

Closed-end investment fund

FONDUL PROPRIETATEA (FP)

Crossroads ahead

Buy (12m)

Price **Target Price**
10/03/2014
RON 0.8100 RON 0.8956

Sector

Overweight
Neutral

Market Share

na

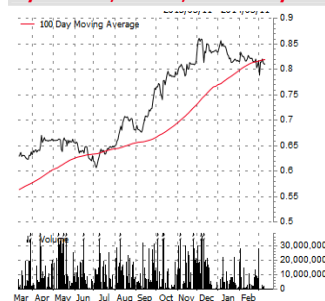
Last Recommendation

Buy (TP RON 0.8072, on 10 Apr'13)

NSC NAV* **RON 1.2339**

*as of 31 January 2014

1 year-Price, Volume, MA 100 days



Source: Factset, BRD-GSG Research

Share data

RIC FP.BX, Bloomberg FP RO
YOY-range 0.605 – 0.8605

Fair NAV – Mar'14 (RONm) 12,016

Fondul Proprietatea
on www.fondulproprietatea.ro

v Update We have updated our Fair NAV calculation for Fondul Proprietatea (FP), following the incorporation of detailed investments as of end-Dec'13, of the available 2012 financial results for unlisted companies, and of the reduction of the discount from 30% to 20% used in our peer group valuation applied to assets unlisted companies. We downgrade our Fair NAV per share by only 1.38% to RON 0.9951, but we upgrade our target price to RON 0.8956 per share from RON 0.8072 in our previous report. We kept unchanged our "Buy" recommendation with potential upside of 10.6% (vs. 26.13% in our Apr'13 report) and trading discount to our Fair NAV at 18.6% (vs. 36.57% in our previous report). The main changes of portfolio valuation compared with previous report are: increase by 18.8% of listed shares, decrease by 35.6% of unlisted shares, and decrease by 41.7% of cash&cash equivalents (deposits)&government securities&receivables as of end-Jan'14 vs. end-Feb'13.

v Catalysts for the share price We believe that the main catalyst for FP's share price is represented by Fund's Manger buy-back transactions for coming period. The dividends distribution or other methods for returning value to shareholders might be more important to FP's potential investors than capital gains. Still, the listing process of Hidroelectrica, third largest holding of the Fund, is delayed for at least 7 to 12 months due to the re-start of insolvency procedure on 24 Feb'14. Hidroelectrica's insolvency status is reducing the Fund's ability to increase transparency of portfolio unlisted companies' valuation and of the contribution of listed companies to FP's NAV, in spite of two important companies listing (Romgaz and Nuclearelectrica) in Q4'13.

v 12m target price and methodology The main changes on our SOTP method are related to the reduction of discount for valuing unlisted companies using peer group valuation from 30% to 20% to account for the steps made in listing companies process (Nuclearelectrica and Romgaz listing in Q4'13), in liberalization of gas and electricity market where many of portfolio companies are active, and lower political risk compared with our previous report. Also, we have reduced the discount applied to the Fair NAV to obtain the target price from 20% to 10% to reflect the increase in Fund's portfolio liquidity since our previous report as mentioned in *Valuation methodology* section.

v Alternative scenarios and risk to our scenario Main risk to our scenario is related to the valuation of unlisted companies, as the transparency on the results used in our valuation methodology is rather low. Moreover, any decline of comparables' prices, *ceteris paribus*, will be translated in lower valuation multiples for FP's portfolio unlisted companies. Still, regulatory risk and Government's decisions on structural reforms and electricity and gas market regulations might weigh on investors' decision in FP.

v Next events Annual General Meeting scheduled on 28 Apr'14.

Performance (%)	1m	3m	12m
Ordinary shares	-0.74	-4.03	28.06
Relative to BET	-0.48	0.15	15.29
Relative to BET-FI	4.1	2.9	23.15

*Figure based on end-January'14 Official NAV
**YOY cumulative

Financial data(ROnm)	05/12	02/13	01/14*	Data (RON/share)	05/12	02/13	01/14*
Total assets	16,217.1	15,295.0	14,956.8	EPS**	0.0526	0.0427	0.0560
Listed shares	5,348.4	6,409.6	8,127.5	BV*	1.1688	1.1586	1.3278
Unlisted shares	9,742.1	8,115.2	6,375.1	Gross DPS	0.04089	0.05086	nav
Shareholders equity	15,991.7	15,261.2	14,895.8	Div. yield %	5.0	6.3	na;
Cash and deposits	332.3	193.9	132.9	P/Fair NAV	0.61	0.63	0.81
Bonds & T-Bills	0.0	573.3	318.8	P/Off. NAV	0.40	0.55	0.66
Net profit**	607.0	562.0	675.96				

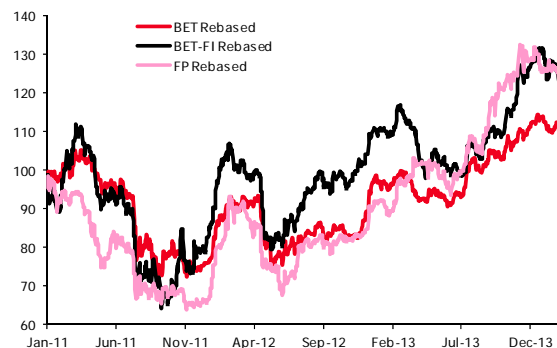
Source: FP RAS Individual Financial Statements, BSE, BRD-GSG

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Market performance

Since our previous report, FP price followed an upward trend, and reached its historical maximum on 3 Dec'13 at RON 0.8605, as investors' perception improved constantly following Fund's Manager actions (buy-back programme, cash returns to shareholders), but also Nuclearelectrica and Romgaz listing.

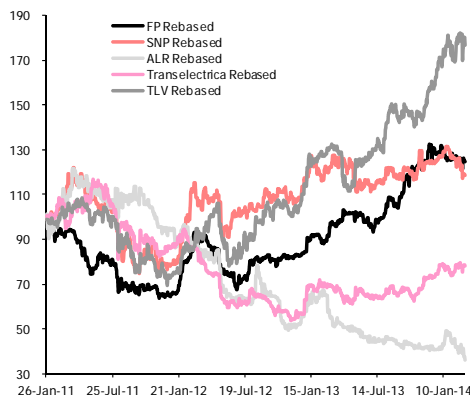
FP vs. BET, BET-FI performance, rebased at 26 Jan'11



Source: Bloomberg, BRD-GSG Research

FP stock overperformed BET and BET-FI by 9.9% and by 14.5%, respectively on avg. for Apr'13 – Mar'14.

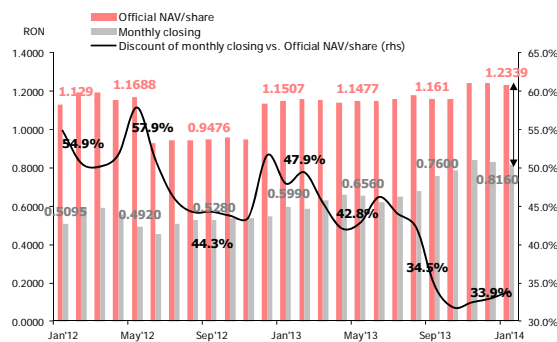
FP vs. SNP, TEL, ALR, BRD, TLV share price performance, rebased at 26 Jan'11



Source: FactSet, BRD-GSG Research

TLV shares clearly overperformed (rebased terms) since the end-Nov'13, while ALR performance is worsening given the company's poor outlook.

FP official NAV per share vs. end-month closing price

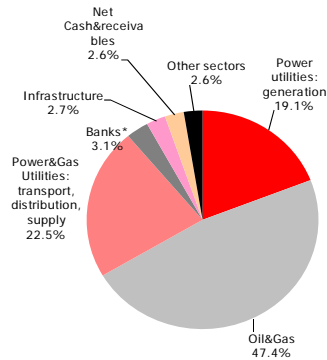


Source: Fondul Proprietatea, BRD-GSG Research

FP's share price upward trend since the beginning of the last year has reached the maximum in Nov'13, helping the discount to official NAV to go below 40%, up to a minimum of 31.7% as of end-Oct'13.

Company anatomy – portfolio overview

NSC NAV breakdown per sector (as of 31 Jan'14)

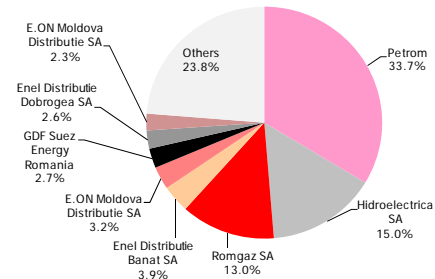


*o/w exposure on external markets (Erste Bank and Raiffeisen Bank), namely Austria - 0.91%

Source: Fondul Proprietatea, BRD-GSG Research

66.5% of NSC NAV stems from companies in oil&gas and power generation sectors as of 31 Jan'14.

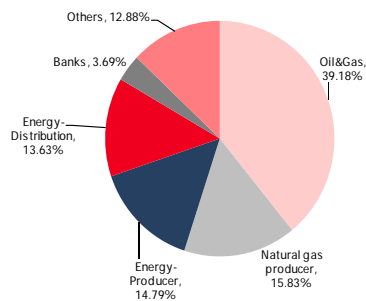
NSC NAV breakdown per company (as of 31 Jan'14)



Source: Fondul Proprietatea, BRD-GSG Research

Petrom and Hidroelectrica stakes account for 48.7% of NSC NAV as of 31 Jan'14. Romgaz and Nuclearelectrica were included in official NAV as listed companies in Dec'13.

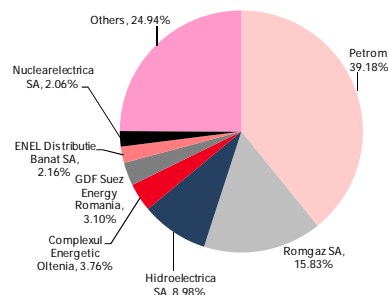
Fair NAV breakdown per sector (as of Mar'14)



Source: Fondul Proprietatea, BRD-GSG Research

High exposure towards oil and gas and energy producers confirmed by our Fair NAV calculation.

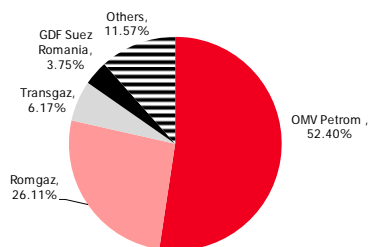
Fair NAV breakdown per company (as of Mar'14)



Source: Fondul Proprietatea, BRD-GSG Research

Petrom (RON 4.71bn), Romgaz (RON 1.90bn) and Hidroelectrica (RON 1.08bn) remain the most valuable assets according to our Fair NAV calculation.

