



Preliminary Results Report
For the Financial Year Ended
31 December 2015

Fondul Proprietatea SA

(This is a translation from the official Romanian version)



Contents

Company Information	2
Overview	5
Significant Events	7
Analysis of the Activity of the Fund	16
Financial Analysis	36

Annexes

Annex 1	Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2015, extracted from IFRS Financial Statements	40
Annex 2	Detailed Statement of Investments of Fondul Proprietatea SA as at 31 December 2015, prepared in accordance with CNVM Regulation 4/2010 (Annex no. 4)	43

Company Information

The Company

- Fondul Proprietatea SA (“the Fund” or “Fondul Proprietatea”) was incorporated on 28 December 2005 as a joint stock company operating as a closed-end investment company.
- The Fund is registered with the Bucharest Trade Register, under the number J40/21901/2005 and has the sole registration code 18253260. The Fund’s Investment Objective is the maximisation of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.
- The Sole Administrator of the Fund is Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch (“FTIML” or “Fund Manager”), effective since 29 September 2010, and the mandate was renewed for 2 years with effect from 30 September 2014.
- Considering the legal requirements to implement the Directive 2011/61/EU on Alternative Investment Fund Managers (“AIFM Directive”) the shareholders of the Fund approved, on 29 October 2015, the change of the management structure and the termination of the current mandate of FTIML as Fund Manager and Sole Administrator, with the mutual consent of both parties, starting on 1 April 2016. Subsequent to the termination, the Fund appointed Franklin Templeton International Services S.À.R.L (“FTIS”) as its Sole Director and Fund Manager under the AIFM Directive and local implementation regulations, and executed a new Investment Management Agreement in order to reach AIFM Directive compliance (FTIS mandate will commence on 1 April 2016). As part of the new management structure, FTIS will delegate the role of investment manager and certain administrative functions to FTIML.
- Since 25 January 2011, the Fund’s shares have been listed on the Bucharest Stock Exchange (“BVB”). Since 29 April 2015, the Fund’s global depositary receipts (“GDRs”) have been listed on the Specialist Fund Market (“SFM”) of the London Stock Exchange (“LSE”).

The following table shows a summary of the financial position of the Fund:

NAV* and Share Price Developments	Notes	Year Ended		
		31 December 2015	31 December 2014	31 December 2013
Total Shareholders’ Equity (RON million)	b	12,053.1	13,347.9	14,725.2
Total NAV (RON million)		12,087.8	13,236.7	15,013.7
NAV per Share (RON)		1.1564	1.2125	1.2436
NAV per Share change in the period (%)	a	-4.6%	-2.5%	+9.4%
NAV per Share Total Return (%)	a	-0.6%	+1.4%	+13.3%
Share Price as at the end of the period (RON)		0.8100	0.8960	0.8335
Share Price Low (RON)	c	0.7250	0.7590	0.5705
Share Price High (RON)	c	0.9270	0.9535	0.8605
Share Price change in the period (%)	a, h	-9.6%	+7.5%	+51.7%
Share Price Total Return (%)	a, h	-4.1%	+14.5%	+61.3%
Share Price discount to NAV as at the end of the period (%)		30.0%	26.1%	33.0%
Average Discount for the period (%)		28.9%	30.7%	41.3%
Total Share Turnover (RON million)		2,029.6	3,735.8	4,097.0
Average Daily Share Turnover (RON million)	d	8.1	14.9	16.4
GDR Price as at the end of the period (USD)	g	9.9000	n.a.	n.a.
GDR Price Low (USD)	e	9.4500	n.a.	n.a.
GDR Price High (USD)	e	11.5500	n.a.	n.a.
GDR Price change in the period (%)	g	-13.5%	n.a.	n.a.
GDR Price Total Return (%)	g	-4.1%	n.a.	n.a.
GDR Price discount to NAV as at the end of the period (%)		29.0%	n.a.	n.a.
Average GDR Price discount for the period (%)		29.2%	n.a.	n.a.
Total GDR Turnover (USD million)	f	266.9	n.a.	n.a.
Average Daily GDR Turnover (USD million)	f	1.5	n.a.	n.a.

Source: FTIML

* Net asset value

Notes:

- (a) Compared to the end of the previous period
 (b) Prepared on the basis of IFRS
 (c) Source: BVB - REGS market - Closing prices
 (d) Source: BVB
 (e) Source: London Stock Exchange - Closing prices
 (f) Source: London Stock Exchange
 (g) Compared to the date of GDR listing on LSE, i.e. 29 April 2015
 (h) The share price total return since launch was +70.9%, while the share price change was +24.7%

Share Capital Information	31 December 2015*	31 December 2014	31 December 2013
Issued Share Capital (RON)	10,074,080,745.90	11,815,279,886.85	13,778,392,208
Paid Share Capital (RON)	9,746,649,630.90	11,469,658,154.35	13,413,137,586
Number of Shares in Issue	11,193,423,051	12,437,136,723	13,778,392,208
Number of Paid Shares	10,829,610,701	12,073,324,373	13,413,137,586
Nominal Value per Share (RON)	0.90	0.95	1.00

* The following changes in the Fund's share capital took place in 2015:

- In January 2015 the FSA endorsed (through Endorsement no. 25/ 27 January 2015) the decrease of the subscribed share capital from RON 11,815,279,886.85 to RON 11,575,064,733.65, following the cancellation of 252,858,056 treasury shares acquired by the Fund in the third buy-back programme.
- In May 2015, the FSA endorsed (through Endorsement no. 169/ 20 May 2015) the decrease of the subscribed share capital of the Fund, through the decrease of the nominal value of the Fund's shares with RON 0.05 (from RON 0.95 to RON 0.90 per share). Therefore, starting 21 May 2015, the new value of the Fund's subscribed share capital decreased from RON 11,575,064,733.65 to RON 10,965,850,800.30.
- In August 2015, the FSA endorsed (through Endorsement no. 278/ 12 August 2015) the decrease of the Fund's subscribed share capital from RON 10,965,850,800.30 to RON 10,074,080,745.90, following the cancellation of 990,855,616 treasury shares acquired by the Fund during the fourth buy-back programme.

Share Information

Primary Listing	Bucharest Stock Exchange
Since	25 January 2011
Secondary Listing	SFM of LSE
Since	29 April 2015
Bucharest Stock Exchange Symbol	FP
London Stock Exchange Symbol	FP.
Bloomberg ticker on BVB	FP RO
Bloomberg ticker on LSE	FP/ LI
Reuters	FP.BX
ISIN	ROFPTAACNOR5
Financial Supervisory Authority Register No	PJR09SIIR/400006/18.08.2010
CIVM Registration No	AC-4199-2/ 26.08.2015

Shareholder Structure¹ (as at 31 December 2015)

Shareholder Categories	% of subscribed share capital	% of paid-in share capital	% of voting rights ²
The Bank of New York Mellon (depository bank for global depository receipts) ³	32.98%	34.09%	34.95%
Foreign institutional shareholders	23.74%	24.54%	25.42%
Romanian private individuals	20.51%	21.20%	21.96%
Romanian institutional shareholders	12.59%	13.01%	13.48%
Foreign private individuals	3.87%	4.00%	4.15%
Ministry of Public Finance ⁴	0.22%	0.04%	0.04%
Treasury shares ⁵	3.02%	3.12%	-
Unpaid shares ⁶	3.07%	-	-

There were 8,335 shareholders as at 31 December 2015.

