

Closed-end investment fund

FONDUL PROPRIETATEA (FP)

All about corporate actions

Buy (12m)

Price **Target Price**
15/03/2016
RON 0.7600 RON 0.9580

Sector

Overweight
Neutral

Market Share

na

Last Recommendation

Buy (TP RON 0.8956, on 13 Mar'14)

NSC NAV* **RON 1.0906**

*as of 29 February 2016

1 year-Price, Volume, MA 100 days



Source: Factset, BRD-GSG Research

Share data

RIC FP.BX, Bloomberg FP RO
YOY-range 0.700 – 0.9270

Fair NAV – Mar'16 (RONm) 11,089

Fondul Proprietatea
on www.fondulproprietatea.ro

- ▼ **Update** We have updated our Fair NAV calculation for Fondul Proprietatea (FP), following the incorporation of detailed investments as of end-Dec'15 and of the available 2014 financial results for unlisted companies, as well as the reduction of discount to value unlisted companies to 15% (vs. 20% previously). We upgrade our Fair NAV per share by 6.97% to RON 1.0645 and our target price to RON 0.9580 per share from RON 0.8956 in our previous report. We kept unchanged our "Buy" recommendation with potential upside of 26.1% and trading discount to our Fair NAV at 28.6%. The main changes of portfolio valuation compared with previous report are related to the increase of unlisted shares value by 73.3% and the decline of listed shares value by 46.6%. From our previous report, FP's portfolio structure has been modified, as part of stakes in listed companies was sold, while the valuation for unlisted companies was adjusted upward.

- ▼ **Catalysts for the share price** Fund's shares continue to trade at large discounts to its NAV, in spite of significant cash returns to shareholders and buy-backs programmes. One of the main reasons for large trading discount might be the fact that a majority of official NAV is coming from unlisted equities (59.8% as of end-Dec'15 vs. 48.9% as of end-Dec'14) and local market is still a frontier market. Consequently, we believe that the main catalyst for FP's share price is represented by listing process of its main unlisted exposures, mostly Hidroelectrica which became the largest exposure of the Fund since Feb'16. The policy for cash distribution to shareholders and tender offers within buy-back programme might trigger some upsides of FP's share prices. Also, other investment strategies that are known for reducing the closed-end fund trading discounts, such as mergers&acquisitions, transformation into an open-end fund or liquidation of the fund, are unlikely to be pursued by FP's Manager in the coming year.

- ▼ **12m target price and methodology** We haven't made changes on our SOTP methodology valuation, except that we reduce the discount for valuing unlisted companies using peer group valuation to 15% from 20% used previously.

- ▼ **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 into lower valuation multiples for FP's portfolio unlisted companies. Regulatory risk remain in the cards, although it has been reduced to some extent once electricity market has been fully liberalized together with gas market for industrials, but a new royalty regime for oil&gas industry is unknown.

- ▼ **Next events** Annual General Meeting is scheduled on 26 Apr'16. Q1'16 results to be announced on 13 May'16 and a Conference call is going to be held on the same day.

Performance (%)	1m	3m	12m
Ordinary shares	4.11	-3.92	-9.85
Relative to BET	-3.62	-0.53	-4.30
Relative to BET-FI	-1.44	1.13	-2.89

*Figure based on end-February'16 Official NAV

**YOY cumulative based on monthly Official NAV reports

Calculated using closing price as of 15 Mar'16

Financial data (RONm)	01/14	01/15	02/16*
Total assets	14,956.8	12,869.4	11,411.1
Listed shares	8,127.5	6,475.3	3,925.5
Unlisted shares	6,375.1	6,467.2	7,220.7
Shareholders equity	14,895.8	12,812.6	11,362.4
Cash and deposits	132.9	76.6	134.7
Bonds & T-Bills	318.8	159.1	101.8
Net profit**	675.96	518.4	688.9

Source: FP Financial Statements, BSE, BRD-GSG Research

Data (RON/share)	01/14	01/15	02/16*
EPS**	0.0560	0.0479	0.0661
BV*	1.3278	1.1829	1.0906
Gross DPS	0.0508	0.0500	0.0500
Div. yield %	6.7%	6.6%	6.6%
P/Fair NAV#	0.76	na	0.71
P/Off. NAV#	0.62	0.64	0.70

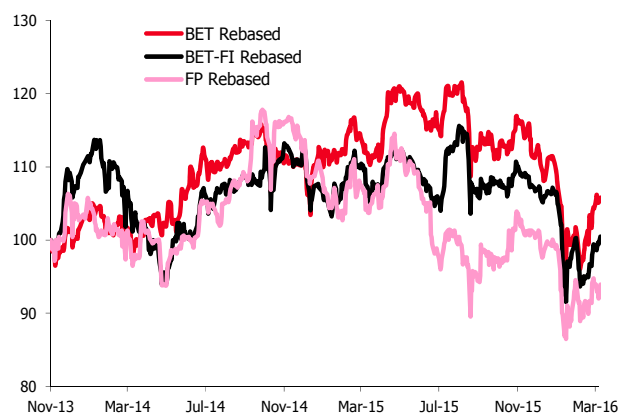
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Market performance

Since our previous report, FP shares traded range-bound with Fund's Manager actions (buy-back programme, cash returns to shareholders) being the catalysts. FP stock underperformed BET and BET-FI since end-Mar'15 (below left hand chart).

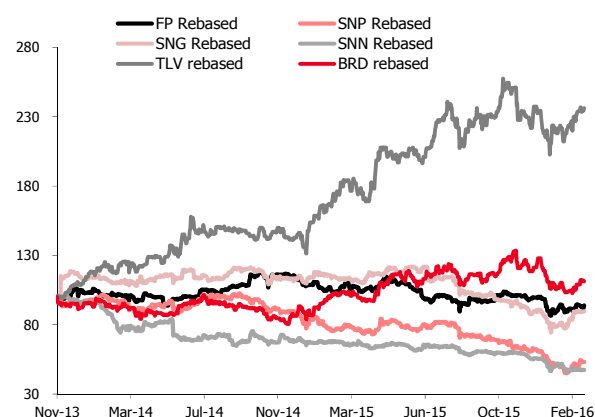
TLV shares clearly over-performed (rebased terms) since the Nov'13, while SNN performance is worsening given the company's poor outlook (below right hand chart)

FP vs. BET, BET-FI performance, rebased at 6 Nov'13



Source: Bloomberg, BRD-GSG Research

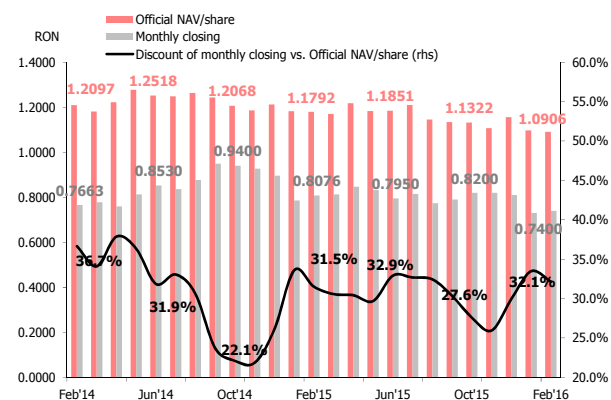
FP vs. SNP, SNN, SNG, TLV and BRD price performance, rebased at 6 Nov'13



Source: Bloomberg, BRD-GSG Research

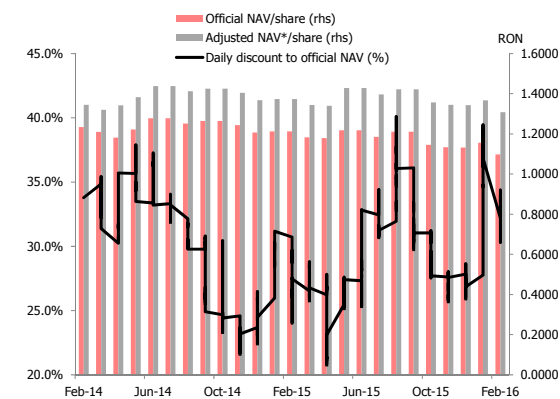
FP's share price lost ground in the past three months driven by rising risk aversion sentiment. This added to lower NAV per share and the result was trading discounts reduction (below left hand chart). The cash returns increased official NAV as presented in the below right hand chart.

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



Source: Fondul Proprietatea, BRD-GSG Research

FP official NAV and adjusted NAV vs. daily discount*

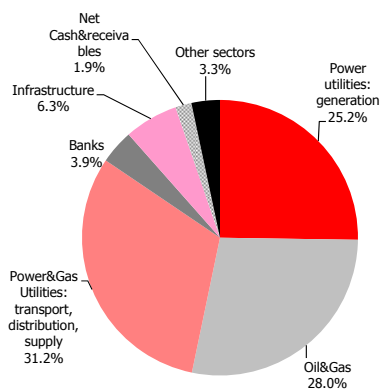


*Adjusted NAV/share considers only cash return; daily discount computed based on the historical closing price and the latest historical reported NAV

Source: Fondul Proprietatea, BRD-GSG Research

Company anatomy – portfolio overview

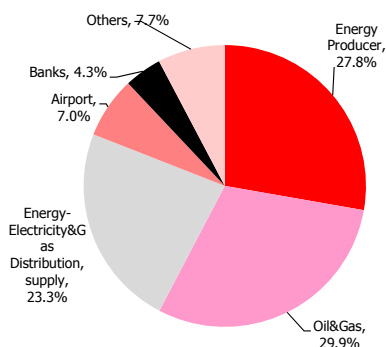
NSC NAV breakdown per sector (as of 29 Feb'16)



In Jan'16, for the first time since NAV monthly reporting, oil&gas companies don't weigh the most in NSC value. Power&Gas utilities generate the largest value (31.2%) for official NAV (end-Feb'16).