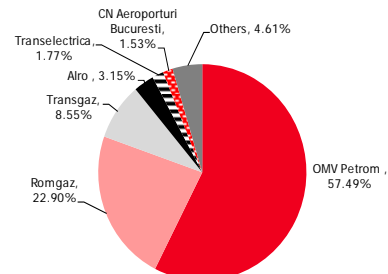
Breakdown of 2012 Dividends received



Source: Fondul Proprietatea report as of end-Jun'13, BRD-GSG Research

Petrom remains the largest dividend payer for the Fund with RON 318m, followed by Romgaz with RON 158.9m in 2013.

Breakdown of 2011 Dividends received



Source: Fondul Proprietatea report as of end-Jun'12, BRD-GSG Research

Petrom is the largest dividend contributor for the Fund with RON 353.13m in 2012.

Company anatomy – valuation summary

Fondul Proprietatea Fair NAV according to base case scenario assumptions*

**For details regarding the base case scenario assumptions please see next pages*

Indicator	Value (RONm) ¹	Value (EURm) ¹	% NAV
Listed companies (incl. external assets)	7,721.46	1,716.03	64.28%
Un-listed companies	3,898.47	866.40	32.45%
Cash and cash equivalents (deposits) [#]	132.95	29.55	1.11%
Other assets (Receivables & Government bonds) [#]	320.43	71.21	2.67%
(-) Total liabilities (incl. debt, provisions [#])	60.95	13.55	0.51%
Fair NAV	12,012.36	2,669.65	
No of shares subscribed and paid	12,071.88	12,071.88	
Fair NAV per share (RON)	0.9951	0.2211	
<i>discount for closed-end funds</i>	<i>10%</i>	<i>10%</i>	
Target price per share (RON)	0.8956	0.1990	

[#] NSC NAV calculation as of 31 January 2013 based on RAS figures

¹ except values per share, NBR FX rate (EUR RON 4.4996) as of 10 Mar'14

Source: BRD-GSG Research, Fondul Proprietatea

Fondul Proprietatea Fair NAV according to worst case scenario

**For details regarding the worst case scenario assumptions please see next pages*

Indicator	Value (RONm) ¹	Value (EURm) ¹	% NAV
Large listed companies (Petro, Transelectrica, Alro, BRD-GSG, Banca Transilvania, Nuclearelectrica, Romgaz, Oil Terminal, Conpet, Erste, Raiffeisen)	7,665.99	1,703.70	76.60%
Un-listed companies (50% of base case scenario)	1,949.23	433.20	19.48%
Cash and cash equivalents (deposits) [#]	132.95	29.55	1.33%
Other assets (Receivables & Government bonds) [#]	320.43	71.21	3.20%
(-) Total liabilities (incl. debt, provisions [#])	60.95	13.55	0.61%
Fair NAV	10,007.65	2,224.12	
No of shares subscribed and paid	12,071.88	12,071.88	
Fair NAV per share	0.8290	0.1842	
<i>discount for closed-end funds</i>	<i>10%</i>	<i>10%</i>	
Target price per share	0.7461	0.1658	

[#] NSC NAV calculation as of 31 January 2013 based on RAS figures

¹ except values per share, NBR FX rate (EUR RON 4.4996) as of 10 Mar'14

Source: BRD-GSG Research, Fondul Proprietatea

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Valuation methodology

We have updated our Fair NAV calculation for Fondul Proprietatea (FP), and we have downgraded our Fair NAV per share by only 1.38% to RON 0.9951 from RON 1.0090 in our Apr'13 report. Additionally, we have reduced the 20% discount applied to Fair NAV up to 10% and we derived a target price of RON 0.8956 per share from RON 0.8072 in our previous report. We have reduced the discount applied to Fair NAV to get target price to reflect higher liquidity of FP's portfolio following Nuclearelectrica and Romgaz listing in Q4'13. Consequently, we kept unchanged our "Buy" recommendation, given the potential upside of 10.6% from current market price (10 Mar'14).

The potential upside (10.6%) has been reduced since our previous report (21.6% in our Apr'13 report) and odds for more declines in coming future shouldn't be ignored given the anticipated changes in FP's portfolio and modification of constitutive act and Investment Management Agreement. Thus, corporate actions (i.e.: buy-back programme, dividends, share capital reduction and cash return to shareholders) proposed by Fund's Manager will be increasingly followed by investors and will be, in our opinion, main drivers of FP's share price evolution in coming months. The impact of the above mentioned operations on market price might be tempered by FSA endorsement or disapproval on FTIM's proposals referring to share capital changes and buy-back programme.

The current update process of Fair NAV calculation for Fondul Proprietatea (FP) consisted primarily in: 1) the incorporation of detailed investments as of end-Dec'13, which reflected the transfer of Nuclearelectrica and Romgaz from "unlisted companies category" to the "listed companies category", resulting in the change of valuation methodology applied; 2) the use of the available 2012 financial results for the valuation of unlisted companies as detailed below; 3) the reduction of the discount for valuing the unlisted companies using peers multiples from 30% to 20%.

The 9.6% decline in our Fair NAV compared with our Apr'13 report stems from: 35.6% drop of the unlisted companies value as detailed below, 19.55% rise of the value of listed shares on local market, 41.7% fall of cash&cash equivalents (deposits)&government securities&receivables as of end-Jan'14 vs. end-Feb'13, and lower by 16.9% of the value of listed banks (Erste Bank and Raiffeisen Bank International) on external markets. The reduction of Fair NAV has been lower when referring to Fair NAV per share (-1.38%), as the number of shares used in NAV per share calculation went down by 8.4% from our previous report due to the exclusion of Treasury shares.

We haven't modified our methodology to value listed shares, except the discount applied for listed companies and not traded in the past 30 trading sessions. Thus, we have filled in closing prices as of 10 Mar'14 (previously 5 Apr'13) for all BSE and Vienna listed companies that have been traded within the last 30 trading days. The same methodology is followed by NSC for listed companies to calculate the official NAV. For the companies whose shares were not traded in the past 30 days we have used their book value adjusted with a discount of 15% (vs. 20% in our previous report) to account for low liquidity compared with NSC regulation which uses the book value of the company as a proxy for its fair value. Moreover, we have used the EURRON NBR rate of 4.4996 as of 10 Mar'13 (vs. 4.4211 as of 5 Apr'13) to make the price conversion from EUR to RON for the banks listed on Vienna Stock Exchange.

As we have already mentioned the listing of Nuclearelectrica and Romgaz brought significant changes on FP's official NAV and Fair NAV. FP benefited from higher valuation for Romgaz, but was negatively influenced by lower valuation for Nuclearelectrica, when computing the official NAV per share. In the table below we show the market values used in official NAV calculation before and after the listing for Nuclearelectrica and Romgaz stakes, but also our valuation figures presented in our previous update report.

Company	Value considered in official NAV after listing (end-Dec'13)	Value considered in official NAV before listing	Value as of our update report released on 10 Apr'13
Nuclearelectrica	RON 306.699m	RON 648.0m ¹	RON 679.36m
Romgaz	RON 1,975.7m	RON 1,337.65m ²	RON 1,415.23m

¹the value included in Fondul Proprietatea Detailed Investments Report as of end-Jun'13, before Nuclearelectrica to be valued at IPO offer price or market price

²the value included in Fondul Proprietatea Detailed Investments Report as of end-Sep'13, before Romgaz to be valued at SIPO offer price or market price

Source: Fondul Proprietatea, BRD-GSG Research

However, we have made some changes to unlisted companies' stakes methodology compared with previous report to account for latest events. We have introduced available 2012 financial data for all companies as 2013 set of financial results aren't public yet for all companies, and we have considered different combination of P/BV'12, EV/EBITDA'12 and Marcap/Sales'12 depending on the company's sector features to value the unlisted companies. The peers valuation multiples were updated for prices as of 10 Mar'14 (vs. 5 Apr'13 in our previous report). Moreover, we have reduced the discount applied to derive the value of unlisted companies from peer group valuation from 30% to 20% to account for the steps made in listing companies process (Nuclearelectrica and Romgaz listing in Q4'13), in liberalization of gas and electricity market where many of portfolio companies are active, and lower political risk compared with our previous report. However, we kept the discount to reflect the smaller size of local companies and perceived higher regulatory risk for local energy and utilities sector.

We have to mention that the return of Hidroelectrica in insolvency procedure hasn't modified our valuation methodology for the company as the primary effect is the delay of listing process and, secondary, the new status of the company will influence its performance, given that the judicial administrator and special administrator appointed has a program for increasing financial performance of the company. As we have already seen in the first insolvency stage between Jun'12 and Jun'13, the company returned on profit in 2013 after the measures taken by the judicial administrator.

Moreover, we incorporated RON 451.71m in our Fair NAV per share calculation (vs. RON 880m in our previous report, as the official NAV calculation was indicating as of end-Feb'13) to value 21.53% stake owned by FP in CE Oltenia, as the company published financial statements for end-Dec'12 and we were able to apply peer group valuation method.

Additionally, we kept the zero value for Electrica Furnizare (resulted from the merger of Electrica Furnizare Transilvania Nord, Electrica Furnizare Transilvania Sud and Electrica Furnizare Muntenia Nord) stake from our Apr'13 report as the end-Dec'13 official NAV considers this value and no full set of financial data was released up to this moment.

Detailed values for major unlisted companies are showed in *Appendix 1 – Unlisted companies implied value (base case scenario)*. The valuation multiples (P/BV'12, EV/EBITDA'12 and Marcap/Sales'12) for selected peers used to value unlisted companies are presented in *Appendix 2 – Peers' multiples*.

We modified the assignment of 0.7 of BV for valuing small companies with a marginal impact on FP's portfolio valuation to 0.8 of BV, given the change in discount for valuing unlisted companies using peers' multiples. We assigned zero value for companies with negative shareholders' equity, companies under insolvency procedure other than Hidroelectrica, companies running a judicial re-organization and companies that don't recognize FP as their shareholder.