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¹ Source: Central Depository

² The unpaid shares of the Romanian State, represented by the Ministry of Public Finance, and the treasury shares held by Fondul Proprietatea were not taken into consideration at the calculation of the total number of voting rights

³ Out of which Fondul Proprietatea held 771,494 Global Depository Receipts (38,574,700 shares equivalent)

⁴ The percentage represents the paid shares; the percentage of subscribed share capital of Ministry of Public Finance is 3.29%, including the unpaid shares

⁵ 110,022,014 treasury shares acquired by the Fund in the sixth buy-back programme and 227,572,250 treasury shares acquired in the fifth buy-back program

⁶ Shares unpaid by Romanian State represented by Ministry of Public Finance

Overview

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, as Sole Administrator and Fund Manager of Fondul Proprietatea presents the preliminary results of the Fund for the year ended 31 December 2015 in accordance with the International Financial Reporting Standards as adopted by European Union (“IFRS”), with an audited net accounting loss of RON 565.1 million, as compared to the net profit for 2014 of RON 427.2 million.

According to the FSA Norm no. 39/ 28 December 2015, IFRS became the statutory basis of accounting for the entities authorised, regulated and supervised by the FSA – Financial Investments and Instruments Sector, including Fondul Proprietatea, starting with the annual financial statements for the year ended 31 December 2015.

The main factor behind the significant accounting loss in 2015 was the unrealised negative net change in fair value related to equity investments classified at fair value through profit or loss in accordance with IFRS, principally concerning OMV Petrom SA, due to the negative evolution of the share price of this company in 2015.

Total shareholders’ equity was RON 12,053.1 million as at 31 December 2015, a decrease of 9.7% compared to the value of RON 13,347.9 million as at 31 December 2014.

The Fund reported a Net Asset Value (“NAV”) of RON 12,087.8 million as at 31 December 2015 and a Net Asset Value per Share (“NAV per share”) of RON 1.1564 (a negative NAV per share total return of 0.6% as compared to 31 December 2014). The NAV is prepared in accordance with the local rules issued by the capital market regulator.

In 2015, the Bucharest Stock Exchange underperformed the largest markets in Central Europe except Poland, in both local currency and EUR terms, as shown in the table below.

% change in 2015	in local currency	in EUR
BUX (Hungary)	43.81%	44.56%
ATX (Austria)	10.97%	10.97%
PX (Czech Republic)	1.02%	3.65%
BET-XT (Romania)	0.34%	-0.63%
WIG20 (Poland)	-19.72%	-19.23%

Source: Bloomberg

The discount of the Fund share price to NAV was 30.0% as at 31 December 2015. In 2015, the discount ranged between 20.8% and 40.1%.

Coverage of 2015 Accounting Losses

On 28 December 2015, the FSA published the Norm no. 39/2015 approving IFRS as the statutory accounting basis (official accounting regulations) for the annual financial statements for the year ended 31 December 2015, although, during 2015 Romanian accounting regulations (CNVM Regulation no 4/2011, as subsequently amended) were the official accounting regulations.

Under IFRS, Fondul Proprietatea incurred an accounting loss of RON 565.1 million. The main factor behind the accounting loss in 2015 was the unrealised negative net change in fair value related to equity investments classified at fair value through profit or loss, principally related to OMV Petrom SA, as a result of the negative evolution of the share price of this company in 2015.

The current and retained accounting losses are expected to be covered from the accounting profits of future financial years.

Although due to this situation there will be no distributable profits according to the Fund’s 2015 statutory annual financial statements (prepared under IFRS), the Fund Manager remains committed to ensuring annual cash distributions to the Fund’s shareholders.

The Fund Manager has already recommended, and the shareholders have approved (on 27 January 2016), a cash distribution of RON 0.05 per share (via the decrease of the share capital through the reduction of the nominal value of the Fund’s shares) to the shareholders registered as such at the Registration Date (i.e. 6 June 2016), proportionally with their participation to the paid-up share capital of the Fund (the Ex-date is 3 June 2016). The payments to shareholders for this cash distribution are expected to start on 27 June 2016 (the Payment Date).

Based on our current understanding of Romanian tax law, no Romanian tax will arise for the Fund or its shareholders on this distribution. The decrease of share capital is subject to the endorsement of the change of the Constitutive Act from the FSA.

In addition, the Fund Manager will seek to return further value to shareholders by continuing to buy-back shares.

The following table shows a summary of the financial position of the Fund:

NAV and Share Price Developments	Notes	Year ended 31 December 2015	Year ended 31 December 2014	Change %
Total Shareholders' Equity (RON million)	a	12,053.1	13,347.9	-9.7%
Total NAV (RON million)	b, d	12,087.8	13,236.7	-8.7%
NAV per Share (RON)	b, d	1.1564	1.2125	-4.6%
NAV per Share Total Return (%)	c, e	-0.6%	+1.4%	-
Share Price as at the end of the period (RON)		0.8100	0.8960	-9.6%
Share Price Total Return (%)	c, e	-4.1%	+14.5%	-
Share Price Discount to NAV as at the end of the period (%)		30.0%	26.1%	-
GDR Price as at the end of the period (USD)		9.9000	n.a.	n.a.
GDR Price Total Return (%)	f	-4.1%	n.a.	-
GDR Price Discount to NAV as at the end of the period (%)		29.0%	n.a.	-
Return of capital to shareholders (RON per share)		0.0500	0.0500	-

Source: FTIML

Notes:

- (a) Prepared on the basis of IFRS
- (b) Prepared on the basis of local rules issued by the capital market regulator
- (c) Calculated with dividend/ capital return reinvested, where applicable
- (d) The difference in change (%) between total NAV and NAV per share is accounted for by the change in the number of treasury shares (treasury shares acquired through buy-backs are excluded from the number of shares used in the computation of NAV per share) and in paid capital during the period
- (e) Compared to the end of the previous year
- (f) Compared to the date of GDR listing on LSE, i.e. 29 April 2015

As at 31 December 2015, the NAV (calculated according to local rules issued by the capital market regulator) is similar with the Shareholders' equity (calculated according to IFRS) due to similar valuation methodologies applied to equity investments, as illustrated in the following table:

	Local Capital Market Regulations*	IFRS Regulation
Listed securities	Valued at closing market prices (regulated markets) Valued at reference prices (Alternative Trading Systems)**	Valued at fair value
Unlisted or illiquid listed securities	Valued as per latest issued annual financial statements (proportionally with the stake held) or using fair valuation methodologies	Valued at fair value