Source: Fondul Proprietatea, BRD-GSG Research

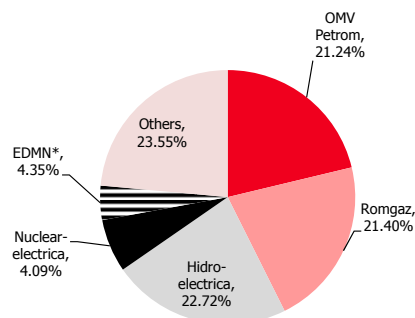
Fair NAV breakdown per sector (as of Mar'16)



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

Source: Fondul Proprietatea, BRD-GSG Research

Breakdown of 2015 Dividends received (RON 567.4m)

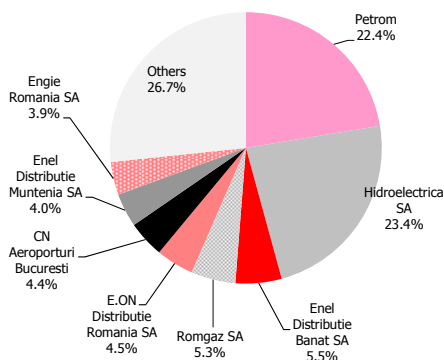


Hidro-electrica became the largest dividend payer for the Fund with RON 128.9m in 2015. The net loss posted by Petrom in 2015 worsens the FP's dividend income outlook for 2016.

*EDMN - Electrica Distributie Muntenia Nord

Source: Fund's report as of end-Jun'15, BRD-GSG Research

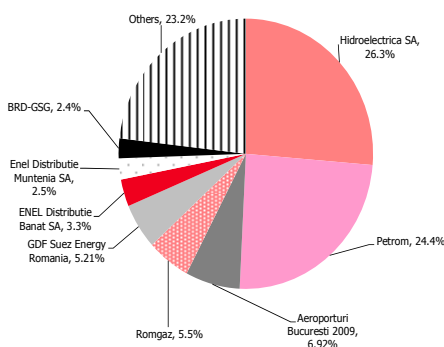
NSC NAV breakdown per company (as of 29 Feb'16)



Petrom and Hidro-electrica stakes account for 45.8% of NSC NAV as of end-Feb'16, while the difference between Petrom and Hidro-electrica values squeezed in the past months.

Source: Fondul Proprietatea, BRD-GSG Research

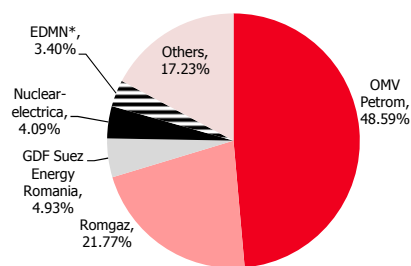
Fair NAV breakdown per company (as of Mar'16)



Another change appeared as Petrom and lost the first position in Top most valuable companies. Hidro-electrica (RON 2.9bn), Petrom (RON 2.7bn) and Aeroporturi Bucuresti (RON 767.4m)

Source: Fondul Proprietatea, BRD-GSG Research

Breakdown of 2014 Dividends received (RON 682.1m)



Petrom was the largest dividend contributor for the Fund with RON 331.4m in 2014.

*EDMN - Electrica Distributie Muntenia Nord

Source: Fund's report as of end-Jun'14, BRD-GSG Research

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	4,118.41	921.24	37.14%
Un-listed companies	6,755.96	1,511.23	60.92%
Cash and cash equivalents (deposits) [#]	134.66	30.12	1.21%
Other assets (Receivables & Government bonds) [#]	129.35	28.93	1.17%
(-)Total liabilities (incl.debt, provisions [#])	48.60	10.87	0.44%
Fair NAV	11,089.78	2,480.66	
No of shares subscribed and paid	10,418.11	10,418.11	
Fair NAV per share (RON)	1.0645	0.2381	
<i>discount for closed-end funds</i>	<i>10%</i>	<i>10%</i>	
Target price per share (RON)	0.9580	0.2143	

[#] NSC NAV calculation as of 29 February 2016 based on IFRS standards

¹ except values per share, NBR FX rate (EUR RON 4.4705) as of 15 Mar'16

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 (Petrom, Alro, BRD-GSG, Banca Transilvania, Nuclearelectrica, Romgaz, Oil Terminal, Conpet)	4,075.27	911.59	53.14%
Un-listed companies (50% of base case scenario)	3,3377.98	755.62	44.05%
Cash and cash equivalents (deposits) [#]	134.66	30.12	1.76%
Other assets (Receivables & Government bonds) [#]	129.35	28.93	1.69%
(-)Total liabilities (incl.debt, provisions [#])	48.60	10.87	0.63%
Fair NAV	7,668.66	1,715.39	
No of shares subscribed and paid	10,418.11	10,418.11	
Fair NAV per share	0.7361	0.1647	
<i>discount for closed-end funds</i>	<i>10%</i>	<i>10%</i>	
Target price per share	0.6625	0.1482	

[#] NSC NAV calculation as of 29 February 2016 based on IFRS standards

¹ except values per share, NBR FX rate (EUR RON 4.4705) as of 15 Mar'16

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 upgraded our Fair NAV per share by 6.97% to RON 1.0645 from RON 0.9951 in our Mar'14 report. Additionally, we have applied a discount of 10% to Fair NAV and we derived a target price of RON 0.9580 per share from RON 0.8956 in our previous report. Since our last report, no other state-owned company has been listed, while chances for Hidroelectrica to become public this year are rather optimistic. However, we kept unchanged our "Buy" recommendation, given the potential upside of 26.1% from current market price (15 Mar'16).

The potential upside (26.1%) has been increased since our previous report (10.6% in our Mar'14 report), but odds for more declines of FP share price in the coming future shouldn't be ignored given the increased volatility on capital markets since the beginning of the year without strong anticipations that this will come to an end soon. The on-going buy-back programme and an attractive cash return to shareholders might constitute triggers for fund's share price on short-term.

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'15, which reflected all the changes in Fund's portfolio in the past year, including the reduction of the stake held in Romgaz; 2) the use of the available 2014 financial results for the valuation of unlisted companies as detailed below; 3) the reduction of the discount for valuing unlisted companies using peers multiples from 20% to 15%.

The 7.7% decline in our Fair NAV compared with our Mar'14 report stems from: 46.6% drop of the listed companies value, 73.3% rise of the value of unlisted shares as detailed below, 1.3% upside of cash&cash equivalents (deposits), 59.6% fall of government securities and receivables and of 20% decline of total liabilities. The reduction of Fair NAV has been reversed when referring to Fair NAV per share (+6.97%), as the number of shares used in NAV per share calculation went down by 13.7% from our previous report due to cancellation of Treasury shares and of share capital reduction.

We haven't modified our methodology to value listed shares and the discount applied for listed companies and not traded in the past 30 trading sessions. Thus, we have filled in closing prices as of 15 Mar'16 (previously 10 Mar'14) for all BSE 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% 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 4.4705 as of 15 Mar'16 (vs. 4.4996 as of 10 Mar'14) to make the price conversion from EUR to RON.

However, we have made some changes to unlisted companies' stakes methodology compared with previous report to account for latest events. We have introduced available 2014 financial data for all companies as 2015 set of financial results aren't public yet for all companies, and we have considered different combination of P/BV'14, EV/EBITDA'14 and Marcap/Sales'14 depending on the company's sector features, but also on the level of financial results to value the unlisted companies. The peers valuation multiples were updated for prices as of 15 Mar'16 (vs. 10 Mar'14 in our previous report). Moreover, we have reduced the discount applied to derive the value of unlisted companies from peer group valuation from 20% to 15% to account

for the steps made in in liberalization of gas and electricity market where many of portfolio companies are active. However, we kept the discount to reflect the smaller size of local companies and perceived higher regulatory risk for local energy and utilities sector.

Moreover, we incorporated RON 186.1m in our Fair NAV per share calculation (vs. zero value in our previous report) to value 22% stake owned by FP in Electrica Furnizare SA, (the company resulted from the merger of Electrica Furnizare Transilvania Nord, Electrica Furnizare Transilvania Sud and Electrica Furnizare Muntenia Nord) as the company published financial statements for end-Dec'14 and we were able to apply peer group valuation method.

Detailed values for major unlisted companies are showed in *Appendix 1 – Unlisted companies implied value (base case scenario)*. The valuation multiples (P/BV'14, EV/EBITDA'14 and Marcap/Sales'14) for selected peers used to value unlisted companies are presented in *Appendix 2 – Peers' multiples*.

We modified the assignment of 0.8 of BV for valuing small companies with a marginal impact on FP's portfolio valuation to 0.85 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.

We kept unchanged our SOTP methodology to calculate our Fair NAV and 10% discount to derive the target price for closed-end investment funds. In our Fair NAV per share calculation, we input 10.443554337bn shares (vs. 12.071882101bn 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 1.0645 (up by 6.97% from our previous report), resulting in a target price of RON 0.9580 (up by 6.97% from our Mar'14 report). The summarized results are presented in the table below. The largest part of Fair NAV (60.92% vs. 32.45% previously) stem from unlisted companies worth RON 6.76bn (EUR 1.5bn), whilst 37.14% (vs. 64.28% previously) from listed ones worth RON 4.12bn (EUR 921.2m). As we have mentioned above the largest stake became Hidroelectrica valued at RON 2.91bn (EUR 653.04m), followed by OMV Petrom (SNP) worth RON 2.71bn (EUR 606.4m).