We kept unchanged our SOTP methodology to calculate our Fair NAV, but we applied a lower discount compared with our previous report to derive the target price for closed-end investment funds, namely 10% compared to 20% previously. Our discount change is justified by higher transparency of FP's portfolio, once Nuclearelectrica and Romgaz have been listed. In our Fair NAV per share calculation we input 12.071882101 shares (vs. 13.172499bn shares in our previous report) representing the number of shares afferent to the paid-up share capital, excluding the Treasury shares.

Thus, we have derived a Fair NAV of RON 0.9951 (down by 1.38% from our previous report), resulting in a target price of RON 0.8956 (up by 10.95% from our Apr'13 report). The summarized results are presented in the table below. The largest part of Fair NAV (64.28% vs. 48.91% previously) continues to stem from listed companies worth RON 7.72bn (EUR 1.72bn), whilst 32.45% (vs. 45.54% previously) from unlisted ones worth RON 3.898bn (EUR 866.40m). As we have mentioned above the largest stake is OMV Petrom valued at RON 4.71bn (EUR 1.05bn), lower by 10.5% than in our Apr'13 report, followed by Romgaz worth RON 1.90bn (EUR 422.53m), up by 34.33% compared with our previous report.

Indicator	Fair Value (RON)	% NAV
Listed companies (incl. external assets)	7,721,459,358	64.28%
Un-listed companies	3,898,467,389	32.45%
Cash and cash equivalents [#] (deposits)	132,948,449	1.11%
Other assets (Receivables & Government bonds) [#]	320,432,293	2.67%
(-)Total liabilities (incl.debt, provisions [#])	60,949,959	0.51%
Fair NAV	12,012,357,531	
No of shares subscribed and paid (excluding Treasury shares)	12,071,882,101	
Fair NAV per share	0.9951	
<i>discount for closed-end funds</i>	<i>10%</i>	
Target price per share	0.8956	

[#] NSC NAV calculation as of 31 January 2014 based on RAS figures
 Source: BRD-GSG Research. Fondul Proprietatea

Please see below the values estimated under our methodology (Market Value BRD-GSG) and the value estimated according to NSC rules (NSC Value as of end-Dec'13) for each company in FP's portfolio:

Company	Sector	FP stake	Valuation method	ClosingPrice/ Implied Price (RON)	Market Value BRD-GSG (RONm)	NSC Value as of end-Dec'13 (RONm)	%Total value of listed and unlisted shares	% Fair NAV
Petrom	Oil&Gas	18.99%	mark to market	0.4375	4,706.91	5,054.41	40.51%	39.18%
Transelectrica Bucuresti	Utilities-Electricity	13.49%	mark to market	15.7000	155.35	156.25	1.34%	1.29%
Airo Slatina	Non-Energy Minerals	10.21%	mark to market	1.2510	91.18	105.46	0.78%	0.76%
BRD-GSG	Banks	3.64%	mark to market	8.6500	219.60	228.49	1.89%	1.83%
Banca Transilvania	Banks	2.93%	mark to market	1.7030	110.22	106.79	0.95%	0.92%
Nuclearelectrica SA	Energy-Producer	9.72%	mark to market	9.0100	246.95	306.70	2.13%	2.06%
Romgaz SA	Natural gas producer	14.99%	mark to market	32.9000	1,901.16	1,975.70	16.36%	15.83%
Romaero	Aircraft manufacturer	20.99%	mark to market	13.9700	18.32	20.72	0.16%	0.15%
Conpet SA	Transport via pipeline	29.70%	mark to market	45.0000	115.72	115.72	1.00%	0.96%
Oil Terminal SA	Cargo handling	8.45%	mark to market	0.1146	5.64	5.59	0.05%	0.05%
Sevemav SA	Building of ships and floating structures	39.10%	mark to market	1.5000	2.96	5.13	0.03%	0.02%
Palace SA (Sinaia)	HoReCa	15.42%	mark to market	0.2200	1.28	1.22	0.01%	0.01%
Acom SA Timisoara	Retail sales (food, beverages)	71.89%	mark to market	69.0000	6.16	4.91	0.05%	0.05%
Mecon SA Brasov	Manufacturer of metal structures and part of metal structures	12.51%	0.85xBV'12	37.3359	2.24	0.18	0.02%	0.02%
IOR SA	Manufacturer of optical instruments	2.81%	mark to market	0.2800	0.73	0.60	0.01%	0.01%
Comcereal Cluj SA	Agriculture	11.36%	0.85xBV'12	3.4098	0.87	1.03	0.01%	0.01%
Forsev SA	Forging, pressing, stamping and roll-forming of metal: powder metallurgy	28.14%	0.85xBV'12	6.4460	6.15	7.24	0.05%	0.05%
Romplumb SA	Manufacturer of lead, zinc and tin bullions	33.26%	insolvency	0.0000	0.00	0.00	0.00%	0.00%
Transilvania Com SA	Retail sales (textiles)	39.99%	0.85xBV'12	18.2300	1.41	1.66	0.01%	0.01%
Turdapan SA	Real estate	44.06%	mark to market	3.2000	0.50	0.11	0.00%	0.00%
Primcom SA	Real estate	75.48%	mark to market	9.5000	14.84	23.41	0.13%	0.12%
Resib SA	Real estate	2.87%	negative sh.equity	0.0000	0.00	0.00	0.00%	0.00%
SubTotal Listed Companies on BSE		na	na	na	7,608.20	8,121.32	65.48%	63.34%

Source: BRD-GSG estimates, Fondul Proprietatea

Company	Sector	FP stake	Valuation method	ClosingPrice/ Implied Price (EUR)	Market Value BRD-GSG (RONm)	NSC Value as of end-Dec'13 (RONm)	%Total value of listed and unlisted shares	% Fair NAV
Erste Group Bank AG	Banks	0.10%	mark to market	24.7400	44.20	45.10	0.38%	0.37%
Raiffeisen Bank International AG	Banks	0.34%	mark to market	22.6700	69.06	77.79	0.59%	0.57%
SubTotal Listed Companies on External Markets		na	na	na	113.26	122.89	0.97%	0.94%

*FX rate EUR RON (4.49%) as of March 10, 2014

Source: BRD-GSG Research estimates, Fondul Proprietatea

Company	Sector	FP stake	Valuation method	Closing Price/ Implied Price (RON)	Market Value BRD-GSG (RONm)	NSC Value as of end-Dec'13 (RONm)	%Total value of listed and unlisted shares	% Fair NAV
Hidroelectrica SA	Energy-Producer	19.94%	avg. (EV/EBITDA'12,P/BV'12, Marcap/Sales'12)	12.11	1,078.23	2,239.41	9.28%	8.98%
Complexul Energetic Oltenia SA	Energy Producer	21.53%	avg. (EV/EBITDA'12,P/BV'12, Marcap/Sales'12)	16.51	451.71	321.64	3.89%	3.76%
Electrica Distributie Muntenia Nord SA	Energy-Distribution	21.99%	avg. (EV/EBITDA'12,P/BV'12)	18.39	143.36	296.20	1.23%	1.19%
ENEL Distributie Banat SA	Energy-Distribution	24.12%	avg. (EV/EBITDA'12,P/BV'12)	28.09	259.04	573.25	2.23%	2.16%
E.ON Moldova Distributie SA	Energy-Distribution	22.00%	avg. (EV/EBITDA'12,P/BV'12)	13.28	146.05	345.36	1.26%	1.22%
Electrica Distributie Transilvania Sud SA	Energy-Distribution	21.99%	avg. (EV/EBITDA'12,P/BV'12)	9.50	88.56	192.00	0.76%	0.74%
ENEL Distributie Dobrogea SA	Energy-Distribution	24.09%	avg. (EV/EBITDA'12,P/BV'12)	23.70	160.07	379.11	1.38%	1.33%
Aeroportul International Henri Coanda Bucuresti SA (2008)/CN Aeroporturi Bucuresti 2009	Airport	20.00%	avg. (EV/EBITDA'12, Marcap/Sales'12)	35.79	102.92	287.65	0.89%	0.86%
Electrica Distributie Transilvania Nord SA	Energy-Distribution	22.00%	avg. (EV/EBITDA'12,P/BV'12)	10.44	85.28	206.70	0.73%	0.71%
Enel Distributie Muntenia SA	Energy-Distribution	12.00%	avg. (EV/EBITDA'12,P/BV'12)	64.36	209.58	473.07	1.80%	1.74%
Posta Romana SA	National Post Office	25.00%	avg. (P/BV'12, Marcap/Sales'12)	10.68	158.87	60.79	1.37%	1.32%
Societatea Nationala a Sarii SA	Salt production	48.99%	avg. (P/BV'12, Marcap/Sales'12)	57.30	114.93	106.35	0.99%	0.96%
E.ON Gaz Distributie SA	Energy-Distribution	12.00%	avg. (EV/EBITDA'12,P/BV'12)	12.80	173.49	165.20	1.49%	1.44%
GDF Suez Energy Romania (ex Distrigaz Sud SA by 2009)	Energy-Distribution	12.00%	avg. (EV/EBITDA'12,P/BV'12, Marcap/Sales'12)	167.82	371.95	404.41	3.20%	3.10%
CN Administratia Porturilor Maritime SA	Port	19.99%	avg. (P/BV'12, Marcap/Sales'12)	47.16	84.42	66.40	0.73%	0.70%
Zirom SA	Manufacturer of titanium and titanium alloy ingots	100.00%	avg. (P/BV'12, Marcap/Sales'12)	7.15	33.88	43.46	0.29%	0.28%
CN Administratia Canalelor Navigabile SA	Port	20.00%	avg. (P/BV'12, Marcap/Sales'12)	83.54	16.97	16.22	0.15%	0.14%
Petrotel - Lukoil SA	Refinery	1.78%	negative sh.equity	0.00	0.00	0.00	0.00%	0.00%
Aeroportul Int'l Timisoara - Traian Vuia SA	Airport	20.00%	avg. (P/BV'12, Marcap/Sales'12)	277.94	8.92	6.21	0.08%	0.07%
Aeroportul Int'l Mihail Kogalniceanu SA	Airport	20.00%	avg. (P/BV'12, Marcap/Sales'12)	180.17	4.17	4.71	0.04%	0.03%
CN Administratia Porturilor Dunarii Maritime SA	Port	20.00%	avg. (P/BV'12, Marcap/Sales'12)	156.47	3.32	0.00	0.03%	0.03%
CN Administratia Porturilor Dunarii Fluviale SA	Port	20.00%	avg. (P/BV'12, Marcap/Sales'12)	220.25	6.07	3.54	0.05%	0.05%
Gerovital Cosmetics SA - dissolution	Health care	9.76%	dissolution	0.00	0.00	0.00	0.00%	0.00%
Electroconstructia Elco Cluj SA	Montaj Instalatii	7.61%	0.8xBV'12	1.35	0.44	0.55	0.00%	0.00%
Salubriserv SA	Waste collection	17.48%	0.8xBV'11	201.88	8.73	10.76	0.08%	0.07%
Comsig SA	Retail (food)	69.94%	0.8xBV stated in NSC NAV	17.23	1.30	1.63	0.01%	0.01%
Cetatea SA	Real Estate Agent	20.43%	0.8xBV stated in NSC NAV	0.87	0.31	0.38	0.00%	0.00%
World Trade Center Bucuresti SA - insolvency	HoReCa	19.90%	negative sh.equity	0.00	0.00	0.00	0.00%	0.00%
World Trade Hotel SA	HoReCa	19.90%	0.8xBV stated in NSC NAV	0.67	0.01	0.01	0.00%	0.00%
E.ON Energie Romania (ex. E.ON Gaz Romania)	Energy-Natural gas&Electricity supplier	13.39%	avg. (P/BV'12, Marcap/Sales'12)	9.50	94.03	65.13	0.81%	0.78%
Electrica Furnizare SA	Energy- Electricity supply	22.00%	value according to official NAV	0.00	0.00	0.00	0.00%	0.00%
ENEL Energie SA	Energy-Electricity supply	12.00%	avg. (P/BV'12, Marcap/Sales'12)	27.18	45.67	54.29	0.39%	0.38%
Enel Energie Muntenia SA	Energy-Electricity supply	12.00%	avg. (P/BV'12, Marcap/Sales'12)	95.32	42.33	45.87	0.36%	0.35%
Plafar SA	Health care	48.99%	0.8xBV stated in NSC NAV	28.85	3.83	4.79	0.03%	0.03%
Bat Service SA - dissolution	Transportation via road	33.00%	dissolution	0.00	0.00	0.00	0.00%	0.00%
Carbid Fox SA - bankruptcy		7.96%	bankruptcy	0.00	0.00	0.00	0.00%	0.00%
Simtex SA - insolvency	Design of machine tools	30.00%	insolvency	0.00	0.00	0.00	0.00%	0.00%
FECNE SA - bankruptcy	Nuclear power plant equipment factory	12.12%	bankruptcy	0.00	0.00	0.00	0.00%	0.00%
SubTotal Unlisted Companies		na			3,898.47	6,375.10	33.55%	32.45%
Total Listed and Unlisted Companies					11,619.93	14,496.42	100.00%	96.73%