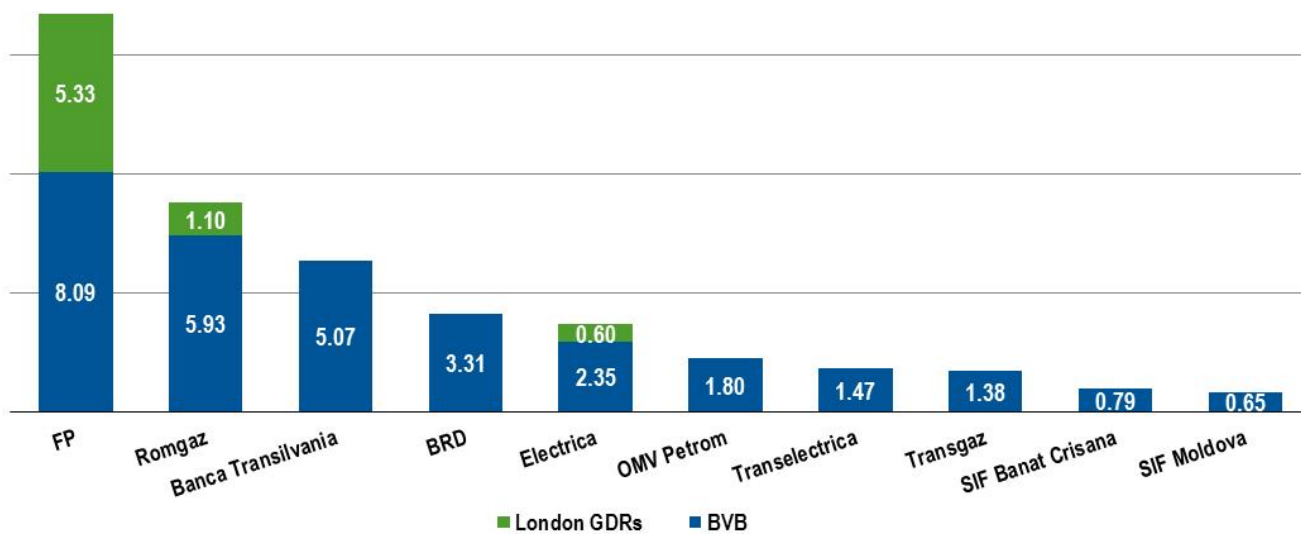
* Details on the valuation methods used for the holding in each company are presented in the Annex 2 to this report; the shares of companies under insolvency or reorganisation procedure are valued either at zero or at a value assessed by an independent authorised valuer, using valuation methods in accordance with International Valuation Standards (fair value principles). The shares of companies under judicial liquidation procedure or any other liquidation procedures, as well as of companies under temporary or final suspension of operations, must be valued at zero until the respective procedures are completed.

** Reference price is considered to be the average price for the securities listed on an Alternative Trading System.

Significant Events

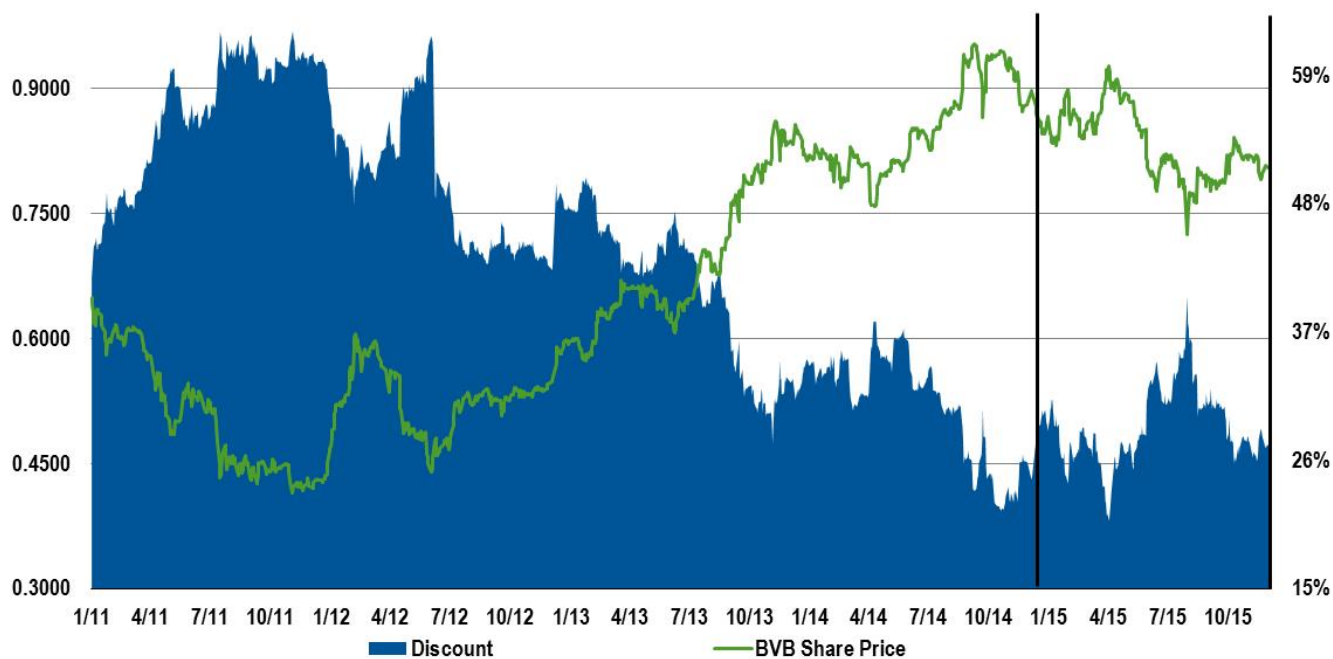
Regulated Stock Market Trading

Average Daily Turnover in 2015 (RON million)



Source: BVB, Bloomberg

Fund's Share Price and Discount History (RON per share)



Source: BVB

Interim Monitoring of Performance Objectives

According to the Fund's Investment Policy Statement, there are two performance objectives that the Fund Manager has been working to achieve. The NAV objective refers to higher adjusted NAV⁷ per share as at 30 June 2016 compared to the NAV per share as at 30 June 2015, of RON 1.1851 per share. The 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 in the period 1 July 2015 – 30 June 2016.

NAV Objective

As at 31 December 2015, the adjusted NAV per share was 2.4% lower than the 30 June 2015 NAV per share of RON 1.1851. During the first six months of the reporting period, the Fund's NAV has been negatively impacted by the decrease in the value of the listed holdings in the portfolio, primarily OMV Petrom SA and Romgaz SA.