Indicator	Fair Value (RON)	% NAV
Listed companies	4,118,411,923	37.14%
Un-listed companies	6,755,957,664	60.92%
Cash and cash equivalents [#] (deposits)	134,660,932	1.21%
Other assets (Receivables& Government bonds) [#]	129,348,663	1.17%
(-)Total liabilities (incl.debt, provisions [#])	48,600,966	0.44%
Fair NAV	11,089,778,216	
No of shares subscribed and paid (excluding Treasury shares)	10,418,107,025	
Fair NAV per share	1.0645	
<i>discount for closed-end funds</i>	<i>10%</i>	
Target price per share	0.9580	

[#] NSC NAV calculation as of 29 February 2016 based on IFRS standards
 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'15) 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'15 (RONm)	%Total value of listed and unlisted shares	% Fair NAV
Petrom	Oil&Gas	18.99%	mark to market	0.2520	2,711.18	3,120.01	24.93%	24.45%
Alro Slatina	Non-Energy Minerals	10.21%	mark to market	1.2450	90.74	96.21	0.83%	0.82%
BRD-GSG	Banks	3.64%	mark to market	10.3400	262.51	307.19	2.41%	2.37%
Banca Transilvania	Banks	2.87%	mark to market	2.4500	213.35	211.61	1.96%	1.92%
Nuclearelectrica SA	Energy-Producer	9.09%	mark to market	5.4800	150.20	175.96	1.38%	1.35%
Romgaz SA	Natural gas producer	5.84%	mark to market	26.9000	606.41	613.17	5.58%	5.47%
Romaero	Aircraft manufacturer	20.99%	mark to market	15.1000	19.81	25.45	0.18%	0.18%
Conpet SA	Transport via pipeline	6.05%	mark to market	71.0000	37.23	40.38	0.34%	0.34%
Oil Terminal SA	Cargo handling	6.31%	mark to market	0.0994	3.66	3.88	0.03%	0.03%
Palace SA (Sinaia)	HoReCa	15.42%	mark to market	0.4680	2.73	0.65	0.03%	0.02%
Alcom SA Timisoara	Retail sales (food, beverages)	71.89%	0.85xBV'14	100.1340	3.93	10.41	0.04%	0.04%
Mecon SA Brasov	Manufacturer of metal structures and part of metal structures	12.51%	0.85xBV'14	29.9270	1.80	0.24	0.02%	0.02%
IOR SA	Manufacturer of optical instruments	2.81%	mark to market	0.4000	1.05	0.94	0.01%	0.01%
Primcom SA	Real estate	67.93%	mark to market	10.8500	13.83	14.28	0.13%	0.12%
SubTotal Listed Companies on BSE		na	na	na	4,118.41	4,620.38	37.87%	37.14%

Source: BRD-GSG 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'15 (RONm)	%Total value of listed and unlisted shares	% Fair NAV
Hidroelectrica SA	Energy-Producer	19.94%	avg.(EV/EBITDA'14,P/BV'14)	32.67	2,919.41	2,654.13	26.85%	26.33%
Complexul Energetic Oltenia SA	Energy Producer	21.55%	Marcap/Sales'14	5.79	158.70	62.84	1.46%	1.43%
Electrica Distributie Muntenia Nord SA	Energy-Distribution	21.99%	avg.(EV/EBITDA'14,P/BV'14)	23.95	186.62	253.90	1.72%	1.68%
ENEL Distributie Banat SA	Energy-Distribution	24.12%	avg.(EV/EBITDA'14,P/BV'14)	39.25	361.84	624.00	3.33%	3.26%
E.ON Distributie Romania SA	Energy-Distribution	18.34%	avg.(EV/EBITDA'14,P/BV'14)	3.02	171.26	510.39	1.57%	1.54%
Electrica Distributie Transilvania Sud SA	Energy-Distribution	21.99%	avg.(EV/EBITDA'14,P/BV'14)	15.91	148.31	222.30	1.36%	1.34%
ENEL Distributie Dobrogea SA	Energy-Distribution	24.09%	avg.(EV/EBITDA'14,P/BV'14)	32.40	218.74	401.20	2.01%	1.97%
Aeroportul International Henri Coanda Bucuresti SA (2008)/CN Aeroporturi Bucuresti 2009	Airport	20.00%	avg.(EV/EBITDA'14,P/BV'14, Marcap/Sales'14)	266.88	767.39	497.84	7.06%	6.92%
Electrica Distributie Transilvania Nord SA	Energy-Distribution	22.00%	avg.(EV/EBITDA'14,P/BV'14)	17.47	142.68	215.60	1.31%	1.29%
Enel Distributie Muntenia SA	Energy-Distribution	12.00%	avg.(EV/EBITDA'14,P/BV'14)	85.93	279.81	455.40	2.57%	2.52%
Posta Romana SA	National Post Office	25.00%	avg.(P/BV'14, Marcap/Sales'14)	6.85	101.90	58.70	0.94%	0.92%
Societatea Nationala a Sarii SA	Salt production	48.99%	avg.(P/BV'14, Marcap/Sales'14)	48.00	96.28	177.42	0.89%	0.87%
GDF Suez Energy Romania (ex Distrigaz Sud SA by 2009)	Energy-Distribution	11.99%	avg.(EV/EBITDA'14,P/BV'14, Marcap/Sales'14)	256.68	612.09	446.10	5.63%	5.52%
CN Administratia Porturilor Maritime SA	Port	19.99%	avg.(P/BV'14, Marcap/Sales'14)	26.34	69.81	175.11	0.64%	0.63%
Zirom SA	Manufacturer of titanium and titanium alloy ingots	100.00%	avg.(P/BV'14, Marcap/Sales'14)	5.54	27.55	23.27	0.25%	0.25%
CN Administratia Canalelor Navigabile SA	Port	20.00%	avg.(P/BV'14, Marcap/Sales'14)	63.52	12.90	16.47	0.12%	0.12%
Petrotel - Lukoil SA	Refinery	0.97%	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'14, Marcap/Sales'14)	192.92	6.18	2.61	0.06%	0.06%
Aeroportul Int'l Mihail Kogalniceanu SA	Airport	20.00%	avg.(P/BV'14, Marcap/Sales'14)	239.74	5.55	1.57	0.05%	0.05%
CN Administratia Porturilor Dunarii Maritime SA	Port	7.70%	avg.(P/BV'14, Marcap/Sales'14)	20.08	1.14	1.16	0.01%	0.01%
CN Administratia Porturilor Dunarii Fluviale SA	Port	20.00%	avg.(P/BV'14, Marcap/Sales'14)	91.62	2.52	0.00	0.02%	0.02%
Gerovital Cosmetics SA - bankruptcy	Health care	9.76%	bankruptcy	0.00	0.00	0.00	0.00%	0.00%
Salubriserv SA	Waste collection	17.48%	insolvency	0.00	0.00	0.00	0.00%	0.00%
Comsig SA	Retail (food)	69.94%	0.85x BV stated in NSC NAV	19.33	1.46	1.72	0.01%	0.01%
Cetatea SA	Real Estate Agent	20.43%	0.85x BV stated in NSC NAV	0.81	0.29	0.34	0.00%	0.00%
World Trade Center Bucuresti SA - insolvency	HoReCa	19.90%	insolvency	0.00	0.00	0.00	0.00%	0.00%
World Trade Hotel SA	HoReCa	19.90%	lack of annual data for 2014	0.00	0.00	0.00	0.00%	0.00%
E.ON Energie Romania (ex. E.ON Gaz Romania)	Energy-Natural gas&Electricity supplier	13.39%	avg.(EV/EBITDA'14,P/BV'14)	14.46	143.18	126.50	1.32%	1.29%
Electrica Furnizare SA	Energy- Electricity supply	22.00%	avg.(EV/EBITDA'14,P/BV'14)	136.17	186.06	149.60	1.71%	1.68%
ENEL Energie SA	Energy-Electricity supply	12.00%	avg.(EV/EBITDA'14,P/BV'14)	41.47	69.68	76.60	0.64%	0.63%
Enel Energie Muntenia SA	Energy-Electricity supply	12.00%	avg.(EV/EBITDA'14,P/BV'14)	142.04	63.08	64.00	0.58%	0.57%
Plafar SA	Health care	48.99%	0.85x BV stated in NSC NAV	11.52	1.53	1.91	0.01%	0.01%
Bat Service SA - dissolution	Transportation via road	33.00%	bankruptcy	0.00	0.00	0.00	0.00%	0.00%
Carbid Fox SA - bankruptcy		0.00%	bankruptcy	0.00	0.00	0.00	0.00%	0.00%
Simtex SA - insolvency	Design of machine tools	30.00%	juridical reorganisation	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			6,755.96	7,220.69	62.13%	60.92%
Total Listed and Unlisted Companies					10,874.37	11,841.07	100.00%	98.06%

Source: BRD-GSG Research estimates, Fondul Proprietatea

In our report, the worst case scenario considers the market value of Petrom, Romgaz, Nuclearelectrica, Alro, BRD-GSG, Banca Transilvania, Conpet, Oil Terminal, 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 0.7361, lower by 11.2% compared to our Mar'14 Fair NAV computed in the same scenario, mainly due to declines of share price registered on local market. The target price under this scenario is RON 0.6625.

Indicator	Fair Value (RON)	% NAV
Large listed companies (Petrom, Alro, BRD-GSG, Banca Transilvania, Nuclearelectrica, Romgaz, Oil Terminal, Conpet)	4,075,268,590	53.14%
Un-listed companies	3,377,978,832	44.05%
Cash and cash equivalents [#] (deposits)		1.76%
Other assets (Receivables & Government bonds) [#]	134,660,932	1.69%
(-)Total liabilities (incl.debt, provisions [#])	129,348,663	0.63%
Fair NAV	7,668,656,050	
No of shares subscribed and paid (excluding Treasury shares)	10,418,107,025	
Fair NAV per share	0.7361	
<i>discount for closed-end funds</i>	<i>10%</i>	
Target price per share	0.6625	

[#] NSC NAV calculation as of 29 February 2016 based on IFRS standards
 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 higher/lower market prices and associated trading multiples for companies included in FP's portfolio gaining weight from our previous report, given current high volatile market environment and higher percentage of unlisted companies in FP's portfolio; negative yields in many countries across the maturities less or equal than 5 years; unconventional monetary decisions of main central banks. Share prices of local listed companies won't be protected from potential losses experienced by international indices in case of rising risk aversion, especially that local market is a frontier one.