Source: BRD-GSG Research estimates, Fondul Proprietatea

In our report, the worst case scenario considers the market value of Petrom, Romgaz, Transelectrica, Nuclearelectrica, Alro, BRD-GSG, Banca Transilvania, Conpet, Oil Terminal, Erste Bank and Raiffeisen Bank International, while applying a 50% discount for un-listed companies' value considered in the base case scenario and keeping unchanged all the other elements. The resulting Fair NAV is RON 0.8290, higher by 7.3% compared to our Apr'13 Fair NAV computed in the same scenario, mainly due to more listed companies than in our previous report. The target price under this scenario is RON 0.7461.

Indicator	Fair Value (RON)	% NAV
Large listed companies (Petrom, Transelectrica, Alro, BRD-GSG, Banca Transilvania, Nuclearelectrica, Romgaz, Oil Terminal, Conpet, Erste, Raiffeisen)	7,665,989,214	76.60%
Un-listed companies	1,949,233,694	19.48%
Cash and cash equivalents [#] (deposits)	132,948,449	1.33%
Other assets (Receivables & Government bonds) [#]	320,432,293	3.20%
(-)Total liabilities (incl.debt, provisions [#])	60,949,959	0.61%
Fair NAV	10,007,653,692	
No of shares subscribed and paid (excluding Treasury shares)	12,071,882,101	
Fair NAV per share	0.8290	
<i>discount for closed-end funds</i>	<i>10%</i>	
Target price per share	0.7461	

[#] NSC NAV calculation as of 31 January 2014 based on RAS figures
 Source: BRD-GSG Research, Fondul Proprietatea

Main risks to our valuation

Main risks to our Fair NAV calculation remain almost unchanged from our previous reports, with Government decisions' regarding gas and electricity companies being one of the most important ones. Thus, we reiterate the main risks to our valuation below:

- **Arbitrary decisions of the Government as majority shareholder of unlisted energy companies** that might be against minority shareholders' interest and value creation process. Additionally, the Government might impose new taxes for energy sector with negative impact on companies' performance and development. We mention here the 1.5% new tax on special constructions introduced by the Government Emergency Ordinance (GEO) no 102/2013 published on 15 Nov'13. The GEO states that Romanian companies, non-resident companies with permanent headquarter in Romania, companies established in Romania in accordance with European law should pay 1.5% of the gross value of their special constructions as booked in their previous year balance sheet, for which they don't pay buildings tax. The 1.5% tax on special constructions has been intensely contested by business environment, but local Government kept its position unchanged. Thus, first payment of the tax is due 25 May'14, while the detailed methodology hasn't been published yet by the Ministry of Finance.
- **Further declines experienced by local listed companies** driven by slow economic recovery in some sectors, increasing domestic political tensions around EU Parliament and presidential elections this year, political unease in the region, higher risk aversion towards frontier markets assets;
- **Higher/Lower market prices and associated trading multiples for companies included in FP's portfolio.** Any prolonged losses on capital markets will adjust downwards our valuation multiples and consequently our Fair NAV calculation;
- **Delays in listing major state-owned companies included in FP's portfolio** with negative impact on FP's unlocking value potential and on investors' perception towards local assets, although we saw that significant steps ahead were done last year;

Another **risk**, although it isn't directly related to our valuation, relies to delayed Financial Supervisory Authority (FSA) endorsement of FP's proposals or of FP's shareholders resolutions in relation to shareholders value return, buy-back programmes, changes to the Fund's constitutive act (i.e.: the endorsement of the changes related to excess fees), secondary listing on other Stock Exchanges.

Events with impact on future development of the Fund

We have summarized below some events occurred during past months that we had included in our daily reports. We decided to make a quick review of them because we believe these events/decisions will impact future development of the Fund given that they refer to changes of Investment Management Agreement by inclusion of new performance criteria for Fund's Manager, Hidroelectrica return in insolvency procedure, modifications of Constitutive Act that are waiting FSA endorsement, new scheme of fees for Fund's Manager related to excess distribution to Fund's shareholders that isn't approved by FSA.

Fund's Manager's proposals: no dividend distribution from 2013 net profit, secondary listing on LSE, new buy-back programme

- Two communiqués released on 7 Mar'14 informed investors about three proposals of Fund's Manager to be submitted for shareholders' vote on 28 Apr'14 on their Annual General Shareholders meeting, as following: 1) no dividend distribution out of 2013 net profit as the cash return to shareholders through share capital decrease by face value reduction by RON 0.05 has been already approved by FP's shareholders and is tax exempted; 2) the proposal of a new buy-back programme (please see details in the table below); 3) FP's secondary listing on the Specialist Fund Market (SFM) of the London Stock Exchange (LSE) by the end of 2014. Regarding the secondary listing of FP on LSE, the Fund's Manager selected the brokers that should advise the Fund in the listing process, while the specific method through which the shares will be listed on London Stock Exchange is under discussion.

Third buy-back programme can start, after FSA approved Treasury shares cancellation from 1st buy-back programme

- On 24 Feb'14, Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch (FTIM), the Fund Manager of FP, informed investors that the FSA approved Fund's share capital decrease by RON 240.304m up to RON 13.538bn on 20 Feb'14, following the cancellation of 240.304m Treasury shares repurchased by the Fund during the first buy-back programme in 2011. The share capital decrease has been approved previously by the shareholders within their Extraordinary General Shareholders Meeting (Extraordinary GSM) no. 3/25 Apr'12. The FSA endorsement came after the FTIM submitted its request in Apr'12. Consequently, starting with 24 Feb'14, FP's subscribed share capital is RON 13.538087407bn and the value of the paid-up share capital is RON 13.172832785bn and the Fund's Manager is allowed to start to third buy-back programme, as Treasury shares went below 10% after the share capital decrease enforcement.

Hidroelectrica's return into insolvency might delay the listing process by at least 7 to 12 months

- Another piece of news which might be a game changer for FP is the re-activation of reorganization procedure for Hidroelectrica starting with 24 Feb'14. The decision of Bucharest Court of Appeal was a negative surprise for the market, although the judicial procedures hadn't ever ruled out this possibility even if Hidroelectrica exited insolvency in Jun'13 considering the litigations started by Hidroelectrica creditors. Thus, a report of Fund's Manager released on 27 Feb'13 summarized the list of the creditors (e.g.: Alpiq Romindustries, Alro Slatina, Elsid Titu) which challenged the unilaterally termination of a sale purchase contract and preliminary receivables table. Moreover, Alpiq Romindustries, Energy Holding, Energy Holding, EFT AG, Andritz Hydro and 2nd District Local Budget Department challenged the decision no. 6482/26 June 2013 which states the closing of Hidroelectrica reorganization procedure.

On 5 Mar'14, Wood Company organized together with FTIM representatives a conference call regarding the Hidroelectrica insolvency procedure re-start.

The speakers were: Mr Remus Borza, judicial administrator of Hidroelectrica and Mr Gabriel Dumitrascu, special administrator of Hidroelectrica. In our opinion, main highlights of the conference call were:

- 1) The insolvency procedure re-started for Hidroelectrica, because of nine appeals submitted by energy traders to the Bucharest Court of Appeal, which decided in favour of the energy traders on 20 Feb'14 and returned the files to the Bucharest Court, who initially judged these cases.
- 2) The reasoning of the Bucharest Court of Appeal for deciding in favour of the energy traders is mainly related to the procedural method applied by the Bucharest Court when judging these files. The appeals made by the energy traders should be classified in third categories, among which the most important ones are those challenging the initial creditors' table.
- 3) The energy traders claimed initially RON 1.1bn, but the judicial administrators rejected their receivables. Moreover, the judicial administrator is stating that the energy trades don't have the quality of creditor for Hidroelectrica, according to law's provisions, and, consequently, they have not the right to request claims, and potential un-gained benefits.
- 4) According to the judicial administrator of Hidroelectrica, the decisions of the Bucharest Court of Appeal can be classified as judicial error. Moreover, in similar files, the Bucharest Court of Appeal ruled in favour of the judicial administrator of those companies.
- 5) The estimated time for solving these trials might span over 7 to 12 months, as an extraordinary procedure to the above mentioned appeals won't solve the issues, according to the judicial administrator. Hidroelectrica won't grant dividends from 2013 net profit estimated at EUR 100m, because the company accumulated losses of RON 690m for 2011 and 2012.