NAV Objective	Amount RON	Details
Total NAV as at 31 December 2015	12,087,846,128	
Costs related to the 2015 return of capital after 30 June 2015 , until 31 December 2015	3,213	Fees charged by Central Depository and Paying Agent for the payments performed after 30 June 2015
Costs related to buy-backs after 30 June 2015 , until 31 December 2015	188,682	Fees related to fifth buy-back programme after 30 June 2015 and sixth buy-back programme up to 31 December 2015
Distribution fees	2,386,949	FTIML distribution fees for distributions to shareholders (buy-backs) after 30 June 2015, up to 31 December 2015
Total Adjusted NAV as at 31 December 2015	12,090,424,973	
Number of Fund's paid shares, less treasury shares and GDRs held as at 31 December 2015	10,452,388,827	
Adjusted NAV per share as at 31 December 2015	1.1567	
NAV per share as at 30 June 2015	1.1851	
Difference	(0.0284)	
%	(2.4%)	

Source: FTIML

Discount Objective

In the period 1 July – 31 December 2015, the discount was greater than 15%, for both shares and GDRs. Although the discount to NAV has not yet narrowed below 15%, the Fund Manager continues to work towards achieving and exceeding this objective.

We will continue our efforts to reduce the discount to NAV as we firmly believe that the Fund's shares should be trading at a significantly lower discount than the current levels, given the quality of the underlying portfolio assets, our track record in working with the portfolio companies to improve efficiency and profitability, the attractive cash distribution yield of around 6%, the ongoing buy-back programmes, and our transparency, disclosure, and proactive investor relations efforts.

The significant depreciation of oil prices, increased volatility in the emerging and frontier markets, as well as the delays in the IPOs of the state owned companies in the Fund's portfolio, prolonged insolvency of Hidroelectrica SA, and failed negotiations with Electrica SA have been the main obstacles in our efforts to further reduce the Fund's discount to NAV.

Discount Evolution

Discount at the Beginning of the Reporting Period – 1 July 2015	Discount at 31 December 2015	Minimum Discount (on 4 November 2015)	Maximum Discount (on 24 August 2015)	Average Discount for the period 1 July – 31 December 2015
32.54%	29.96%	25.85%	40.11%	30.90%

Source: FTIML

⁷ The adjusted NAV for a given date will be calculated as the sum of: (1) the reported NAV as at the end of the reporting period, (2) any returns to shareholders, following reductions of the share capital (return of nominal value) implemented after 30 June 2015, and (3) any distribution fee and any transaction costs relating to non-dividend distributions including buy-backs of shares and/ or GDRs executed after 30 June 2015. The adjusted NAV per share will be equal to the adjusted NAV divided by the total number of the Fund's paid shares, less treasury shares (FP ordinary shares bought back) and less equivalent in FP ordinary shares of FP GDRs acquired and not yet converted into FP ordinary shares, on the last day of the reporting period.

Investor Relations Update

After the listing on the Bucharest Stock Exchange on 25 January 2011, we had another important milestone for the Fund in 2015: the listing on the Specialist Fund Market of the London Stock Exchange through Global Depository Receipts on 29 April 2015. As at 31 December 2015, the Fund was the fifth largest closed-end fund listed on the LSE based on its Net Asset Value. The primary purpose of the Fund's listing on the LSE was to facilitate easier investor access to the Fund's shares and to attract additional demand for the shares from new investors, as the Fund is ideally placed to offer investors exposure to a diversified range of Romanian listed and unlisted equity securities that should benefit from Romania's steady growth perspectives and strong economic fundamentals.

Throughout the year, we continued our efforts to increase the visibility and the profile of the Fund, as well as of the local capital market, and of Romania, to a broader international institutional investors base, through participation in 24 global and regional emerging and frontier market conferences in New York, London, Dubai, Zurs, Zagreb, Vienna, Warsaw, Prague, Stegersbach and Bucharest, where we met with over 125 international and local institutional investors and analysts interested in finding out more details about the Fund and its equity story, and to receive updates on the Fund, the corporate actions, and the underlying holdings.

During the year, we also organised 15 road-shows in the most important financial centres in Europe (London), the United States (New York, Dallas, Boston, Los Angeles and San Francisco), Canada (Toronto and Montreal) and the Middle-East (Dubai). During the road-shows, we participated in individual and group meetings with representatives from over 300 international institutional investment firms, both current shareholders and potential investors of the Fund.

Furthermore, we continued to organise our regular events dedicated to local and foreign institutional investors and analysts, who had the opportunity to receive a detailed overview of the Romanian economy and local capital market, and to meet with the top management of the largest Romanian companies, already listed or that are planning to list on the stock exchange.

Therefore, on 5 March, in collaboration with the Bucharest Stock Exchange and WOOD & Company, we organised the second edition of the "Romania Investor Day in London" event. 88 representatives from 61 investment firms, with assets under management of over EUR 900 billion, and 50 representatives from 16 Romanian corporates (both listed and unlisted) participated in the event. The event featured presentations and speeches from the Ambassador of Romania to the United Kingdom, representatives of the European Bank of Reconstruction and Development, the Treasury Director from the Ministry of Public Finance, the State Secretary of the Ministry of Economy, Commerce and Tourism, the President of the FSA, the CEO and the President of the Bucharest Stock Exchange and the Fund Manager of Fondul Proprietatea. During the second part of the day, over 100 meetings were held between the investors and the management teams of the participating companies.

On 30 and 31 March, we held the second edition of the "Romania Investor Days in New York" event, organised in partnership with the Bucharest Stock Exchange, Swiss Capital and Auerbach Grayson. On the first day of the event, a plenary session featured presentations and speeches from the Romanian Ambassador in the United States of America, the Presidential Advisor and Head of the Presidential Chancellery, the Minister of Public Finance, a Director of the FSA, the President of the Romanian American Chamber of Commerce, the CEO and the President of the Bucharest Stock Exchange, the IMF Mission Chief for Romania and the Fund Manager of Fondul Proprietatea. More than 60 representatives of 40 international investment firms with over EUR 1,000 billion assets under management, and representatives of 15 Romanian companies, both listed or unlisted, participated in the event. During the second part of the first day and the entire second day of the event, 176 individual and group meetings were organised between the institutional investors and the management teams of the participating companies.

Between 27 and 29 October, we organised the eighth edition of the "Fondul Proprietatea Analyst and Investor Days" event. 75 representatives from 47 local and foreign institutional investors (with over USD 1,500 billion collectively in assets under management) participated in the event. Also, representatives of the Romanian Presidency, the Embassies in Romania of the United States of America and of the United Kingdom, international financial institutions, local authorities, companies in the Fund's portfolio and other companies listed on the Bucharest Stock Exchange joined the event, bringing the total number of attendees to approximately 170. The participants had the opportunity to visit some of the most important assets in the Fund's portfolio, and to receive the latest updates on the Fund, the largest portfolio companies, the Romanian capital market environment, and the Romanian economy in general.