We assess a low probability for the incumbent Government to make any arbitrary decision with a negative impact on state-owned companies' value or on energy&gas companies. The new Fiscal Code enforced stated that the special construction tax of 1% from gross value of fixed assets to be eliminated in Jan'17. However, in case of Nuclearelectrica, the reactors might be considered tax base for a building tax, but the issue hasn't been settled yet. After the parliamentary election in Nov'16, a new Government will be appointed and regulatory risk rise once again.

Since Electrica listing in Jul'14, no other state-owned company has become public. The most well-known candidates for the IPOs are: Hidroelectrica, Salrom, CN Aeroporturi Bucuresti, Constanta Port. In case of Hidroelectrica, it's very likely that the IPO process to start soon after the insolvency exit as the consortium nominated for listing the company have done a lot of the preparatory work during this period. It's likely to see Hidroelectrica listed in Q4'16 or during 2017. The majority shareholders of Salrom (the Ministry of Economy owns 51% of shares, Fondul Proprietatea owns 49% of shares) decided to postpone the decision regarding company's listing during their meeting from 14 Jan'16. A similar decision was released after shareholders meeting in Sep'15. For the other two companies, no major step has been done for an IPO process.

Thus, delays in listing major state-owned companies included in FP's portfolio continue to drag on unlocking value intention and on investors' perception towards local assets.

Official NAV changes

Fund's Manager made several changes for the value of stakes owned in unlisted companies (i.e.: Hidroelectrica, CE Oltenia, Electrica Distributie Transilvania Nord, Sud, Electrica Distributie Muntenia Nord) during the past period, which together with declines of prices for listed companies on local market have triggered changes of Top 20 of companies portfolio.

Below, we have listed the changes of the values for the stakes owned by the Fund in unlisted companies between Nov'14 and Dec'15. Usually, the Fund Manager updated the values for unlisted companies two times per year (June and December). The values of stakes owned in unlisted companies are estimated by independent valuers, such as KPMG and E&Y for the latest detailed investments reporting in Dec'15.

The valuation for Hidroelectrica increased, mostly because of significant performance improvement in the past years, reaching record level of bottom line (gross profit estimated for 2015 at RON 1.105bn vs. RON 1.158bn in 2014). In case of CE Oltenia, the situation turned negative, as losses mounted and prospects are rather gloomy for this year. CE Oltenia posted a loss of RON 895m in 2015 (vs. loss of RON 700m in 2014), in spite of the fact that is the second largest energy producer on local market. It's likely to see CE Oltenia entering into reorganization process this year, delaying company's listing process.

Company	Value of unlisted companies (RONm) included in official NAV as of end-Dec'15	Value of unlisted companies (RONm) included in official NAV as of end-Sep'15	Change (end-Dec'15 vs. end-Sep'15)	Value of unlisted companies (RONm) included in official NAV as of end-Nov'14	Change (end-Sep'15 vs. end-Nov'14)
Hidroelectrica SA	2,654.13	2,178.10	21.9%	2,105.10	3.5%
ENEL Distributie Banat SA	624.00	640.50	-2.6%	573.20	11.7%
E.ON Distributie Romania SA	510.40	445.90	14.5%	510.60	-12.7%
CN Aeroporturi Bucuresti	497.80	332.30	49.8%	287.70	15.5%
Enel Distributie Muntenia SA	455.40	465.80	-2.2%	473.10	-1.5%
GDF Suez Energy Romania (ex Distrigaz Sud SA by 2009)	446.10	461.30	-3.3%	404.40	14.1%
ENEL Distributie Dobrogea SA	401.20	396.90	1.1%	379.10	4.7%
Electrica Distributie Muntenia Nord SA	253.90	235.60	7.8%	296.20	-20.5%
Electrica Distributie Transilvania Sud SA	222.30	206.50	7.7%	192.00	7.6%
Electrica Distributie Transilvania Nord SA	215.60	201.60	6.9%	206.70	-2.5%
Electrica Furnizare SA	149.60	126.40	18.4%	88.00	43.6%
Societatea Nationala a Sarii	177.40	142.90	24.1%	114.10	25.2%
CN Administratia Porturilor Maritime SA	175.10	132.60	32.1%	69.50	90.8%
E.ON Energie Romania SA	126.50	133.90	-5.5%	130.90	2.3%
ENEL Energie SA	76.60	74.40	3.0%	74.30	0.1%
ENEL Energie Muntenia SA	64.00	65.10	-1.7%	65.10	0.0%
Complexul Energetic Oltenia SA	62.80	108.50	-42.1%	120.00	-9.6%
Posta Romana	58.70	55.90	5.0%	60.80	-8.1%
Zirom SA	23.30	39.30	-40.7%	43.50	-9.7%
Aeroportul International Timisoara - Traian Vuia SA	2.60	3.90	-33.3%	nav	na
Plafar SA	1.90	1.80	5.6%	nav	na
Aeroportul International Mihail Kogalniceanu - Constanta	1.60	2.30	-30.4%	nav	na

Source: Fondul Proprietatea Detailed Investment Reports, BRD-GSG Research

Brief peer group analysis

In the absence of an official timeline for listing another company from Fund's portfolio, catalysts for share price remain the same as during previous year: buy-back programme and cash return to shareholders aiming at reducing Fund's discounts to NAV.

It is rather a puzzle, when analysing some indicators for Fondul Proprietatea (FP) and its peers listed on London Stock Exchange (LSE). FP shares are trading at the largest discounts as

compared to selected peers, while FP's yield is the highest. Looking at repurchases programmes among the selected peers (data sourced from Bloomberg), FP has one of the largest in terms of the percentage of the shares bought back from the total shares outstanding in 2014 and 2015, but the value is much lower due to lower price as compared with peers' prices.

Given the significant return to shareholders, it is questionable why the discounts remain relatively large when comparing with peers? One explanation might come from the fact that the Bucharest Stock Exchange (BSE) is a frontier market, where is very likely to see hefty divergences between NAV and market price, and also divergences might persist for longer periods of time as compared with closed-end investment funds listed on LSE. The secondary listing of FP on LSE by the mean of global depository receipts (GDRs) on 29 Apr'15 was aiming at increasing Fund's visibility and reducing the trading discounts.

We don't foresee major changes of Fund's Manager's investment strategy on short-run. The speed-up of the IPO process for state-owned companies isn't very likely, while negotiations for selling minority stakes held by FP in electricity&gas distributions are more probable to be intensified in the coming months. In case of in listed companies, the Fund Manager might wait for a better environment to sell some of its stakes. FP supports the secondary listing of OMV Petrom (SNP) on LSE, but the decline of oil price which influenced negatively company's 2015 bottom line, has postponed this process.

FUND'S NAME	MarCap (GBP Bn)	NAV per share	Date for NAV	DivYield 12M (%) [#]	Premium/Discount vs. NAV (%)	Avg. 52Weeks Premium/Discount vs. NAV (%)	Fund's Strategy
SCOTTISH MORTGAGE INV TR PLC	3.30	259.16	3/14/2016	1.30	-5.73	0.67	Global Allocation
ALLIANCE TRUST PLC	2.59	558.30	3/15/2016	3.14	-11.70	-10.43	Global Allocation
FOREIGN & COLONIAL INVEST TR	2.39	475.42	3/14/2016	2.48	-10.02	-7.37	Growth
RIT CAPITAL PARTNERS PLC	2.53	1,550.00	2/29/2016	2.04	0.19	1.22	Blend
SC FONDUL PROPRIETATEA SA*	1.39	0.19	2/29/2016	6.60	-32.15	-29.56	Growth
MERCANTILE INVESTMENT TRUST	1.55	1,887.35	3/14/2016	3.23	-14.75	-12.44	Blend
HICL INFRASTRUCTURE CO LTD	2.11	139.10	9/30/2015	4.69	9.49	11.99	Physical Assets
CALEDONIA INVESTMENTS PLC	1.23	2,821.00	2/29/2016	2.63	-18.82	-17.94	Value
WITAN INVESTMENT TRUST PLC	1.48	775.50	3/14/2016	2.56	-6.13	-0.56	Growth
TEMPLETON EMERGING MARKETS-O	1.29	494.89	3/15/2016	2.13	-12.93	-11.19	Blend

*FX conversion from RON to GBP at NBR FX rate for GBP RON of 5.6984 as of 16 Mar'16

[#]DivYield 12M (%) - the sum of DPS amounts that have gone ex-dividend over the prior 12M divided by the current market price

Source: Bloomberg, BRD-GSG Research

Fund Manager is going to continue to distribute capital to its shareholders, while dividends aren't an option anymore since IFRS became the official accounting regulations (the statutory basis of accounting) from the year ended 31 Dec'15. The share capital return and buy-back programmes might represent the significant part of return for holding Fund's shares. The buy-back programme might be constrained by liquidities position, but Fund Manager has an agreement with Citibank Europe PLC Dublin – Romanian branch for a credit facility of RON 500m (committed facility of max. RON 375m and uncommitted facility of max. RON 125m) with an availability period between 4 Jan'16 and 31 Aug'16 (inclusive) that might be used for financing shares repurchases. The final reimbursement of the credit facility is 30 Sep'16 (at latest) and its purpose is for general corporate use (excluding investments).

In case of share capital return to shareholders, the question is how long can continue? Surely, FP is able to decrease its share capital up to the legal limit mentioned in company's law, but it is difficult to estimate what is speed towards this ultimate frontier.