We anticipate Hidroelectrica's return into insolvency to weigh on FP official NAV, in case the Fund's Manager decides to reduce the valuation of Hidroelectrica stake. Given the re-start of the insolvency procedure, we expect the listing deadline to be extended (in Jan'14 a new consortium formed by Morgan Stanley and Raiffeisen has been appointed to prepare the IPO of the company). Even more important is that the confusion and uncertainties created by the often policy swings might discourage potential foreign/local investors to buy Romanian assets. On a positive note, the judicial administrator apparently is committed to increase company's performance and efficiency as it did during the first period on insolvency (between 20 Jun'12 and 26 Jun'13).

The decrease of minimum legal quorum for Extraordinary GSM and share capital reduction by returning RON 0.05 to FP's shareholders are waiting the FSA approval

- On 3 Feb'14, FP's shareholders approved within the Extraordinary General Shareholders Meeting, the minimum legal quorum change which should ease decision making process. Thus, they approved the amendment of the Constitutive Act of FP regarding the required quorum (50% of the total number of voting rights) for endorsement of Extraordinary GSM decisions regarding share capital increase and anticipated dissolution of FP made according to the law's provisions; for the validity of the deliberation of Extraordinary GSM regarding the share capital decrease it is required (a) at least a fourth of the shares having voting rights upon the first convocation, and (b) at least one fifth of the total number of the shares having voting rights, upon the second convocation. The amendment of FP's Constitutive Act will be applied after the FSA endorsed the modification and the after the publication in the Official Gazette.

During the same meeting, FP's shareholders decided the share capital decrease by RON 676.904m through share's face value decline from RON 1 to RON 0.95, by returning to shareholders RON 0.05 per share, proportionally to each shareholder's stake. Moreover, the new subscribed share capital after this operation will be RON 12.861bn and the Financial Supervisory Authority (FSA) should approve the change of the paragraph referring to the FP's subscribed share capital stated in Constitutive Act. The change of share capital will be effective in two months starting with the publication of shareholders' decision in the Official Gazette provided that FSA approves the Constitutive Act change regarding the new subscribed share capital of the Fund. The payment of RON 0.05 to shareholders of record as of registration date shall start in 30 days after the share capital reduction is effective.

FTIM is negotiating a new Investment Management Agreement, but shareholders approved new performance criteria for Fund's Manager's activity

- The shareholders approved significant changes within the Ordinary and Extraordinary General Shareholders Meeting taken place on 22 Nov'13. Thus, the Fund's shareholders approved, within their Ordinary Shareholders General Meeting, the FTIM mandate as FP's Fund Manager to be prolonged by two years terms subject to FTIM decision regarding the acceptance of the new Investment Management Agreement (IMA). The modification of the portfolio manager mandate represents a change of FP's Constitutive Act and should be endorsed by FSA. Thus, FSA decision in this respect is waited by Fund's Manager.

Also, the Board of Nominees and FTIM will negotiate the new terms and conditions of the Investment Management Agreement. If the conditions of the Investment Management Statement are agreed between FTIM and FP's Board of Nominees, then the new mandate will start with 30 Sep'14 and the new form of IMA should be approved by the shareholders within their next Ordinary GSM.

One of the provisions of the IMA which will be increasingly discussed between FTIM and FP's Board of Nominees is the inclusion of new management performance criteria, as following:

a) *the discount between the closing price for each trading day and the latest published NAV per share must be equal or lower than 15% in at least two thirds of the trading days in the period 1 Oct'14 – 30 Jun'15. The average monthly discount ranged between 49.4% and 31.7% during 2013, the discount recorded in 2013 being among lowest since the listing of FP on BSE.*

b) *the adjusted NAV per share at 30 Jun'15 must be higher than the NAV per share at 30 Sep'13 (namely RON 1.161 per share). The adjusted NAV per share will be computed as: the official NAV as of 30 Jun'15 plus any cash return to shareholders as a result of share capital reduction during 11 Oct'13 and 30 Jun'15 plus any variable fee paid to FTIM (as the new fee commission scheme) dividend by the number of paid shares at 30 Jun'15 less the number of shares bought back (and not cancelled) by the Fund.*

c) *the Fund Manager should publish the results of the performance criteria no later than 15 July 2015 in order to be analyzed. In case any of the two performance criteria hasn't been met than a GSM shall be held during September 2015, having as a specific point on the agenda the decision on the early termination of the mandate of Fund's Manager.*

In case FTIM doesn't accept the IMA's provisions, then the Board of Nominees is empowered to start the selection process of a new Fund Manager. However, after the shareholders' approval of the IMA, the regulator (FSA) should endorse all the changes of the IMA which might take a rather long period of time considering the track record of the relations between Fund's Manager and FSA.

Fund's Manager's opened litigation against FSA as the authority isn't endorsing the "Excess Distribution" fee scheme

- On 4 Apr'12, FP's shareholders approved within their Ordinary GSM "Excess Distribution" of fees related to the selling of portfolio holdings and distribution of the cash to shareholders, representing an addendum of IMA. Thus, Fund Manager will receive an additional fee of 1.5% of the amounts distributed during 2012 and 2013 reducing to 1% of the amounts distributed in 2014 in order to encourage the Fund Manager to proceed to early disposals. Currently, FTIM is entitled to receive a fee of 0.479% per annum from FP market capitalization which is paid quarterly, encouraging Fund Manager to act for keeping a high share price on the market, to reduce trading discounts, but not to distribute cash to shareholders from assets sold, as any selling assets operation will decline Fund's assets under management which should result in lower fee for FTIM. On 23 Jan'13 (after nine months), NSC (currently incorporated in FSA) announced Fund's Manager that it published decision no 48/22 Jan'13 referring to its decision not to endorse IMA addendum.

FTIM submitted to NSC an official complaint, but NSC has maintained its decision reasoning that the IMA shouldn't change as it was part of the international tender organized for appointing the portfolio manager of FP. As NSC Decision no. 374/25 Apr'13 exhausted the available administrative options and given that the IMA and subsequent addendums are approved by Fund's shareholders and concluded between the Fund and the Fund Manager, the Fund Manager decided to start legal proceedings. The case is in front of Bucharest Court of Appeal that set the next hearing for 12 Mar'14.

- Litigations with Mrs Sfiraiala are expected to be close smoothly and slowly in favour of the Fund.

FP – Buy-back programmes status

One of the most important corporate actions launched repeatedly since 2011 by FP's Fund Manager is repurchasing FP's shares with an impact on NAV per share and on the discounts to official NAV at which shares are traded. The largest impact was seen after finalization of the second buy-back programme given its size and mainly the tender offer details (price and volumes).

Given the shareholders pressure for FTIM to reduce trading discounts and to return value to its shareholders, more buy-back programmes are anticipated to be launched. This will lead to higher financing needs which, mostly, are going to be covered by cash obtained from divesting operations. The portfolio of government securities might be used for cash procurement, as government securities came at RON 318.83m for end-Jan'14, while cash&deposits worth RON 132.95m. However, the largest resources are represented by short-term financial investments worth RON 8.11bn as of end-Jan'14.

Assets selling operations should be coordinated with buy-back ones in such way that the reduction of NAV (caused by selling listed assets at some discounts) to be offset by the reduction in number of shares (Treasury shares are excluded from NAV per share calculation). Finally, the NAV per share shouldn't decline significantly, but trading discount to NAV to be narrowed. In our opinion, main candidates for divesting are OMV Petrom and Transelectrica stakes in coming future.

Moreover, on 5 Mar'14, the Fund Manager of Fondul Proprietatea (FP) announced that is reviewing its strategy regarding its holding in OMV Petrom (SNP) having the intention to reduce FP's stake below 15% from currently 18.99% of OMV Petrom share capital, increasing fund's resources.

The buy-back programme results should be approved by shareholders; afterwards the cancellation of Treasury shares requires the approval of FSA, which might take some months.

In the table below, we have summarized the details of the buy-back programme launched or to be launched by Fund's Manager:

Buy-back programme	Period	Details	Status	Impact on FP's official NAV
1st Buy-back programme	2011	240.304801m shares	On 25 Apr'12, FP's shareholders decided the share capital decrease, through the cancellation of 240.3m shares. On 24 Feb'14, FTIM announced that FSA approved the cancellation of these shares (the Fund submitted its request to FSA on May 2012).	Final number of shares after the approval of share capital decline is 13.538bn (the number of shares afferent to paid-up share capital is 13.172832bn) beginning with 24 Feb'14.
2nd Buy-back programme	12 Apr'13 - 17 Dec'13	1.1bn (7.9% of the share capital of the Fund) in amount of RON 962.6m (excluding brokerage fees and other acquisitions costs), o/w 600m shares were bought at RON 1 per share within a buy-back tender offer finished on 14 Nov'13; After the finalisation of the second buy-back programme, FP bought back 1.100950684 bn shares at an average price of RON 0.8743.	The Fund's shareholders are going to approve the share capital decrease by RON 1.10bn at the next shareholders meeting to be announced, but also FSA decision is needed for Treasury shares cancellation.	Final number of paid-up shares after the approval of share capital should be 12.071882101bn.
3rd Buy-back programme		252.858056m shares (1.89% of share capital)	The third buy-back programme can start after the publication of the shareholders decision from 22 Nov'13 regarding the buy-back within the Trade Registry, as on 24 Feb'14 FTIM informed investors that FSA approved the share capital decrease by RON 240.304m, representing Treasury shares bought back during the first buy-back programme.	The shares to be repurchased within the third buy-back programme will be cancelled.
Proposal for 4 th Buy-back programme		Minimum number of shares between 990.855m and of the issued share capital at the relevant time	On 7 Mar'14, FTIM announced that is going to propose the shareholders the fourth buy-back programme on their annual general meeting scheduled for 28 Apr'14.	We expect the shareholders' decisions.

Source: FP Reports, BRD-GSG Research

FP – Major transactions

We have summarized in the table below the main transactions run by Fund's Manager in 2013. The selling trades with OMV Petrom (SNP) and Transgaz (TGN) shares were the most important ones, with significant impact on Fund's financial statements and NAV.