The first day of the event, was dedicated to the site visits. The guests visited the primary aluminium facilities of Alro, the largest aluminium smelter in Central and Eastern Europe, located in Slatina, and Hidroelectrica's power-plant in Draganesti. During the site visits, the participants met the companies' technical teams which presented to them the facility. The second day of the event, was dedicated to speeches and presentations from the Presidential Adviser and Head of the Presidential Chancellery, the USA and UK Ambassadors, the Deputy Governor of the National Bank of Romania, the Minister of Energy, the President of the Regulatory Authority for Energy, and of the FSA, the IMF Resident Representative in Romania, the Senior Economist of the Macro Research division of Goldman Sachs, as well as from top portfolio companies: OMV Petrom SA, Romgaz SA, Hidroelectrica SA, BRD Groupe Societe Generale SA, Nuclearelectrica SA, Electrica SA, and from Grzegorz Konieczny, CEO and Fund Manager of Fondul Proprietatea who updated the participants with the most important developments regarding the Fund.

On 29 October, we organised the "Frontier Investors Day" event together with WOOD & Company. 164 investor meetings were organised between the institutional investors and the 24 companies present at the event, Romanian listed companies or potential future IPOs, as well as foreign corporates from other frontier markets: Georgia, Slovenia, and Ukraine.

As part of our communication strategy to update the institutional investors and analysts covering Fondul Proprietatea on the Fund's results, the latest events involving the Fund and its portfolio companies and the planned future corporate actions, we organised the 2014 preliminary results, 2015 first quarter, 2015 first semester and 2015 third quarter results conference calls, where more than 60 investors and analysts participated on average.

As part of our communication strategy to update the retail investors in 2015 we sent three letters to shareholders, in March, July, and October, in order to update the individual shareholders of the Fund on the main corporate actions planned by the Fund Manager, the latest developments regarding the Fund and its underlying portfolio companies. Also, on 16 September, we organised the second "Retail Investor Day", and 63 individual shareholders participated in the event.

In addition, throughout the entire year, we organised 65 individual meetings with current and prospective investors, as well as 89 conference calls.

Communication between the Fund Manager and the investors remains our top priority, as we aim to ensure that investors are informed about the latest developments and obtain feedback as we continue to focus on maximising shareholder value.

Corporate Governance

Following the self-assessment conducted, the Fund Manager informs the shareholders and investors that the Fund is fully compliant with the provisions of the new Corporate Governance Code of the Bucharest Stock Exchange, applicable starting 4 January 2016.

Secondary Listing Update

On 21 January 2015, the Fund's General Shareholders Meeting ("GSM") approved a new mandate to list the Fund on the LSE by 10 July 2015. As mentioned above, the Fund's secondary listing through GDRs successfully took place on 29 April 2015. The Bank of New York Mellon has been appointed by the Fund to act as depositary bank in relation to the GDR facility.

The GDR facility is limited to one-third of the Fund's subscribed share capital under the Romanian securities regulations, or 81,228,524 GDRs between 29 April and 12 August 2015 and 74,622,820 GDRs after this date, each GDR representing 50 shares, and the currency of the GDRs is US dollar. As at 31 December 2015, 32.98% of the Fund's issued shares were converted into GDRs.

For further updates regarding the limit of the GDR facility, please see the section *Subsequent Events*.

Buy-back Programmes

During 2015 the Fund has completed the implementation of the fourth and fifth buy-back programmes and started the implementation of the sixth buy-back programme. The seventh buy-back programme was approved by shareholders during the October 2015 GSM and the Fund Manager can start its implementation after the cancellation of the shares acquired during fifth buy-back programme is effective.

The fourth buy-back programme

During the 28 April 2014 GSM, the shareholders approved the fourth buy-back programme, for a maximum number of (i) 990,855,616 shares or (ii) 10% of the subscribed share capital at the relevant time, whichever is the lesser, starting with the date when the third buy-back programme is completed, within the price range of RON 0.2 per share to RON 2 per share, to be cancelled upon completion of the buy-back programme.

The execution of the fourth buy-back programme started on 1 October 2014 and until 2 February 2015, all 990,855,616 treasury shares were acquired, at a total acquisition value, including transaction costs, of RON 1,060,874,423. The cancellation of the shares acquired within this buy-back programme was effective on 12 August 2015.

The fifth buy-back programme

On 19 November 2014 the Fund's shareholders approved the fifth buy-back programme that refers to the acquisition of a maximum number of (i) 227,572,250 shares or (ii) 10% of the subscribed share capital at the relevant time, whichever is the lesser. The buy-back could be performed within the price range of RON 0.2 per share to RON 2 per share, the shares repurchased to be cancelled upon completion of the buy-back programme. The execution of the fifth buy-back programme started on 10 February 2015 and until 29 July 2015, all 227,572,250 treasury shares were acquired, at a total acquisition value, including transaction costs, of RON 193,699,522.

During the GSM held on 29 October 2015, the Fund's shareholders approved the decrease of the share capital through the cancellation of the shares repurchased by the Fund within the fifth buy-back programme. As at 31 December 2015, the share capital decrease process was ongoing.

The sixth buy-back programme

During the 27 April 2015 GSM the shareholders approved the sixth buy-back programme for a maximum number of 891,770,055 shares or the equivalent number of global depository receipts corresponding to the shares of Fondul Proprietatea, valid until 15 November 2016. The buy-back shall be performed at a price between RON 0.2 per share and RON 2 per share. The buy-back transactions can only be applied to fully paid shares and the repurchased shares will be cancelled. The implementation of this buy-back programme is subject to the availability of the necessary cash. The execution of the buy-back programme started on 9 September 2015 and until 31 December 2015, the total number of shares repurchased was 149,649,624 (111,074,924 ordinary shares and 38,574,700 equivalent shares of the GDRs repurchased, where 1 GDR represents 50 ordinary shares), at a total acquisition value, including transaction costs, of RON 121,497,490.

For further updates regarding the sixth buy-back programme, please see the section *Subsequent Events*.

The seventh buy-back programme

On 29 October 2015 the Fund's shareholders approved the seventh buy-back programme that refers to the acquisition of a 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 of Romania. The buy-back shall be performed at a price that cannot be lower than RON 0.2 per share or higher than RON 2 per share. The transactions can only be applied to fully paid shares, global depository receipts or depository 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 the necessary cash.

Share capital decrease through the return of capital to shareholders

During the 21 January 2015 GSM, the Fund's shareholders approved the return to shareholders of RON 0.05 per share, following the reduction of the nominal value of the shares of the Fund from RON 0.95 to RON 0.90. The decrease was motivated by the optimisation of the share capital of Fondul Proprietatea, involving the return to the shareholders of a part of their contributions, proportionally with their participation in the paid-in share capital of the Fund. The shareholders resolution was published in the Official Gazette of Romania on 4 February 2015 and the endorsement by the FSA of the new Constitutive Act reflecting the share capital decrease was received on 21 May 2015 (Endorsement no. 169/ 20 May 2015).

