	Q3 2015	9 months ended 30 September 2014	9 months ended 30 September 2015
Revenues from current activity, out of which:	246.8	137.3	1,699.4	575.9
Revenues from financial assets	20.0	134.3	669.8	567.5
Interest income	8.4	0.9	16.8	2.4
Reversal of impairment adjustments and provisions	0.2	0.3	30.2	0.5
Revenues from disposal of financial assets	216.7	0.0	979.1	1.9
Revenues from foreign exchange differences	0.1	0.1	1.4	0.4
Other income from current activity	1.4	1.7	2.1	3.2
Expenses from current activity, out of which:	307.7	26.1	690.9	102.8
Expenses from disposal of financial assets	277.4	0.0	605.6	5.0
Expenses from foreign exchange differences	0.1	0.2	2.2	0.6
Depreciation, provisions, losses from receivables and sundry debtors	0.1	0.5	2.1	2.7
Commissions and fees	9.0	3.2	23.1	12.4
Interest expenses	-	1.7	-	1.8
Other expenses from current activity ¹	21.1	20.5	57.9	80.3
Gross profit	(60.9)	111.2	1,008.5	473.1
Income tax expense	9.1	(3.3)	24.0	2.0
Net profit	(70.0)	114.5	984.5	471.1

Source: Fondul Proprietatea Q3 2015 Results report. Prepared in accordance with Romanian Accounting Regulations.

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

This material is intended solely for the recipient and should not be reproduced, copied or re-transmitted. Not for public use.



IFRS Financial Statements – Statement of Financial Position

Ron mn	31 Dec 2014 Audited	30 Sept 2015 Unaudited
Assets		
Cash and current accounts	6.9	9.4
Deposits with banks	109.4	133.9
Treasury bills	162.8	49.9
Government bonds	31.7	81.0
Dividends receivable	-	38.6
Equity investments	12,927.7	12,046.1
Deferred tax assets	152.7	-
Other assets	9.5	31.1
Total assets	13,400.7	12,390.0
Liabilities		
Short term bank loans	-	350.2
Other liabilities	52.8	69.5
Total liabilities	52.8	419.7
Equity		
Share capital	11,815.3	10,074.1
Fair value reserve on available for sale financial assets	4,020.4	3,913.0
Other reserves	610.1	527.4
Treasury shares	(1,189.9)	(203.8)
Retained earnings	(1,908.0)	(2,340.4)
Total equity	13,347.9	11,970.3
Total liabilities and equity	13,400.7	12,390.0

IFRS Financial Statements – Statement of Comprehensive Income

Ron mn Unaudited	9 months ended 30 Sept 2014	9 months ended 30 Sept 2015
Gross dividend income	675.1	569.3
Net gain /(loss) from equity investments at fair value through profit or loss	52.2	(774.8)
Impairment losses on equity investments available for sale	(291.5)	(28.7)
Interest income	16.8	2.4
Reversal of impairment losses on receivables, net	19.6	17.9
Gain /(Loss) on disposal of equity investments available for sale, net	588.9	-
Net foreign exchange losses	(0.8)	(0.2)
Other income / (expenses), net	(1.8)	2.9
Net operating income/ (loss)	1,058.5	(211.2)
Operating expenses	(77.9)	(92.5)
Finance costs	-	(2.0)
Profit/ (Loss) before income tax	980.6	(305.7)
Income tax expense	(27.1)	(126.7)
Profit / (Loss) for the period	953.5	(432.4)
Net change in fair value of available for sale equity investments	416.6	(76.8)
Deferred tax on other comprehensive income	(2.6)	(29.8)
Decrease in fair value reserve following the disposal of available for sale equity investments	(566.2)	(0.7)
Total other comprehensive income	(152.2)	(107.3)
Total comprehensive income for the period	801.3	(539.7)
Basic and diluted earnings per share (RON)	0.0703	(0.0359)

Fondul Proprietatea
Premium Point
Buzesti Street 78-80, 1st District
Bucharest 011017
www.fondulproprietatea.ro

FONDUL PROPRIETATEA

Managed by Franklin Templeton Investment Management Ltd.