In theory, the trading discount to NAV might be reduced through liquidation of the Fund, conversion to an open-end investment fund from closed-end investment, or the merger with another fund. All of these options are apparently unrealistic in case of FP on short term, but they might be in the cards on medium run.

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.

- *Distribution policy*

The Fund posted a loss of RON 565.1m for 2015, according to IFRS standards. Starting with end-Dec'15, the IFRS standards became the official accounting regulations (statutory accounting) for entities authorised, regulated and supervised by Financial Supervisory Authority (FSA) in the Financial Investments and Instruments Sector, following the publication of Norm no. 39/2015 on 28 Dec'15 by FSA. The change of the official accounting regulations was not new for those specific entities, as an Instruction no. 2/6 Aug'14 stated that IFRS should be applied starting with 1 Jan'15, but during 2015, FSA postponed the implementation of IFRS for regulated entities for 1 Jan'16.

FP applied the provisions of the Instruction no. 2/6Aug'14 for official NAV calculation between Jan'15 and Apr'15 and RAS for NAV calculation between May'15 and Nov'15. Consequently, the Fund applied IFRS for end-Mar'15 and end-Dec'15 financial statements, and any dividend distribution for 2015 became impossible due to the loss recorded under IFRS standards. The 2015 loss has been triggered mainly by booking an unrealised negative net change in fair value of equity investments classified at fair value through profit and loss account (mostly for OMV Petrom) of RON 1.24bn which drove down the operating result. The Fund Manager re-assures investors about its commitment to ensure annual cash distribution to Fund's shareholders. According to the *Annual Cash Distribution Policy* of the Fund, the cash distribution might take the form of capital return by decreasing the nominal value per share, in case dividends distributions aren't applicable. Both form of cash dividends are subject to restrictions of Romanian legal or tax regulations.

Moreover, Fund's shareholders approved on 27 Jan'16 the decrease of subscribed share capital of Fondul Proprietatea (FP) from RON 9.869265720bn to RON 9.320973180bn through the face value reduction from RON 0.90 to RON 0.85. The Fund will pay shareholders of record as of 4 Jun'16 (transaction date) an amount of RON 0.05 per share. The approved payment date is 27 Jun'16.

- *Potential deal with Electrica*

The negotiations of the Fund with Electrica for acquiring FP's stake in electricity distributions companies (Electrica Distributie Transilvania Nord, Electrica Distributie Transilvania Sud, Electrica Distributie Muntenia Nord) and electricity supply company

(Electrica Furnizare SA) resumed following Electrica shareholders decision made in Nov'15. The deal should be concluded by end of Mar'16, with the transaction price to be approved by Electrica shareholders. It's very likely the transaction to be concluded this time, as both parties should benefit from it.

- **IFRS amendments**

As the Fund is an investment entity, it applied the Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities starting with 1 Jan'14 and classified and measured FP's investments in subsidiaries and associates as financial assets at fair value through profit or loss. The most significant stake classified as equity investment at fair value through profit or loss account is the stake owned in OMV Petrom, whose share price decline led to a net unrealised loss from the negative net change in fair value of OMV Petrom (SNP) stake in 2014 and 2015. The other stakes owned in listed or unlisted companies were classified as financial assets available for sale and the changes in their value, net of related deferred tax, is booked in other comprehensive income. The financial assets available for sale are subject to the review of impairment. Impairment losses on available for sale equity investments are recognised by transferring the cumulative loss that was recognised in other comprehensive income to profit or loss. The evolution of the other comprehensive income items is shown on the page showing financial results of the Fund.

- **Changes of the Investment Management Agreement**

The fees stated in the new Investment Management Agreement are presented in the table below:

	Current IMA	Previous IMA
Base Fee	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). 	0.60%
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"> 1.00% of the total non-dividend distributions made between 1 Nov'15 and 6 Jan'16 paid to FTIM; 2.00% of the total non-dividend distributions made between 7 Jan'16 and 31 Mar'16 paid to FTIM; 2.00% of the total non-dividend distributions made available up to and including 31 March 2017, but after 31 Mar'16. The distribution fees will be paid to Franklin Templeton International Services S.A.R.L (FTIS) which is going to be Manager of the Alternative Investment Fund starting with 1 Apr'16, according to AIFM Directive implementation; 	<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"> • 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, GDR buy-backs, public tender buy-backs, reductions of the share capital	Share buy-backs, public tender buy-backs, reductions of the share capital
Duration	2 years	2 years
Continuation vote	Annually, each October	Annually, each October

Source: FP presentation results, BRD-GSG Research

- **Changes of legislation regarding Fund's activity**

On 22 Jul'15, FSA approved Regulation no. 10/2015 regarding the alternative investment funds management, which is the result of the Law 74/2015 implementing AIFM Directive. According to the Regulation no. 10/2015, the Fund is qualified as Alternative Investment Fund under Law 74/2015 and needs to comply with the provisions of the law and FSA Regulation 10/2015 before 24 May'16.

On 29 Oct'15 Fund's shareholders approved within the Ordinary GSM the AIFM Directive implementation plan for the Fund as follows: 1/ termination by mutual consent of the parties of FTIML's current mandate beginning with 1 Apr'16 (last day of mandate shall be 31 Mar'16); 2/ the appointment of FTIS as Sole Director and Fund Manager under AIFM Directive and local implementation regulations, and the execution of a new Investment Management Agreement, in order to comply with the AIFM Directive requirements (FTIS' mandate will commence on 1 Apr'16). Franklin Templeton International Services S.A.R.L (FTIS) as its AIFM. Consequently, the FSA considers that the Commission de Surveillance du Sector Financier of Luxembourg (CSSF) will be the competent authority for the supervision of AIFM activity; 3/ Delegation of activities: the Board of Nominees will approve the delegation of certain portfolio management and administrative activities from FTIS to FTIML.

- **Performance objectives stated in Fund's Investment Policy Statement are:**

1/ NAV objective: the adjusted NAV per share as 30 Jun'16 to be higher than NAV per share as of end-Jun'15 of RON 1.1851 per share. *The adjusted NAV for a specific date is computed as: the official NAV as of reporting date (e.g.: 30 Jun'16) plus any cash return to shareholders as a result of share capital reduction implemented after 30 Jun'15 plus any distribution fee and any transaction costs related to non-dividend distributions including buy-backs of shares and/or GDRs executed after 30 Jun'15. 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.*

2/ Discount objective is to have a discount between the closing price of the Fund's shares and the latest reported NAV per share equal to or lower than 15% in at least two thirds of the trading days between 1 Jul'15 and 30 Jun'16.

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 aiming at reducing the discounts to official NAV at which shares are traded. 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 significant financing needs which might be covered by cash obtained from divesting operations as well as from credit facility previously mentioned. The portfolio of government securities amounted to RON 101.35m as of end-Feb'16, while cash&deposits worth RON 170.09m.

The decline of OMV Petrom (SNP) price put on hold FP's intention to sell part of FP's stake owned in Petrom.

On 14 Jan'16, the Fund Manager announced that it submitted for approval to the FSA an application for a tender offer for cash of its own shares (430m shares – both in the form of shares and GDRs) in relation to the sixth buy-back programme. However, on 25 Jan'16 the Fund Manager announced that it suspended the process of tender offer and withdrew the application from FSA, because of rising volatility on the markets and a cautious cash management in the current market environment.

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
3rd Buy-back programme	Mar'14 - Jul'14	252.858056m shares (1.89% of share capital)	On 23rd Sep'14, FP's shareholders approved Fund's share capital decrease by RON 240.215m, following the cancellation of the 252.858m shares (face value of RON 0.95) bought back and FSA endorsed the share capital decrease through its decision dated 27 Jan'15. The share capital decrease was effective on 27 Jan'15.	Final number of shares after the approval of subscribed share capital decrease - 12.184bn (face value of RON 0.95)
4th Buy-back programme	Oct'14 - Feb'15	Minimum number of shares between 990.855m (7.3% of FP's share capital) and 10% of the issued share capital at the relevant time. FP bought back 750m at a price of RON 1.1 per share within a tender offer launched between 3 Nov'14 and 2 Dec'14. Following the execution of this programme, FP bought 990,855,616 treasury shares for RON 1.060874bn (including transaction costs).	The cancellation of the shares acquired within this buy-back programme was effective on 12 Aug'15, when the FSA endorsed the shareholders decision to reduce Fund's share capital.	Final number of shares after the approval of share capital decrease - 11.193 bn shares (face value of RON 0.9)
5th Buy-back programme	Feb'15 - Jul'15	Minimum number of shares between 227.572m (approx. 1.89% FP's issued share capital) and 10% of the subscribed share capital at the relevant time. FP acquired 227.572250m	Fund's shareholders had approved the cancellation of the shares repurchased within this buy-back programme on 29 Oct'15.	The share capital decrease was registered with the Trade registry on 14 Mar'16. Final number of shares after the approval of the subscribed share capital decrease – 10.96585

				treasury shares for RON 193.699m (including transaction costs).	bn shares (face value of RON 0.9).
6th	Buy-back programme	Started on 9 Sep'15	Maximum number of shares of 891.770m or the equivalent number of GDRs corresponding to the shares of FP valid until 15 Nov'16. The buy-back shall be performed at prices between RON 0.2 and RON 2 per share and its implementation is subject to the availability of the necessary cash.	The total number of shares repurchased between 9 Sep'15 and 31 Dec'15 was 149.649m shares (111.074 ordinary shares and 38.574m equivalent shares of the GDRs repurchased, where 1 GDR represents 50 ordinary shares) for RON 121.497m (including transaction costs).	The shares bought back will be cancelled.
7th	Buy-back programme		On 29 Oct'15, FP's shareholders decided approved 7th buy-back programme referring to the acquisition of maximum number of shares computed so that all the outstanding treasury shares (acquired during this programme and/or previous ones) will not exceed 10% of the issued share capital at the relevant time, starting with the date when the share capital decrease regarding the cancellation of the shares repurchased within the fifth buy-back programme is effective, for a maximum period of 18 months as of the date when this shareholders' resolution is published in the Official Gazette.	The transaction can only be applied to fully paid shares, GDRs or depositary interests corresponding to the shares of the Fund, which will be cancelled. The implementation of this buy-back programme will be subject to the availability of cash.	