The shareholders registered with the Central Depository on 24 June 2015 had the right to receive RON 0.05 per share, proportionally with their participation in the paid-in share capital of the Fund. The payment of the capital return started on 29 June 2015 (the Payment Date). By 31 December 2015, shareholders had collected over 96% of the total distribution of RON 534.3 million.

Share Cancellation

During 2015, two cancellations of shares have been registered, following the implementation of the third and fourth buy-back programmes, and the cancellation of the shares acquired during the fifth buy-back programme was approved, as follows:

- *Share cancellation after the third buy-back programme:* The FSA endorsed, through Endorsement no. 25/27 January 2015, the decrease of the subscribed share capital from RON 11,815,279,886.85 to RON 11,575,064,733.65, following the cancellation of 252,858,056 treasury shares acquired by the Fund in the third buy-back programme in 2014. The share capital decrease was effective on 27 January 2015.
- *Share cancellation after the fourth buy-back programme:* On 12 August 2015, the FSA endorsed the decrease of the subscribed share capital of the Fund from RON 10,965,850,800.30 to RON 10,074,080,745.90, following the cancellation of 990,855,616 treasury shares acquired by the Fund in the fourth buy-back programme in 2014 and 2015. The share capital decrease was effective on 12 August 2015. Therefore, starting this date, the new value of the Fund's subscribed share capital is RON 10,074,080,745.90, divided into 11,193,423,051 shares with a nominal value of RON 0.90 per share. The value of the paid in share capital is RON 9,746,649,630.90, divided into 10,829,610,701 shares with a nominal value of RON 0.90 per share. As a result of the share capital decrease the new GDR facility limit, calculated as one third of the share capital, is 74,622,820 GDRs.
- *Share cancellation after the fifth buy-back programme:* On 29 October 2015 the shareholders approved the cancellation of 227,572,250 shares repurchased by the Fund during the fifth buy-back programme. The shareholders resolution was published in the Official Gazette of Romania on 12 November 2015. The share capital decrease will be effective after the FSA endorsement of the new Constitutive Act of the Fund and after its registration with the Trade Register.

Annual Cash Distribution Policy

The Fund Manager remains committed to returning cash to shareholders on an annual basis (subject to applicable law and necessary approvals), the Fund's Annual Cash Distribution Policy being as follows:

“In the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations, the Fund Manager intends to recommend to shareholders a cash distribution related to each financial year equivalent to 100% of the sum of (i) the Fund's dividend income from portfolio companies, (ii) plus interest on cash balances, (iii) less expenses and taxation and (iv) less compulsory allocations to reserves according to the regulations in force, in each case for that year. The cash distributions would be paid to shareholders either in the form of a return of capital (by decreasing the nominal value per share) or in the form of dividends, in each case subject to any restrictions under Romanian legal or tax regulations. In the case of dividend distributions (where permitted by applicable law), the distributable amount will be assessed based on audited financial information. In the case of a return of capital, the distributable amount will be based on a best estimate according to the latest management accounts at the time of proposing the resolution”.

The Annual Cash Distribution Policy does not limit additional cash returns and share buy-backs that can be recommended by the Fund Manager separately, subject to available cash and depending on the discount level, according to the Investment Policy Statement.

The Annual Cash Distribution Policy is published on the Fund's webpage.

Changes in the Accounting Regulations in 2015

On 6 August 2014, the FSA issued Instruction no. 2/ 6 August 2014, whereby entities authorised, regulated and supervised by the FSA in the Financial Investments and Instruments Sector were required to apply IFRS, as the official basis of accounting with effect from 1 January 2015. As a result, starting on 1 January 2015 the Fund adopted IFRS as the statutory official accounting framework and used the accounting records under IFRS for quarterly report for the quarter ended 31 March 2015 and for the computation of the non-portfolio items for the 30 January 2015, 27 February 2015, 31 March 2015 and 30 April 2015 NAV reports.

However, during 2015, the FSA decided to postpone the implementation of IFRS as official accounting regulations for regulated entities. FSA Instruction no. 1/19 May 2015 regarding the amendment of Instruction 2/2014 was published in the Official Gazette of Romania and entered into force on 19 May 2015, delaying the implementation of IFRS as the official accounting regulations until 1 January 2016. As a result, starting May 2015 the official accounting regulations for the Fund reverted to Romanian Accounting Regulations, being used for the preparation of the Semi-annual report for the six-month period ended 30 June 2015, of the quarterly report for the quarter ended 30 September 2015 and for the computation of the non-portfolio items for the monthly NAV reports starting with the 29 May 2015 report.

On 28 December 2015 the official accounting regulations applicable to Fondul Proprietatea were once again changed by the FSA Norm 39/2015 regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated and supervised by the FSA – Financial Investments and Instruments Sector (“Norm 39/2015”), published in the Official Gazette of Romania no. 982/ 30 December 2015.

According to Norm 39/2015, starting with the annual financial statements for the year ended 31 December 2015, IFRS are the official accounting regulations (the statutory basis of accounting) for the regulated entities, including Fondul Proprietatea. As a result, being the official accounting records, the annual IFRS financial statements were used for the preparation of this report.

Changes in the Investment Management Agreement

During 2015, there were two changes of the current Investment Management Agreement (“IMA 2014”) that produce effects during the year (Addendum 2 and 3 to the IMA 2014), both related mainly to the distribution fee payable by the Fund to the Fund Manager. The shareholders also approved the third change (Addendum 4 to the IMA 2014), reflecting new commercial changes related to the fees payable to the Fund Manager, which will be effective after FSA endorsement, according to regulations in force.

For further updates on the endorsement by the FSA of the Addendum 4 to the IMA 2014, please see the section *Subsequent Events*.

The implementation of AIFM Directive

The Law 74/2015 implementing AIFM Directive was published in the Official Gazette of Romania on 23 April 2015. Following the entry into force of the Law 74/2015 on 24 May 2015, the FSA approved Regulation 10/ 2015 regarding the alternative investment funds management (“Regulation 10/ 2015”) on 22 July 2015, which was published in the Official Gazette of Romania on 28 July 2015. According to the FSA Regulation 10/2015, the Fund is qualified as an Alternative Investment Fund under the Romanian law implementing the AIFM Directive and needs to comply with the provisions of the law implementing AIFM Directive and Regulation 10/2015 before 24 May 2016.

On 29 October 2015 the GSM approved the AIFM Directive implementation plan for the Fund as follows:

- Termination by mutual consent of the parties of FTIML’s current mandate beginning with 1 April 2016 (last day of mandate shall be 31 March 2016);
- 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 April 2016).
- Delegation of activities: the Board of Nominees will approve the delegation of certain portfolio management and administrative activities from FTIS to FTIML.

For further updates on the implementation of AIFM Directive, please see the section *Subsequent Events*.