Company	Type of transaction	Details of the transaction	Stake owned after the transaction	Stake owned before the transaction
Carom	Sell	FP sold its entire stake in February 2013	0%	70%
Commetex	Sell	In March 2013, FP finalised the disposal of the stake owned in Commetex	0%	15.99%
Mecanoenergetica	Sell	-	0%	10.07%
Total		Total value of revenues received from financial assets sold as mentioned above came at RON 0.8m	-	-
Ciocarlaia	Sell		0%	1.68%
Telerom Proiect	Sell		0%	68.63%
Celuloza si Otel	Sell		0%	8.62%
E.ON Distributie	Gaz Participation in share capital increase	RON 997,910 (399,164 shares at face value of RON 2.5) in May 2013	12%	12%
Romgaz	New shares	35,742 shares worth RON 357,420, following a share capital increase run by the company	14.99%	14.99%
OMV Petrom	Sell	In mid-May'13, FP sold 632.482m SNP shares worth RON 246.67m within an accelerated book building	18.99%	20.11%
Banca Transilvania	Bonus shares	8,899,704 bonus shares following the registration of share capital increase by reserves and earnings incorporation run by the bank (July'13)	2.93%	2.93%
Zirom	Participation in share capital increase	RON 11,115,750 as the Fund subscribed 1,111,575 new shares at face value of RON 10 per share in June 2013		
Transgaz	Sell	FP sold its entire stake in Transgaz (1.764m shares) for RON 303.51m within an accelerated private placement in Dec'13	0%	14.98%
Raiffeisen Bank International AG	Sell	Selling shares on the market in Q4'13	0.34%	0.43%
Nuclearelectrica	Participation in share capital increase	In September 2013, FP subscribed RON 30,600,181 representing the shares (2,732,159 allotment rights at RON 11.2 per share) subscribed within the IPO, following the execution of the pre-emption rights	9.72%	9.72%

Source: 2013 FP Preliminary results Report, BRD-GSG Research

FP – 2013 preliminary results

On 13 Feb'14, FP published its 2013 RAS preliminary results. Thus, the operating revenues rose by 50.4% to RON 1.31bn in 2013, with main contributors represented by revenues from financial assets (dividends from FP's portfolio companies) worth RON 649.7m (+4.95% yoy) and revenues from disposal of financial assets amounting to RON 573.1m (vs. RON 208.1m in 2012). The expenses afferent to the selling activity came at RON 528.7m, so on gross basis FP obtained gross income of RON 44.4m. Please see below a summary of P&L:

Indicator (RONm)	2013	2012	yoy
Total Revenues (TR)	1,311.20	871.80	50.4%
Revenues from financial investments (dividends and others)	649.70	619.00	5.0%
Revenues from financial assets sold	573.12	208.10	175.4%
Reversal of impairment adjustments&provisions	48.30	5.70	747.4%
Interest revenues	36.14	34.90	3.6%
Revenues from FX differences	0.30	0.10	200.0%
Other income from current activity	3.60	4.00	-10.0%
Total Expenses (TE)	629.05	304.80	106.4%
Expenses with financial assets sold	528.67	195.10	171.0%
Personnell expenses	0.95	0.72	32.0%
FTIM investment management and administration fess	45.30	34.30	32.1%
Stamp duties for litigations	0.10	0.10	0.0%
Other expenses	14.50	8.40	72.6%
Depreciation, provisions, losses from receivables and sundry debtors	13.00	49.70	-73.8%
Commissions and fees	26.30	16.20	62.3%
Gross profit	682.15	567.00	20.3%
Income tax expense	-	-	na
Net profit	682.15	567.00	20.3%

Source: 2013 FP Preliminary RAS results Report, BRD-GSG Research

A new privatization calendar

We have updated the calendar for privatization process according to last presentation published by FTIM, but we expect some delays to appear in case of Hidroelectrica.

Company	Type of transaction	Offering stake	Estimated market Value (EURm)	Investment Consortium Selected	Expected deadlines ¹
Hidroelectrica	IPO	15%	374.5	Morgan Stanley, Raiffeisen	Jun-14
CE Oltenia	IPO	12%/15.3%	39.9/51.3	BRD, Societe Generale, Swiss Capital	Jun-14
Posta Romana	Privatization (share capital increase)	>50%	-	KPMG, Tuca, Zbarcea, and Associates	No bidder; privatization delayed until Jun'14
Electrica*	IPO	51%	362.8	Citi, Raiffeisen, Swiss Capital, BRD, Societe Generale	May-14
Administratia Porturilor Maritime	-	5%	3.7	Swiss Capital	-
Administratia Canalelor Navigabile	-	5%	0.9	Romcapital	-
Administratia Porturilor Dunarii Fluviale	-	5%	0.2	Romcapital	-
Administratia Porturilor Dunarii Maritime	-	5%	0	Romcapital	-

*FP isn't shareholder of the company, but holds stakes in Electrica subsidiaries

¹ As agreed with the IMF in Sep'13 Letter of Intent

Source: FP Presentation February 2014, BRD-GSG Research

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**BRD-GSG rating system
(March 2014)**
Premium List

Selected from stocks expected to outperform the market by over 25%.

Buy

Expected to outperform the market by at least 10%.

Hold

Expected to perform in line with the market +/-10%.

Sell

Expected to underperform the market by at least 10%.

Assumptions

12 month time horizon and flat market over forecast period.

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Closed-end investment fund

10/03/2014

12m target price

Fondul Proprietatea

RON 0.8100

RON 0.8956

Valuation*	12/08	12/09	12/10	12/11	12/12	12/13
No of paid-up shares# (m)	13,778.39	13,778.39	13,778.39	13,407.57	13,172.48	12,071.88
Share price (closing end-Dec)	nav	nav	nav	0.43	0.55	0.83
P/E (x)	na	na	na	10.53	12.75	14.76
Price/book value (x)	na	na	na	0.51	0.61	0.91
Gross dividend yield (%)	na	na	na	9.0%	7.4%	na
Price/Official NAV	na	na	na	0.40	0.48	0.67
Per share data (RON)						
EPS	0.034	0.053	0.033	0.041	0.043	0.057
Official NAV	nav	nav	1.112	1.079	1.137	1.244
Book value	0.79	0.89	0.88	0.83	0.90	0.91
Gross dividend	0.0816 (cumulated)		0.0314	0.0385	0.0409	nav
Income statement (RAS, RONm)						
Dividend revenues	384.75	118.17	179.05	519.07	618.97	649.70
Revenues from assets sold	0.00	980.24	0.00	13.38	208.13	573.12
Provision revenues	11.48	31.57	217.36	30.51	5.64	48.32
FX revenues	43.36	47.73	47.73	1.62	0.13	0.28
Interest revenues	84.45	142.47	131.47	41.13	34.92	36.14
Total operating revenues	524.09	1320.36	576.63	617.89	871.75	1311.20
Losses from stakes held	0.06	0.00	0.00	0.00	0.00	0.00
Expenses with stakes sold	0.00	428.74	0.00	4.58	195.06	528.67
FX expenses	23.82	33.00	56.90	0.92	0.35	0.24
Interest expenses	0.00	0.00	0.00	0.00	0.00	0.00
Fees expenses	0.10	0.31	6.00	17.24	16.19	26.32
Banking services expenses	0.12	0.15	0.13	0.06	0.06	0.07
Depreciations, provisions and oth. losses	3.09	0.64	0.24	11.71	49.75	13.05
Other operating expenses	15.88	23.33	45.97	37.81	43.38	60.70
Personnel expenses	6.61	13.51	4.07	0.85	0.72	0.95
Third parties expenses	8.85	8.81	33.56	36.81	42.55	59.41
Total operating expenses	43.09	486.17	109.24	72.31	304.78	629.05
Operating result	481.00	834.19	467.39	545.58	566.97	682.15
Gross profit	481.00	834.19	467.39	545.58	566.97	682.15
Income tax expenses	13.30	104.05	11.20	1.75	-0.02	0.00
Net profit	467.70	730.14	456.18	543.83	566.99	682.15
Balance sheet (RAS, RONm)						
Financial assets, o/w	9410.69	9552.14	10890.52	10627.88	11097.74	10624.88
Securities held for LT term	9410.55	9552.01	7004.42	7264.78	6155.79	5502.99
Other claims	0.13	0.13	3886.11	3363.10	4941.95	5121.89
Total Fixed assets	9411.45	9552.64	10890.52	10627.88	11098.06	10625.64
Short term investments	397.65	0.00	248.02	195.92	454.73	213.64
Cash and current bank accounts	572.16	2151.22	1071.97	297.39	317.89	237.57
Deposits	570.66	2149.73	1071.97	297.39	317.89	0.00
Current Assets	1539.64	2666.77	1332.43	549.20	776.54	454.12
Liabilities to be paid within one year	9.18	7.38	69.29	42.21	21.06	31.16
Other liabilities	7.26	7.27	43.76	14.62	10.77	13.97
Capital	14240.54	14240.54	13778.39	13778.39	13778.39	13778.39
Reserves	-3832.13	-3242.11	-2146.21	-3128.33	-2443.25	-2397.49
Treasury shares	0.00	0.00	0.00	-120.27	-120.27	-1095.09
Retained result	74.14	504.96	74.28	74.36	83.25	85.46
Net result	467.70	730.14	456.18	543.83	566.99	682.15
Total Equity	10926.86	12197.03	12139.28	11120.70	11836.77	11019.31
Total Sh Equity and Liabilities	10952.13	12219.47	12222.99	11177.11	11874.63	11079.80

*Valuation ratios for past years are based closing price as of end-December of each year.

[#]The number of shares used in NAV per share calculation as of end-December of each year.

Source: Fondul Proprietatea RAS Financial Statements, 2013 Preliminary RAS Financial results.