Source: FP Reports, BRD-GSG Research

FP – Major transactions

Among transactions made by FP in 2014 we mention that FP sold its entire stakes in Transelectrica, Erste Group Bank, Raiffeisen Bank, Resib SA, Turdapan SA, Transilvania Com, Severnav and parts of stakes in Romgaz, Conpet, Oil Terminal and Primcom. Also, the Fund received 10.347m bonus shares from Banca Transilvania.

For 2015, we indicate that the Fund sold its entire stakes in SIFI CJ Agro SA (Comcereal Cluj) and Forsev SA, Electroconstructia Elco Cluj SA and Petrotel Lukoil and parts of stakes held in Romgaz, Primcom. Also, FP subscribed shares in GDF Suez Energy Romania SA share capital increase and recorded 12.01m bonus shares received from Banca Transilvania. In Aug'15 and Dec'15, the Fund contributed with RON 1m and RON 1.5m, respectively to the share capital increase of Zirom.

In Oct'14, Carbid Fox was erased from the Trade Register at the end of the bankruptcy procedure, while Fecne was erased in Jun'15.

We have summarized in the table below the main transactions run by Fund's Manager in 2014 and 2015.

Company	Type of transaction	Details of the transaction	Stake owned after the transaction	Stake owned before the transaction
Transilvania Com	Sell	FP sold 77,234 shares	0%	39.99%
Severnav	Sell	FP sold 1.971m shares	0%	39.1%
Romgaz	Sell (ABO)	FP sold 19.243m SNG shares (4.99% of Romgaz's share capital) for RON 644.6m (EUR 146.4m) within an accelerated book-building offering (Jun'14)	10%	14.99%
Oil Terminal	Sell	FP sold 721,000 shares	6.31%	6.44%
Transelectrica	Sell (ABO)	FP sold 9.895m TEL shares (13.49% of Transelectrica's share capital) for RON 212.75m (EUR 48.4m) within an accelerated book-building offering (Jul'14)	0.00%	13.49%
Conpet	Sell (ABO)	FP sold 2.047m COTE shares (23.6% of Conpet's share capital) for RON 99.79m (EUR 22.52m) within an accelerated book-building offering (Nov'14)	6.10%	29.70%
Primcom	Sell	FP sold 134,793 Primcom shares for RON 4.04m within the buy-back programme carried by the company	68.97%	75.48%
Electroconstructia Elco Cluj	Sell	FP sold 322,530 shares	0.00%	7.61%
Comcereal Cluj (SIFI CJ Agro)	Sell	FP sold 256,116 shares	0.00%	11.36%
Forsev	Sell	FP sold 954,376 shares	0.00%	26.50%
GDF Suez Energy Romania	Participation in share capital increase	RON 88,350 (8,835 shares at face value of RON 10) in April 2015	11.99%	11.99%
Petrotel Lukoil	Sell	FP sold 2.152m shares	0.00%	0.97%
Romgaz	Sell (ABO)	FP sold 16m SNG shares (4.15% of Romgaz's share capital) (14.715m ordinary shares and 1.285m GDRs) for RON 456m (USD 117.14m) within an accelerated book-building offering (Oct'15)	5.85%	10.00%
Primcom SA	Sell	FP sold 152,156 Primcom shares for RON 4.564m within the buy-back programme carried by the company	67.93%	76.03%

Source: 2014 and 2015 FP Preliminary results Report, BRD-GSG Research

BRD-GSG - Research

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BRD-GSG rating system (March 2016)

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 months time horizon and flat market over forecast period.

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Closed-end investment fund

15/03/2016

12m target price

Fondul Proprietatea

RON 0.7600

RON 0.9580

Valuation*	12/12	12/13	12/14	12/15 preliminary
No of paid-up shares [#] (m)	13,172.48	12,071.88	10,915.98	10,452.39
Share price (closing end-Dec)	0.55	0.83	0.90	0.81
P/E (x)	6.13	2.62	22.51	na
Price/book value (x)	0.58	0.68	0.73	0.70
Gross dividend yield 2012/Cash return for 2013-2015 (%)	7.4%	6.0%	5.6%	6.2%
Price/Official NAV	0.48	0.67	0.74	0.70
Per share data (RON)				
EPS**	0.090	0.318	0.040	(0.034)
Official NAV	1.137	1.244	1.213	1.156
Book value	0.94	1.22	1.22	1.15
Gross dividend 2012/Cash return for 2013-2015	0.0409	0.0500	0.0500	0.0500
Income statement (IFRS, RONm)				
Gross dividend revenues	623.66	652.38	687.41	569.30
Revenues from assets sold, net	17.88	115.11	645.55	344.84
Net losses from equity investments at fair value through profit and loss		422.35	(604.22)	(1240.77)
Impairment losses on equity investments available for sale	(722.36)	(835.77)	(344.09)	(90.50)
Reversals of impairment losses on receivables, net	(41.88)	37.67	19.58	17.56
FX gains	(0.22)	0.03	(0.82)	0.64
Interest revenues	34.92	36.14	20.90	3.90
Other current revenues	3.95	3.91	(6.07)	1.11
Net operating income/ (loss)	(134.05)	431.83	418.23	(393.91)
Operating expenses	(59.57)	(88.43)	(113.64)	(125.10)
Finance costs	0.00	0.00	0.00	(2.47)
Profit / (loss) before income tax	(193.62)	343.40	304.59	(521.48)
Income tax (expense)/ benefit	118.66	(382.14)	122.60	(43.64)
Profit / (loss) for the period	(74.96)	(38.74)	427.19	(565.12)
Other comprehensive income (RONm)				
Net change in fair value of AFS equity investments	1492.91	4066.51	616.20	774.42
Deferred tax on other comprehensive income	(238.87)	16.89	7.81	(110.86)
Decrease in fair value reserve following the disposal of AFS equity	0.00	(200.21)	(616.77)	(451.10)
Total other comprehensive income	1254.04	3883.19	7.24	212.45
Total comprehensive income for the period	1179.08	3844.44	434.42	(352.66)
Balance sheet (IFRS, RONm)				
Cash and current accounts	5.55	6.88	0.65	5.55
Deposits with banks	232.11	109.42	197.83	232.11
Treasury bills	129.89	162.84	19.96	129.89
Government bonds	83.75	31.75	59.00	83.75
Equity investments	14312.23	12927.66	11800.70	14312.23
Deferred tax assets	0.34	152.68	0.00	0.34
Other assets	3.62	9.44	29.58	3.62
Total assets	14767.49	13400.67	12107.72	14767.49
Other liabilities	42.27	52.79	54.63	42.27
Share capital	13778.39	11815.28	10074.08	13778.39
Fair value reserve on AFS portfolio	4013.12	4020.36	4232.81	4013.12
Other reserves	312.56	610.20	527.40	312.56
Treasury shares	(1095.09)	(1189.92)	(308.04)	(1095.09)
Retained result	(2283.75)	(1908.04)	(2473.16)	(2283.75)
Total Equity	14725.23	13347.87	12053.09	14725.23
Total Sh Equity and Liabilities	14767.49	13400.67	12107.72	14767.49

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

**EPS based on *total comprehensive income for the period*.

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

Source: Fondul Proprietatea IFRS Financial Statements, 2015 Preliminary IFRS 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* (2014)	Energy-Producer	2,565.63	203.59	2,274.80	37.05	1.00	5.39	0.29	37.01	-9.27	5.79	1,013.65	(253.79)	158.70
	Hidroelectrica SA (2014)		3,406.05	2,160.78	27.25	39.45	1.00	5.39	0.29	39.41	25.92	2.18	3,522.41	2,316.41	194.94

*CE Oltenia is the result of the merger of CE Craiova, CE Turceni and CE Rovinari;

Source: FactSet, Fondul Proprietatea, Companies' financial statements, 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 (2014)	Energy-Distribution	755.79	255.08	(225.04)	44.38	0.25	4.26	nav	10.91	36.99	na	85.04	288.21	na
	ENEL Distributie Banat SA (2014)	Energy-Distribution	601.05	317.76	(1,039.13)	64.80	0.25	4.26	nav	15.93	62.58	na	146.85	576.83	na
	E.ON Moldova Distributie SA (2014)	Energy-Distribution	770.55	239.57	(45.38)	10.56	0.25	4.26	nav	2.59	3.44	na	147.21	195.31	na
	Electrica Distributie Transilvania Sud SA (2014)	Energy-Distribution	690.96	270.92	89.91	27.42	0.25	4.26	nav	6.74	25.08	na	62.84	233.78	na
	ENEL Distributie Dobrogea SA (2014)	Energy-Distribution	492.88	225.39	(467.18)	56.55	0.25	4.26	nav	13.90	50.89	na	93.86	343.63	na
	Electrica Distributie Transilvania Nord SA (2014)	Energy-Distribution	632.99	250.11	50.72	31.05	0.25	4.26	nav	7.63	27.31	na	62.33	223.02	na
	ENEL Distributie Muntenia SA (2014)	Energy-Distribution	888.13	416.47	(1,876.99)	152.04	0.25	4.26	nav	37.37	134.49	na	121.68	437.94	na