Other changes of legislation regarding the Fund’s activity

On 12 January 2015, Law no. 10/2015 was published in the Part I of the Official Gazette of Romania no. 22 (“Law 10”) and entered into force on 15 January 2015. Law 10 amends, among others, Title VII of Law no. 247/2005 governing mainly the organisation and functioning of the Fund (“Fund Law”). The main amendments are presented below:

- Any inconsistencies there might have been in the past legislation regarding the right of the Fund’s shareholders to freely appoint the fund manager are now clarified; the provisions of Article 12 (2) of the Fund Law, stating that the fund manager is appointed through an international tender organised by the State were repealed;

- The provisions related to the State's special treatment for its contributions to the increase of the Fund's share capital were repealed;
- The Fund's receivable against World Trade Center Bucuresti SA was transferred back to the Ministry of Public Finance.

A consolidated version of the Fund Law containing the amendments brought by Law 10 can be found on the Fund's website.

Credit Facility Agreement

On 4 May 2015, Fondul Proprietatea concluded a revolving committed credit facility of RON 500 million with Citibank Europe Plc, Dublin – Romania Branch. The purpose of the credit facility is for general corporate use, including share buy-backs, but excluding investments. It is intended to be a bridging loan.

The Fund used the credit facility during 2015, but as at 31 December 2015 there was no outstanding balance.

On 17 December 2015 the Fund and Citibank Europe Plc Dublin - Romania Branch agreed to extend the revolving committed credit facility of RON 500 million, with a potential increase by a further RON 500 million, subject to future mutual agreement of the parties. The availability period of the facility starts on 4 January 2016 and ends on 31 August 2016. The final reimbursement should take place on 30 September 2016, at the latest.

Subsequent Events

Decisions of the 27 January 2016 GSM

On 10 December 2015 the Fund Manager announced the calling of a new Extraordinary General Meeting of Shareholders ("EGM") for 27 January 2016.

The main decisions of the shareholders during 27 January 2016 GSM were the following:

- The approval of the decrease of the subscribed share capital of the Fund from RON 9,869,265,720.90 to RON 9,320,973,180.85 through the reduction of the nominal value of the shares of the Fund from RON 0.90 to RON 0.85 and the approval of the payment to the shareholders registered as such with the Central Depository on 6 June 2016 of RON 0.05 per share, proportionally with their participation in the paid-in share capital of the Fund. The payment date approved by shareholders was 27 June 2016;
- The ratification and the approval of all EGM resolutions and of all legal acts (including resolutions, decisions, notices for convening all EGM and contracts) concluded, adopted and issued in the name of Fondul Proprietatea SA through FTIML, between 6 September 2010 and 26 January 2016 and the approval and ratification of any implementation acts, facts and operations based on such, including the management of the Fund under an unitary system, as well as the approval of all the changes to the Constitutive Act approved by all the EGM between 6 September 2010 and 26 January 2016, as endorsed by FSA.

Updates on the sixth buy-back programme

The execution of the sixth buy-back programme started on 9 September 2015 and until 31 December 2015, the total number of shares repurchased was 149,649,624 (111,074,924 ordinary shares and 38,574,700 equivalent shares of the GDRs repurchased), at a total acquisition value, including transaction costs, of RON 121,497,490.

On 14 January 2016 the Fund filed with the FSA an application for a buy-back tender offer, to accelerate the sixth buy-back programme, by acquiring 430 million shares or the equivalent number of GDRs corresponding to the shares of the Fund, from the Fund's shareholders. However this was withdrawn on 25 January 2016 due to material market volatility, which significantly impacted stock market prices and the value of portfolio holdings. In order to ensure that the tender offer is priced appropriately relative to the market price, to maximise value for the Fund's shareholders, the Fund Manager will continue to monitor market developments closely and is prepared to restart the process when market conditions are more supportive. On 28 January the Fund resumed the daily buy-backs of shares, as repurchasing shares at the current market price should have a more positive impact on the Fund's NAV per share and enhance shareholder value.

The Fund Manager considers that in the current market environment, it is important to stay prudent in cash management and limit the leverage of the Fund.

Limit of the GDR facility

On 22 January 2016 The Bank of New York Mellon, the depositary bank of the GDRs, has notified that total GDR holdings have reached the limit for GDR issuance, of one third of the Fund's issued share capital, as provided by the regulations in force. As a result, until further notice from The Bank of New York Mellon with respect to the GDR facility, no new GDRs may be issued.

Changes of the Investment Management Agreement – Addendum 4

The FSA issued Endorsement no. 1/ 7 January 2016 whereby it endorsed with comments the Addendum no. 4/ 2 November 2015 to the Investment Management Agreement concluded between the Fund and the Fund Manager on 29 April 2014, proposing a different wording related to the calculation of the distribution fee between 1 November 2015 and 31 March 2016, which will be added on the agenda of the next GSM.

The distribution fee rate applicable was 100 basis points for the period between 1 November 2015 and 6 January 2016 and 200 basis points for the period between 7 January 2016 and 31 March 2016.

AIFM Directive implementation updates

On 28 January 2016 the FSA issued Endorsements no. 25, respectively Endorsement no. 26, whereby it endorsed the following amendments brought to the Fund's registration documents, which were approved by the Fund's shareholders during the 29 October 2015 GSM:

- The amendments to the Constitutive Act of the Fund, effective as of 1 April 2016, approved by the EGM Resolution no. 13/29 October 2015, endorsed by the FSA's Endorsement no. 25/ 2016 with minor rewording proposals. The Fund Manager intends to put on the agenda of the next GSM the FSA's recommended wording;
- Addendum no. 5/ 2 November 2015 to the IMA concluded between the Fund and the Fund Manager on 29 April 2014, effective as of 1 April 2016, as approved by the Ordinary General Shareholders Meeting Resolution no. 8/ 29 October 2015 and endorsed by FSA's Endorsement no. 26/2016.

According to the FSA Board Resolution from 27 January 2016, the IMA signed between Fondul Proprietatea SA and FTIS, as its Alternative Investment Fund Manager and Sole Director, as approved by the Ordinary General Shareholders Meeting Resolution no. 8/ 29 October 2015 with effect as of 1 April 2016, does not require FSA's endorsement prior to its entering into force. Furthermore, FSA considers that Commission de Surveillance du Sector Financier of Luxembourg, as the competent authority of the AIFM home state member, has oversight obligations in respect to the management performed by FTIS, based on the notification sent regarding the new IMA.

Analysis of the Activity of the Fund

Analysis of the Portfolio of the Fund

Net Asset Valuation

The key performance indicator of the Fund is its Net Asset Value. The Fund is required to publish a monthly net asset value per share in accordance with local rules issued by the capital market regulator, no later than 15 calendar days after the reporting month end. All NAV reports are published on the Fund's website at www.fondulproprietatea.ro, together with the share price and discount information.

NAV Methodology

CNVM Regulation no. 4/2010, as subsequently amended, allows the NAV calculation based on best international practice suitable for a listed closed-end fund.