Appendices

Appendix 1 – Unlisted companies implied value (base case scenario). Sector multiples are detailed in Appendix 2 – Peers' Multiples*

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Electricity generation	Complexul Energetic Oltenia SA* (2012)	Energy-Producer	2,236.65	402.85	1,508.64	43.16	0.74	4.62	0.85	31.86	2.78	14.89	871.66	76.01	407.47
	Hidroelectrica SA (2012)		2,402.79	987.53	2,214.72	35.83	0.74	4.62	0.85	26.45	5.29	4.58	2,360.92	468.37	405.40

*CE Oltenia is the result of the merger of CE Craiova, CE Turcent and CE Rovinari;
Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Electricity distribution	Electrica Distributie Muntenia Nord SA (2012)	Energy-Distribution	720.20	204.59	(265.53)	37.71	0.31	3.03	0.19	11.83	24.95	3.92	92.22	194.50	30.59
	ENEL Distributie Banat SA (2012)	Energy-Distribution	603.16	299.35	(610.65)	52.67	0.31	3.03	0.19	16.52	39.66	3.05	152.36	365.72	28.10
	E.ON Moldova Distributie SA (2012)	Energy-Distribution	665.61	209.31	(100.44)	37.89	0.31	3.03	0.19	11.89	14.68	2.57	130.70	161.40	28.28
	Electrica Distributie Transilvania Sud SA (2012)	Energy-Distribution	632.84	190.31	73.56	22.79	0.31	3.03	0.19	7.15	11.84	2.88	66.69	110.43	26.88
	ENEL Distributie Dobrogea SA (2012)	Energy-Distribution	480.31	200.93	(298.91)	48.00	0.31	3.03	0.19	15.06	32.35	3.31	101.69	218.45	22.35
	Electrica Distributie Transilvania Nord SA (2012)	Energy-Distribution	571.12	179.15	52.86	24.57	0.31	3.03	0.19	7.71	13.17	2.97	62.95	107.60	24.27
	ENEL Distributie Muntenia SA (2012)	Energy-Distribution	869.86	379.25	(1,210.49)	133.34	0.31	3.03	0.19	41.83	86.89	6.19	136.22	282.94	20.16

Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Transportation	CN Aeroporturi Bucuresti (2012)	Airport	555.52	231.69	274.54	346.32	0.94	2.54	1.29	325.95	21.81	49.78	937.24	62.71	143.13
	Aeroportul Intl Timisoara - Traian Vuia SA (2012)	Airport	44.24	nav	nav	214.03	0.94	2.54	1.29	201.45	na	354.44	6.45	na	11.40
	Aeroportul Intl Mihail Kogalniceanu SA (2012)	Airport	15.20	2.00	(0.75)	203.24	0.94	2.54	1.29	191.28	na	169.05	4.43	na	3.92
	CN Administratia Porturilor Maritime SA (2012)	Port	248.31	103.89	(83.00)	27.05	1.15	1.74	6.33	31.02	na	63.29	82.23	na	86.61
	CN Administratia Canalelor Navigabile SA (2012)	Port	41.17	nav	nav	84.05	1.15	1.74	6.33	96.36	na	70.72	19.58	na	14.37
	CN Administratia Porturilor Dunarii Maritime SA (2012)	Port	12.07	2.79	(0.46)	99.88	1.15	1.74	6.33	114.51	na	198.42	2.43	na	4.21
	CN Administratia Porturilor Dunarii Fluviale SA (2012)	Port	20.02	6.48	(1.88)	163.03	1.15	1.74	6.33	186.92	na	253.58	5.15	na	6.99

Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Materials	Societatea Nationala a Sarii SA (2012)	Salt production	272.04	nav	nav	57.64	0.90	4.37	0.95	51.61	na	62.99	103.52	na	126.34
	Zirom SA (2012)	Manufacturer of titanium and titanium alloy ingots	7.47	nav	nav	14.31	0.90	4.37	0.95	12.81	na	1.50	60.67	na	7.08

Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Other services	Posta Romana SA (2012)	National Post Office	1,205.53	(95.17)	(17.59)	5.71	2.40	7.66	0.38	13.74	na	7.63	204.30	na	113.45
	Electroconstructia Elco Cluj SA (2012)	Installations assembly	13.15	nav	nav	1.69	na	na	na	na	na	na	na	na	na
	Salubriserv SA (2011)	Waste collection	39.41	nav	nav	252.35	na	na	na	na	na	na	na	na	na
	World Trade Center Bucuresti SA (2011)	HoReCa	46.30	nav	nav	nav	na	na	na	na	na	na	na	na	na
	World Trade Hotel SA (2009)	HoReCa	nav	(0.00)	(0.09)	0.88	na	na	na	na	na	na	na	na	na

Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Natural gas distribution	E.ON Gaz Distributie SA (2012)	Energy-Distribution	744.36	186.96	61.37	13.42	1.21	5.96	0.43	16.27	9.33	2.84	220.56	126.42	38.47
	GDF Suez Energy Romania (ex Distrigaz Sud SA) (2012)	Energy-Distribution	4,047.02	672.24	(62.61)	144.76	1.21	5.96	0.43	175.54	229.60	98.30	418.12	488.57	209.17

Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Electricity supply	Electrica Furnizare*	Energy- Electricity supply	nav	nav	nav	nav	na	na	na	na	na	na	na	na	na
	ENEL Energie SA (2012)	Energy-Electricity supply	2,066.95	(294.88)	(367.02)	32.32	0.31	3.03	0.19	25.85	na	28.51	43.43	na	47.90
	Enel Energie Muntenia SA (2012)	Energy-Electricity supply	2,069.36	(59.47)	(512.16)	103.30	0.31	3.03	0.19	82.64	na	108.00	36.70	na	47.96

*Electrica Furnizare is the result of the merger of Electrica Furnizare Transilvania Nord, Electrica Furnizare Transilvania Sud and Electrica Furnizare M untenia Nord

Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Natural gas supply	E.ON Energie Romania (2012)	Energy-Natural gas&Electricity supply	5,257.35	81.63	227.57	6.58	0.31	3.03	0.19	5.26	0.26	13.74	52.10	2.60	135.96

Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Retail	Comsig SA (2009)	Retail (food)	0.11	nav	nav	nav	na	na	na	na	na	na	na	na	na

Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Financial services	Cetatea SA (2009)	Real Estate Agent	0.20	0.06	2.08	0.00	na	na	na	na	na	na	na	na	na

Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

General sector	Company	Sector detail	Sales (RONm)	EBITDA (RONm)	Net debt (RONm)	BV	P/BV	EV/EBITDA	MkCap/Sales	Implied Price (RON)			Implied value (RONm)		
										P/BV	EV/EBITDA	MkCap/Sales	P/BV	EV/EBITDA	MkCap/Sales
Insolvency procedures	Carbid Fox SA - bankruptcy	Chemical	nav	nav	nav	na	na	na	na	na	na	na	na	na	na
	BAT Service SA - dissolution	Transportation	nav	nav	nav	na	na	na	na	na	na	na	na	na	na
	Simtex SA - bankruptcy	na	nav	nav	nav	na	na	na	na	na	na	na	na	na	na
	FECNE SA - bankruptcy	na	nav	nav	nav	na	na	na	na	na	na	na	na	na	na
	Gerovital Cosmetics SA - dissolution	Health care	nav	nav	nav	na	na	na	na	na	na	na	na	na	na

Source: FactSet, Fondul Proprietatea, Ministry of Finance, BRD-GSG Research

* Calculations in the tables above are based on the latest available financial data (2009/2011/2012), as mentioned in the brackets within the "Company" column

Appendix 2 - Peers' Multiples

Airport sector

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			EV/EBITDA			EV (EURm)			Return on assets (ROA)			Return on equity (ROE)		
			2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Aeroporto di Firenze S.p.A.	ITALY	120.9 x				2.4 x	1.9 x				2.4 x									
BRISA - Auto-estradas de Portugal	PORTUGAL					4.6 x	2.3 x	2.2 x	11.3 x	11.0 x	4.6 x	5,330.4	5,044.0		0.16			0.25	-0.06	
Derichebourg SA	FRANCE	421.2 x	1.6 x	1.1 x	1.0 x	0.3 x	0.1 x	0.2 x	7.1 x	4.2 x	0.3 x	1,731.9	1,142.7	1,164.3			0.02	0.23	0.26	0.11
Kobenhavns Lufthavne A/S	DENMARK	3,202.3 x	6.9 x			4.7 x			10.1 x		4.7 x	2,314.6						0.19		
Flughafen Wien AG	AUSTRIA	1,415.4 x	1.7 x	1.7 x	1.7 x	2.0 x	1.1 x	1.5 x	10.6 x	7.2 x	2.0 x	1,774.9	1,366.1	1,622.8	0.04	0.01	0.03	0.09	0.10	0.08
Shenzhen Airport Co. Ltd. Class A	CHINA	767.8 x	1.2 x		0.9 x	4.9 x	3.5 x	2.6 x	8.7 x		4.9 x	986.1		914.8	0.11		0.06	0.12		0.08
Average			2.8 x	1.4 x	1.2 x	3.2 x	1.8 x	1.6 x	9.6 x	7.5 x	3.2 x				10.14%	1.47%	3.81%	17.66%	10.22%	9.14%

Source: FactSet, BRD-GSG Research

Electricity distribution sector

Company	Country	Market Cap (EURm)	Price/Book			Market capitalization/Sales			EV (EURm)			EV/EBITDA			Return on assets (ROA)			Return on equity (ROE)		
			2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Interregional Distribution Grid Co. of the Center	RUSSIA	188	0.4 x	0.3 x	0.3 x	0.8 x	0.3 x	0.4 x	1,527.09	1,024.21	1,223.76	4.7 x	2.6 x	3.2 x	8.37%	8.21%	5.57%	13.28%	12.13%	11.54%
Interregional Distribution Grid Co of Siberia	RUSSIA	83	0.4 x	0.5 x	0.4 x	0.5 x	0.2 x	0.2 x	694.89	514.73	373.76	9.0 x	3.6 x	3.0 x	-2.61%	0.50%	1.59%	-4.52%	-0.31%	3.30%
Interregional Distribution Grid Co. of The South JSC	RUSSIA	27	0.2 x	0.2 x	0.6 x	0.4 x	0.1 x	0.1 x	541.81	439.00	575.69	5.2 x	3.4 x	4.4 x	-3.14%	0.61%	2.79%	-6.89%	0.09%	18.40%
Interregional Distribution Grid Co. of The North-West JSC	RUSSIA	44	0.2 x	0.3 x	0.3 x	0.7 x	0.4 x	0.2 x	565.80	425.48	400.90	8.8 x	4.3 x	4.4 x	-0.89%	1.15%	0.86%	0.58%	3.33%	1.08%
Interregional Distribution Grid Co. of Urals	RUSSIA	85	0.3 x	0.4 x	0.4 x	0.5 x	0.2 x	0.3 x	831.38	485.04	662.76	3.9 x	2.2 x	4.1 x	5.08%	5.79%	1.00%	5.63%	8.73%	1.42%
Interregional Distribution Grid Co. of Volga	RUSSIA	63	0.5 x	0.5 x	0.4 x	0.8 x	0.4 x	0.3 x	855.20	581.36	567.30	7.7 x	4.0 x	3.5 x	2.00%	4.50%	4.56%	3.82%	3.54%	7.67%
Average			0.3 x	0.3 x	0.4 x	0.6 x	0.3 x	0.2 x				6.6 x	3.4 x	3.8 x	1.47%	3.46%	2.73%	1.98%	4.58%	7.23%