Source: FactSet, Fondul Proprietatea, Companies' financial statements, 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 (2014)	Airport	647.11	147.20	9.56	282.70	2.40	9.36	0.57	679.64	95.16	25.83	1,954.27	273.62	74.28
	Aeroportul Int'l Timisoara - Traian Vuia SA (2014)	Airport	25.69	4.48	3.33	122.35	2.40	9.36	0.57	294.16	239.82	91.68	9.42	7.71	2.95
	Aeroportul Int'l Mihail Kogalniceanu SA (2014)	Airport	19.60	3.82	(1.59)	159.02	2.40	9.36	0.57	382.31	322.14	97.16	8.85	7.46	2.25
	CN Administratia Porturilor Maritime SA (2014)	Port	274.97	138.27	(1.51)	32.11	0.98	1.02	11.13	31.59	116.21	21.08	83.75	307.93	55.87
	CN Administratia Canalelor Navigabile SA (2014)	Port	46.08	18.87	(25.89)	82.25	0.98	1.02	11.13	80.93	232.23	46.11	16.44	47.18	9.37
	CN Administratia Porturilor Dunarii Maritime SA (2014)	Port	13.78	-	(0.89)	21.47	0.98	1.02	11.13	21.13	1.22	19.03	1.20	0.07	1.08
	CN Administratia Porturilor Dunarii Fluviale SA (2014)	Port	8.26	(0.49)	0.93	124.29	0.98	1.02	11.13	122.31	-46.66	60.94	3.37	-1.29	1.68

Source: FactSet, Fondul Proprietatea, Companies' financial statements, 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 (2014)	Salt production	277.37	64.78	(90.56)	65.97	0.87	7.27	0.57	57.57	137.20	38.43	115.48	275.15	77.07
	Zirom SA (2014)	Manufacturer of titanium and titanium alloy ingots	4.93	(3.02)	6.38	12.02	0.87	7.27	0.57	10.49	-5.98	0.59	52.30	-28.34	2.79

Source: FactSet, Fondul Proprietatea, Companies' financial statements, 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
Health care	Plafar SA (2009)	Health care	7.58	0.37	(0.59)	36.33	na	na	na	na	na	na	na	na	na

Source: FactSet, Fondul Proprietatea, Companies' financial statements, 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 (2014)	National Post Office	1,125.50	149.80	87.81	2.30	3.23	7.95	0.33	7.42	18.54	6.28	110.42	275.75	93.39
	Salubriserv SA (2011)	Waste collection	nav	nav	nav	nav	na	na	na	na	na	na	na	na	na
	World Trade Center Bucuresti SA (2011)	HoReCa	nav	nav	nav	nav	na	na	na	na	na	na	na	na	na
	World Trade Hotel SA (2009)	HoReCa	nav	nav	nav	nav	na	na	na	na	na	na	na	na	na

Source: FactSet, Fondul Proprietatea, Companies' financial statements, 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	GDF Suez Energy Romania (ex Distrigaz Sud SA) (2014)	Energy-Distribution	4,532.81	615.16	32.45	176.13	1.91	9.22	0.66	335.62	284.12	150.31	802.36	676.17	357.72

Source: FactSet, Fondul Proprietatea, Companies' financial statements, 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	4,011.62	233.67	(403.48)	55.60	0.25	4.26	nav	47.26	225.08	na	64.57	307.55	na
	ENEL Energie SA (2014)	Energy-Electricity supply	1,921.67	30.22	(571.18)	38.78	0.25	4.26	nav	32.96	49.98	na	55.38	83.97	na
	Enel Energie Muntenia SA (2014)	Energy-Electricity supply	1,833.79	35.47	(511.76)	123.53	0.25	4.26	nav	105.00	179.09	na	46.63	79.52	na

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

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
gas&Electricity supply	E.ON Energie Romania (2014)	Energy-Natural gas&Electricity supply	4,725.14	179.39	(245.73)	10.88	0.25	4.26	nav	9.25	19.68	na	91.60	194.75	na

Source: FactSet, Fondul Proprietatea, Companies' financial statements, 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&Electricity supply	E.ON Energie Romania (2014)	Energy-Natural gas&Electricity supply	4,725.14	179.39	(245.73)	10.88	0.25	4.26	nav	9.25	19.68	na	91.60	194.75	na

Source: FactSet, Fondul Proprietatea, Companies' financial statements, 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, Companies' financial statements, 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 - bankruptcy	Transportation	nav	nav	nav	na	na	na	na	na	na	na	na	na	na
	Simtex SA - juridical reorganization	na	nav	nav	nav	na	na	na	na	na	na	na	na	na	na
	Gerovital Cosmetics SA - bankruptcy	Health care	nav	nav	nav	na	na	na	na	na	na	na	na	na	na

Source: FactSet, Fondul Proprietatea, Companies' financial statements, BRD-GSG Research

* Calculations in the tables above are based on the latest available financial data (2009/2011/2014), as mentioned in the brackets within the "Company" column

Appendix 2 - Peers' Multiples (as of 15 Mar'16)

Airports sector

Company	Country	Market Cap. (EURm)	Price/Book				Market capitalization/Sales				EV/EBITDA				EV (EURm)				Return on assets (ROA) (%)				Return on equity (ROE) (%)			
			2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Aeroporto di Firenze S.p.A.	ITALY	--	2.07	2.74	--	--	0.50	0.45	--	--	16.68	15.39	--	--	101.13	131.84	--	--	0.84	3.05	--	--	1.92	6.92	--	--
Fraport AG	GERMANY	5,203.1	1.64	1.38	1.54	--	1.03	0.90	2.00	--	11.92	10.55	9.76	9.41	8558.46	8142.38	--	8359.29	2.38	2.60	--	--	7.41	7.48	--	8.47
Derichebourg SA	FRANCE	465.9	1.19	1.03	1.27	--	0.07	0.06	0.20	--	10.35	5.94	5.61	4.74	1044.56	633.00	644.58	665.52	-0.62	-0.56	2.40	--	-2.96	-2.40	8.37	6.80
København Lufthavn A/S	DENMARK	4,005.3	7.54	8.28	--	--	0.19	0.19	--	--	12.97	13.17	--	--	3488.25	3791.34	4699.23	--	9.97	9.86	10.57	--	30.02	33.36	37.21	--
Flughafen Wien AG	AUSTRIA	2,016.2	1.42	1.69	1.98	--	1.03	0.51	3.06	--	8.21	8.66	9.33	8.43	1922.48	2126.23	--	2427.45	3.63	4.26	--	--	8.35	8.88	10.18	10.18
TAV Havalimanlari Holding A.S.	TURKEY	1,966.7	3.22	3.38	2.53	--	1.15	1.23	1.94	--	12.62	11.47	5.86	4.90	2793.21	3395.21	2928.14	8545.81	5.63	8.97	7.00	--	22.94	33.39	27.39	27.35
Shenzhen Airport Co., Ltd. Class A	CHINA	2,035.3	0.94	1.31	1.52	--	1.07	1.38	4.72	--	10.69	11.90	12.51	9.98	1231.37	1493.74	--	12501.86	4.51	2.18	--	--	6.64	3.51	--	6.01
Average			2.57	2.83	1.77	na	0.72	0.68	2.38	na	11.92	11.01	8.61	7.49	2734.21	2816.25	2757.32	6499.99	3.76	4.34	6.66	na	10.62	13.02	20.79	11.76

Source: FactSet, BRD-GSG Research

Electricity distribution sector

Electricity distribution sector																											
Company	Country	Market Cap. (EURm)		Price/Book				Market capitalization/Sales				EV/EBITDA				EV (EURm)				Return on assets (ROA) (%)				Return on equity (ROE) (%)			
		2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016		
Tomsk Distribution Co. JSC	RUSSIA	21.7	0.43	0.41	--	--	--	--	0.23	0.21	1.38	0.74	1.46	--	24.1	10.7	741.2	598.2	5.14	3.47	--	--	6.67	4.77	--	--	
Lenenergo PJSC	RUSSIA	74.5	0.06	0.07	--	--	--	--	--	2.09	2.97	--	--	--	584.7	650.8	--	--	2.94	-3.25	--	--	7.05	-9.11	--	--	
Kubanenergo OAO	RUSSIA	229.7	0.78	0.55	--	--	--	--	1.36	1.26	11.40	13.96	12.38	--	482.8	309.7	58,477.7	62,675.6	-1.29	-10.55	--	--	-3.17	-24.09	--	--	
Interregional Distribution Grid Co. of Urals	RUSSIA	118.5	0.14	0.13	--	--	--	--	0.81	0.75	2.99	2.36	31.09	--	407.2	229.4	64,414.0	67,892.1	-1.70	2.67	--	--	-2.93	4.95	--	--	
Interregional Distribution Grid Company of Center and Volga Region Public Joint Stock Company	RUSSIA	86.0	0.22	0.34	--	--	--	--	0.35	0.32	2.23	3.31	4.52	--	609.7	461.3	26,219.1	23,394.1	2.29	-2.07	--	--	5.18	-4.89	--	--	
Interregional Distribution Grid Company of Centre Public-Joint Stock Company	RUSSIA	123.8	0.22	0.27	--	--	--	0.01	0.26	0.24	4.18	2.70	4.34	--	924.9	657.4	59,439.5	62,980.5	0.25	-3.44	--	--	0.55	-8.24	--	--	
Average		0.35	0.29	na	na	na	na	0.80	0.74	4.47	5.01	14.97	na	374.7	300.2	41,211.0	43,722.0	1.27	-1.91	na	na	1.90	-5.87	na	na		

Source: FactSet, BRD-GSG Research

Electricity generation sector

Company	Country	Market Cap. (EURm)	Price/Book				Market capitalization/Sales				EV/EBITDA				EV (EURm)				Return on assets (ROA) (%)				Return on equity (ROE) (%)			
			2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
CEZ as	CZECH REPUBLIC	7,799.9	1.07	1.21	0.78	0.78	0.37	0.48	1.03	1.05	5.05	6.23	5.20	--	14,649.2	16,050.7	336,788.7	357,760.8	5.62	3.53	3.98	3.36	14.12	8.63	9.89	7.71
ENEA S.A.	POLAND	1,157.6	--	--	0.39	0.38	0.20	0.32	0.48	0.45	3.13	4.14	4.61	--	1,202.7	1,794.1	9,467.3	10,718.8	4.56	5.17	4.32	2.70	6.46	7.74	7.55	5.07
Enel SpA	ITALY	36,579.1	1.10	1.10	1.10	1.10	0.27	0.33	0.48	0.50	6.65	7.07	5.02	--	94,204.3	92,697.8	75,732.2	76,210.0	1.93	0.31	1.81	1.88	9.02	1.53	8.98	8.60
Energie Baden-Württemberg AG	GERMANY	5,876.5	1.96	1.96	--	--	0.02	0.02	0.29	0.29	7.30	9.01	7.57	--	11,086.8	12,151.2	15,657.5	15,533.5	0.14	-1.22	0.82	0.74	1.02	-10.85	--	--
PGE Polska Grupa Energetyczna S.A.	POLAND	5,616.4	--	--	0.60	0.59	--	0.54	0.85	0.87	3.62	5.24	3.28	--	6,533.3	7,950.4	26,958.6	31,320.0	6.69	5.71	-4.95	4.59	9.37	8.24	8.39	7.19
VERBUND AG Class A	AUSTRIA	1,790.0	--	--	0.75	0.74	0.32	--	1.26	1.42	8.81	--	8.68	--	9,780.8	--	7,581.1	7,039.9	7.48	0.81	1.75	1.69	20.07	1.97	5.58	4.19
Ogk-3 Ojsc	RUSSIA	--	0.43	0.43	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Average			1.14	1.18	0.72	0.71	0.24	0.34	0.73	0.76	5.76	6.34	5.73	na	22,909.5	26,128.8	78,697.5	83,097.2	4.41	2.39	1.29	2.49	10.01	2.88	8.08	6.55

Source: FactSet, BRD-GSG Research

Gas distributors services sector

Company	Country	Market Cap. (EURm)	Price/Book				Market capitalization/Sales				EV/EBITDA				EV (EURm)				Return on assets (ROA) (%)				Return on equity (ROE) (%)			
			2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Aygaz A.S.	TURKEY	1,060.74	1.10	1.25	1.30	1.23	0.10	0.13	0.50	0.44	10.18	17.79	9.98	10.73	853.0	1,114.8	3,724.7	3,744.8	6.68	6.58	10.33	--	8.88	9.47	15.07	14.38
Centrica plc	UNITED KINGDOM	14,399.51	3.40	5.07	8.31	5.11	0.68	0.49	0.40	0.42	5.93	6.38	6.73	6.99	27,108.3	24,606.4	16,710.9	16,191.6	4.19	-4.39	5.23	--	17.09	-25.53	64.14	34.97
Gas Natural SDG, S.A.	SPAIN	17,071.76	1.39	1.47	1.14	1.11	0.27	0.30	0.66	0.66	7.97	9.93	6.26	6.25	34,903.6	42,232.2	32,930.3	32,551.3	3.20	3.12	3.05	2.26	10.82	10.60	9.89	9.52
ENGIE SA	FRANCE	33,606.93	0.87	--	0.73	0.71	0.28	--	0.48	0.48	6.40	--	5.25	5.50	72,559.5	--	58,589.8	60,741.4	-5.09	1.52	-2.91	--	-17.33	5.09	5.54	5.68
Rubis & Cie SCA	FRANCE	3,165.64	1.51	1.42	2.01	1.88	0.54	0.58	1.09	0.94	9.17	9.85	10.50	8.84	1,998.9	2,262.9	3,549.5	3,578.6	4.90	5.06	5.23	--	10.03	9.69	10.49	11.29
Snam S.p.A.	ITALY	17,818.25	2.29	2.00	2.38	2.31	2.58	2.38	4.88	5.07	9.86	10.28	11.22	11.74	27,068.2	27,745.1	31,739.1	32,003.2	3.86	4.80	4.73	--	15.38	18.20	15.95	14.28
Average			1.76	2.24	2.64	2.06	0.74	0.77	1.33	1.33	8.25	10.85	8.32	8.34	27,415.3	19,592.3	24,540.7	24,801.8	2.96	2.78	4.28	na	7.48	4.59	20.18	15.02

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) (%)			
			2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Piraeus Port Authority S.A.	GREECE	294.5	2.61	1.56	--	--	--	--	--	--	23.34	18.68	--	--	480.2	294.2	--	--	2.06	1.75	--	--	4.94	4.04	--	--
Thessaloniki Port Authority S.A.	GREECE	200.1	--	--	--	--	1.11	1.18	--	--	5.44	6.31	--	--	126.3	180.3	--	--	11.18	13.71	--	--	12.39	15.37	--	--
Jinzhou Port Co., Ltd. Class B	CHINA	1,141.8	1.03	1.03	--	--	1.24	1.15	--	--	9.48	14.81	--	--	702.3	1,294.8	--	--	1.44	1.88	--	--	3.17	3.84	--	--
Diana Shipping Inc.	GREECE	196.4	--	--	0.17	0.19	3.24	1.62	1.54	1.91	23.14	15.66	22.03	--	922.9	670.1	630.3	765.8	-1.23	-0.59	-3.86	-6.90	-1.68	-0.81	-5.85	-10.96
Seaspan Corporation	HONG KONG	1,665.5	0.88	0.88	1.05	1.04	0.23	0.83	2.08	1.90	10.99	10.01	8.44	--	3,889.8	4,229.7	4,875.4	5,210.7	5.16	2.22	1.82	2.06	21.43	7.91	6.26	7.08
Average			1.51	1.16	0.61	0.61	1.46	1.20	1.81	1.90	14.48	13.09	15.24	na	1,224.3	1,333.8	2,752.9	2,988.2	3.72	3.79	-1.02	-2.42	8.05	6.07	0.20	-1.94

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) (%)			
			2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Deutsche Post AG		GERMANY	29,003.0	3.25	3.49	2.60	2.42	0.46	0.46	0.49	0.47	12.11	11.45	7.41	6.21	35,418.1	36,251.1	30,507.4	30,428.9	6.01	5.67	4.07	6.23	22.17	21.55	13.27	19.57			
Österreichische Post AG		AUSTRIA	2,437.0	3.37	3.89	3.37	3.28	0.47	0.54	1.01	1.01	8.67	12.18	7.10	7.03	2,141.2	2,475.7	2,057.1	2,041.0	--	8.85	--	--	--	20.94	20.77	20.72			
Panalpina Welttransport (Holding) AG		SWITZERLAND	2,245.1	5.08	4.40	3.81	3.56	0.22	0.20	0.42	0.41	15.75	14.96	12.29	10.35	2,620.4	2,335.9	2,066.5	2,033.5	0.61	4.50	5.08	6.05	1.66	12.30	13.60	15.61			
bpost SA		BELGIUM	4,770.0	4.93	6.10	6.73	6.17	0.59	--	1.96	1.98	4.85	6.65	7.42	7.28	2,480.9	3,670.7	4,279.2	4,247.0	13.72	14.36	14.65	14.75	43.78	46.67	43.43	41.44			
Royal Mail plc		UNITED KINGDOM	5,792.3	2.36	1.15	1.22	1.27	0.43	0.36	0.49	0.49	7.31	6.59	6.00	5.59	7,523.8	6,522.7	4,834.7	4,746.4	25.31	5.21	2.75	2.69	67.30	10.43	10.30	10.96			
PostNL NV		NETHERLANDS	1,626.7	--	--	--	--	0.44	0.40	0.47	0.48	4.47	4.28	5.17	4.14	2,630.6	2,065.5	2,294.4	1,659.1	-6.00	9.05	7.42	7.41	--	--	--	--			
Average			3.80	3.80	3.55	3.34	0.43	0.39	0.81	0.81	8.86	9.35	7.57	6.77	8,802.5	8,886.9	7,673.2	7,526.0	7.93	7.94	6.79	7.43	33.73	22.38	20.27	21.66				

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) (%)				
			2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016	2013	2014	2015	2016
Boliden AB	SWEDEN	4,033.5	1.17	1.43	1.46	1.34	0.77	0.89	0.93	0.96	8.38	6.93	5.97	--	3,914.0	4,344.1	42,695.6	44,201.3	3.15	4.43	6.14	6.06	5.69	8.07	10.40	9.53
Griffin Mining Limited	UNITED KINGDOM	51.3	0.68	0.56	--	--	1.36	1.67	0.97	1.11	4.91	10.89	11.32	--	97.6	110.3	76.8	85.5	3.86	0.08	-0.86	-2.68	6.00	0.13	--	--
Jiangxi Copper Company Limited Class H	HONG KONG	5,576.5	0.85	0.81	0.61	0.60	0.05	0.05	0.26	0.27	6.29	9.63	12.14	--	4,283.9	4,924.3	51,652.4	50,868.2	4.27	3.08	1.57	1.33	8.16	6.28	3.30	2.92
Vedanta Resources plc	UNITED KINGDOM	1,047.3	1.05	1.31	3.59	--	0.10	0.06	0.11	0.10	5.95	6.77	4.31	--	19,986.3	21,150.7	6,018.7	5,896.5	-0.43	-4.29	-1.32	-0.86	-4.88	-65.49	-103.85	--
Average			0.94	1.03	1.89	0.97	0.57	0.67	0.57	0.61	6.38	8.56	8.44	na	7,070.5	7,632.3	25,110.9	25,262.9	2.71	0.83	1.38	0.96	3.74	-12.75	-30.05	6.22

Source: FactSet, BRD-GSG Research