Source: FactSet, BRD-GSG Research

Electricity generation

Company	Country	Market Cap (EURm)	Price/Book			Market capitalization/Sales			EV (EURm)			EV/EBITDA			Return on assets (ROA)			Return on equity (ROE)		
			2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
CEZ as	CZECH REPUBLIC	10,384	1.2 x	1.2 x	1.0 x	2.1 x	2.0 x	1.7 x	22,460	22,835	21,410	6.3 x	6.7 x	6.3 x	8.7%	6.8%	6.5%	23.1%	17.9%	16.6%
ENEA S.A.	POLAND	1,545	0.6 x	0.7 x	0.6 x	1.3 x	0.8 x	0.7 x	1,928	1,313	1,338	5.6 x	3.7 x	3.4 x		5.8%	4.9%	7.3%	6.7%	6.6%
Enel S.p.A.	ITALY	35,996	1.0 x	0.9 x	1.0 x	0.5 x	0.4 x	0.4 x	80,093	74,193	72,456	4.6 x	4.2 x	4.3 x	2.6%	2.4%	0.5%	13.0%	11.0%	9.4%
Energie Baden-Wuerttemberg AG	GERMANY	7,347				0.6 x	0.5 x	0.4 x		18,637	16,783		7.7 x	7.2 x		1.9%	1.8%	13.1%		
International Power PLC	UNITED KINGDOM					2.0 x	1.3 x		20,666	33,928		5.1 x	7.8 x		2.2%	2.9%		8.6%	8.5%	
Ogk-1 Oao Rub0.57478(Usd)	RUSSIA					1.0 x	0.8 x		903	1,146		4.7 x	5.6 x		4.5%	6.1%		1.6%	8.9%	
PGE Polska Grupa Energetyczna S.A.	POLAND	8,069	0.9 x	0.9 x	0.8 x	2.1 x	1.4 x	1.1 x	10,937	8,639	7,815	6.3 x	5.2 x	4.7 x	5.8%	8.9%	5.5%	9.5%	10.9%	8.0%
Ogk-1 Oao Rub0.57478(Usd)	RUSSIA					1.0 x	0.8 x		903	1,146		4.7 x	5.6 x		4.5%	6.1%		1.6%	8.9%	
VERBUND AG Class A	AUSTRIA	5,385	1.3 x	1.2 x	1.2 x	2.8 x	1.9 x	2.1 x	13,277	11,104	10,819	12.5 x	10.7 x	8.8 x	3.6%	3.0%	3.1%	13.6%	9.5%	8.8%
Ogk-3 Ojsc	RUSSIA					2.0 x	0.9 x		830	192		19.2 x	2.0 x		-13.9%	0.8%		2.5%	2.9%	
Average			1.0 x	1.0 x	0.9 x	1.5 x	1.1 x	1.1 x				7.7 x	5.9 x	5.8 x	2.25%	4.48%	3.72%	9.39%	9.47%	9.87%

Source: FactSet, BRD-GSG Research

Gas distributors sector

Company	Country	Market Cap (EURm)	Price/Book			Market capitalization/Sales			EV (EURm)			EV/EBITDA			Return on assets (ROA)			Return on equity (ROE)		
			2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Acegas-APS S.p.A.	ITALY					0.4 x	0.3 x	0.5 x		628			5.3 x					5.07%		
Centrica plc	UNITED KINGDOM	19,904	3.0 x	3.0 x	2.8 x	0.8 x	0.7 x	0.7 x	23,810	22,028	26,372	6.2 x	5.7 x	5.7 x	10.16%	2.26%	6.15%	22.63%	23.79%	23.65%
Rubis & Cie SCA	FRANCE	1,916	1.8 x	1.9 x	1.8 x	0.8 x	0.6 x	0.6 x	1,376	1,480	2,068	10.7 x	8.6 x	9.8 x				7.81%	8.52%	9.89%
Aygaz A.S.	TURKEY	815	0.9 x	0.9 x	0.8 x	0.5 x	0.5 x	0.5 x	1,133	979	1,153	7.6 x	10.3 x	11.1 x	8.52%	14.01%	10.27%	12.13%	17.59%	12.75%
Gas Natural SDG, S.A.	SPAIN	19,298	1.6 x	1.5 x	1.4 x	0.5 x	0.6 x	0.5 x	29,694	30,449	29,586	6.6 x	6.6 x	5.8 x	2.65%	2.85%	3.15%	10.46%	10.31%	10.76%
GDF SUEZ SA	FRANCE	45,639	0.7 x	0.7 x	0.8 x	0.7 x	0.5 x	0.4 x	94,247	86,182	81,494	6.2 x	5.2 x	4.8 x	2.50%	1.88%	0.75%	6.77%	5.53%	6.20%
Average			1.6 x	1.6 x	1.5 x	0.6 x	0.5 x	0.5 x				7.5 x	6.9 x	7.5 x	5.96%	5.25%	5.08%	11.96%	11.80%	12.65%

Source: FactSet, BRD-GSG Research

Port sector

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			EV/EBITDA			EV (EURm)			Return on assets (ROA)			Return on equity (ROE)		
			2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Piraeus Port Authority S.A.	GREECE	466				2.5 x	2.0 x	4.0 x	7.6 x			203.75			1.78%					
Thessaloniki Port Authority S.A.	GREECE	252																		
Binlulu Port Holdings Bhd.	MALAYSIA	757	3.2 x	4.1 x	3.8 x	6.0 x	5.5 x	5.4 x	11.4 x			589.44			14.68%	8.01%	8.35%	17.90%	22.61%	21.56%
Jinzhou Port Co., Ltd. Class B	CHINA	843		0.9 x			4.6 x									3.52%		6.19%		
Diana Shipping Inc.	GREECE	797	0.9 x	0.8 x	0.8 x	3.7 x	2.5 x	2.7 x	5.5 x	3.4 x	4.9 x	763.44	437.31	457.82	8.12%	6.70%	3.13%	11.16%	8.96%	4.31%
DryShips Inc.	GREECE	1,235	0.3 x	0.4 x	0.5 x	2.1 x	0.8 x	0.6 x	6.7 x	8.6 x	10.7 x	2,848.71	3,739.73	3,461.71	2.78%	-0.81%	-2.77%	10.68%	-1.38%	-5.47%
KLM Royal Dutch Airlines ADR	NETHERLANDS	84																		
Navios Maritime Holdings Inc.	GREECE	836		1.1 x	1.0 x	0.8 x	0.5 x	0.6 x							3.96%	1.40%	5.67%		3.81%	0.00%
Seaspan Corporation	HONG KONG	1,472	1.5 x	1.2 x	1.1 x	2.1 x	1.7 x	1.5 x	11.2 x	9.2 x	8.2 x	2,417.60	2,929.09	3,063.20	-2.00%	-1.53%	2.15%	7.72%	6.33%	6.29%
TOP Ships Inc.	GREECE	17				0.4 x		0.5 x												
Average			1.5 x	1.4 x	1.4 x	2.5 x	2.5 x	2.2 x	8.5 x	7.1 x	7.9 x				4.89%	2.88%	3.31%	11.87%	7.75%	5.34%

Source: FactSet, BRD-GSG Research

Post services sector

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			EV/EBITDA			EV (EURm)			Return on assets (ROA)			Return on equity (ROE)		
			2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Deutsche Post AG	GERMANY	32,597	3.0 x	2.8 x	2.6 x	0.3 x	0.3 x	0.4 x	5.7 x	3.6 x	5.5 x	17,886	13,425	22,107	6.73%	3.05%	4.86%	18.52%	11.27%	13.86%
Osterreichische Post AG	AUSTRIA	2,497	3.6 x	3.6 x	3.5 x	0.7 x	0.7 x	0.9 x	5.5 x	4.3 x	6.4 x	1,436	1,259	1,815	6.90%	7.43%	7.24%	18.07%	22.62%	21.71%
Panalpina World Transport (Holding)	SWITZERLAND	2,757	4.3 x	3.7 x	4.5 x	0.4 x	0.4 x	0.3 x	12.1 x	8.7 x	21.5 x	1,994	1,515	1,503	-1.38%	5.92%	-3.58%	2.57%	13.93%	5.90%
PostNL NV	NETHERLANDS	1,499	0.5 x	3.3 x	1.4 x	0.6 x	0.2 x	0.3 x	8.1 x	3.5 x	4.9 x	7,935	1,862	2,508	4.56%	42.16%	14.54%	21.50%	56.59%	22.05%
Average			2.8 x	3.4 x	3.0 x	0.5 x	0.4 x	0.5 x	7.9 x	5.0 x	9.6 x				4.20%	14.64%	5.76%	15.17%	26.10%	15.88%

Source: FactSet, BRD-GSG Research

Materials sector

Company	Country	Market Cap. (EURm)	Price/Book			Market capitalization/Sales			EV/EBITDA			EV (EURm)			Return on assets (ROA)			Return on equity (ROE)		
			2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
ENK PLC	UNITED KINGDOM						23.3 x					12.47				-13.02%				
Boliden AB	SWEDEN	2,943	1.4 x	1.2 x	1.1 x	1.0 x	0.7 x	0.8 x	5.6 x	5.0 x	6.2 x	4,654.15	3,764.25	4,555.17	11.26%	9.01%	8.17%	21.00%	16.11%	14.25%
Griffin Mining Limited	UNITED KINGDOM	80	1.3 x	1.0 x	1.1 x	4.7 x	1.3 x	1.1 x	7.3 x	0.4 x	2.0 x	95.34	11.76	75.58		8.37%	7.05%	15.14%	16.00%	20.44%
Xstrata PLC	UNITED KINGDOM					2.3 x	1.3 x	1.6 x	7.5 x	4.6 x	8.2 x	57,866.10	41,199.10	50,388.00	6.73%	7.63%		12.58%	13.07%	
Renewable Energy Trade Board Corp.	CHINA	11																		
Average			1.3 x	1.1 x	1.1 x	2.7 x	6.7 x	1.2 x	6.8 x	3.3 x	5.5 x				8.99%	3.00%	7.61%	16.24%	15.06%	17.35%

Source: FactSet, BRD-GSG Research