Listed securities are valued at closing market prices if listed on regulated markets, or reference prices if listed on an Alternative Trading System ("ATS"), on Nasdaq market or on UNLS section of BVB. In case of shares listed on ATS the reference price is considered to be the average price; in case of shares listed on Nasdaq the reference price is considered to be the closing price for the shares listed on section RGBS and the average price for the shares listed on section XMBS; and in case of shares traded on UNLS section of BVB the reference price is considered to be the average price.

Illiquid or unlisted securities are valued using either the value of shareholders' equity, as per the latest available annual financial statements, proportionally with the stake held, or according to International Valuation Standards which permit fair valuation.

The shares in the companies going through insolvency or a reorganisation procedure are valued either at zero, or at the value provided by an independent valuer, using valuation methods in accordance with International Valuation Standards which permit fair valuation. The shares in the companies under a judicial liquidation procedure, or any other liquidation procedures, as well as in the companies under temporary or final suspension of operation, are valued at zero until the procedure is finalised.

The treasury shares acquired through buy-backs are excluded from the number of shares used in the NAV per share computation.

Buy-backs via Global Depositary Receipts

In September 2015, Fondul Proprietatea started the sixth buy-back programme which is carried out by the Fund through buying both ordinary shares on the Bucharest Stock Exchange and GDRs on the London Stock Exchange.

From an accounting point of view the GDRs bought back by the Fund are accounted for exactly as the own ordinary shares repurchased, as a deduction in shareholders' equity (in an account with debit balance in shareholders' equity). This is the result of the application of substance over form principle, due to the fact that buy-back via GDRs is only a technical/ legal form of the transaction, the substance of the transaction being that the Fund buys back its own shares, giving the same rights to both the holders of the Fund's ordinary shares and to the holders of the Fund's GDRs, to take part in the buy-back programmes carried out by the Fund.

According to CNVM Regulation no. 4/2010, as subsequently amended, in the computation of the NAV per share, the number of own shares bought back by the Fund, held at the NAV reporting date, should be deducted from the number of shares issued and paid-in.

Due to the fact that in substance the Fund's GDRs are similar with the ordinary shares to which they correspond, in the computation of the number of shares used in the calculation of NAV per share, the equivalent number of shares corresponding to the GDRs bought back and held by the Fund as at NAV reporting date are also deducted (together with the number of the ordinary own shares bought back and held).

Official accounting regulations in 2015

Starting 1 January 2015, according to FSA Instruction no. 2/6 August 2014, entities authorised, regulated and supervised by the FSA were required to apply IFRS as the official basis of accounting. Therefore, starting on 1

January 2015 the Fund adopted IFRS as the statutory official accounting regulations and used the accounting records under IFRS for the computation of the non-portfolio items for the 30 January 2015, 27 February 2015, 31 March 2015 and 30 April 2015 NAV reports.

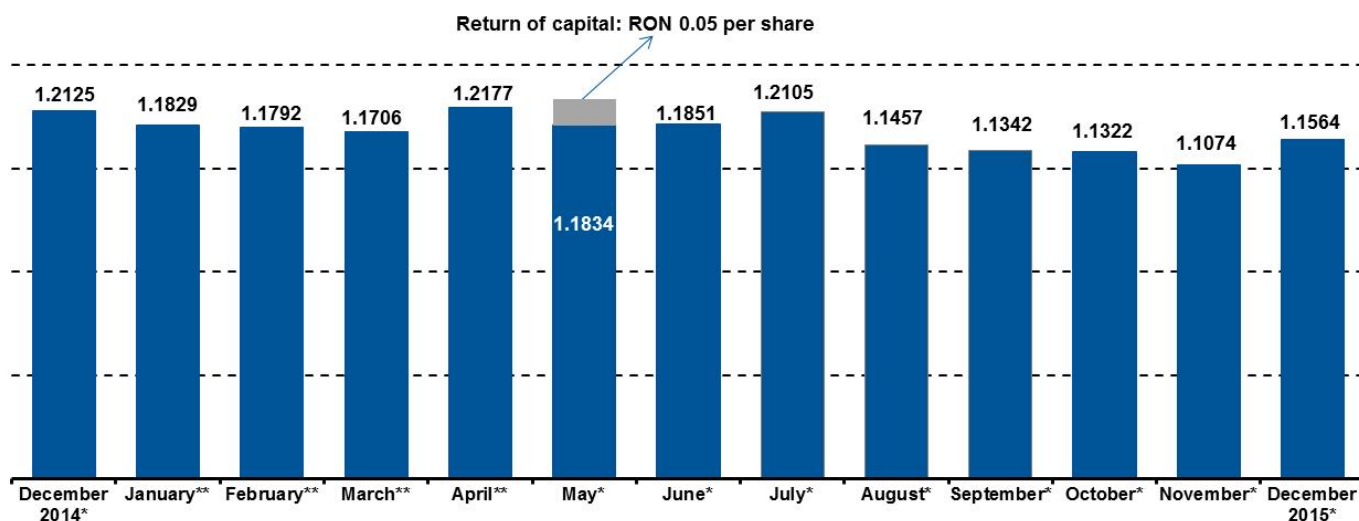
In May 2015 the FSA issued Instruction no. 1/19 May 2015 (which amended Instruction no. 2/2014) according to which the implementation of IFRS as the official basis of accounting is postponed until 1 January 2016 and regulated entities should continue to apply the Romanian Accounting Regulations (CNVM Regulation 4/2011) in 2015. As a result, the Fund used the accounting records according to Romanian Accounting Regulations for the computation of the non-portfolio items in the monthly NAV reports, starting the 29 May 2015 NAV report.

On 28 December 2015 the official accounting regulations applicable to Fondul Proprietatea were again changed by the FSA Norm 39/2015; as a result, starting with the annual financial statements for the year ended 31 December 2015, IFRS are the official accounting regulations (statutory basis of accounting) for the Fund.

However, even if the statutory 2015 annual financial statements were prepared in accordance with IFRS by adjusting the accounting records based on Romanian Accounting Regulations, according to the letter received from the FSA on 21 December 2015, the FSA confirmed the use of the accounting records under Romanian Accounting Regulations for the computation of non-portfolio items in the 31 December 2015 NAV. The differences between Romanian Accounting Regulations and IFRS on the non-portfolio items will be explained in a note in the Annex “Statement of Assets and Obligations of Fondul Proprietatea SA as at 31 December 2015, prepared in accordance with CNVM Regulation 4/2010 (Annex no. 4)”, that will be part of the 2015 Annual report.

NAV per share (RON per share)

The following chart shows information on the monthly published NAVs per share for the period 31 December 2014 to 31 December 2015:



Source: FTIML, based on NAV reports submitted to FSA

*Based on Romanian Accounting Regulations for non-portfolio items

**Based on IFRS for non-portfolio items

The grey section within May 2015 represents the value of the 2015 return of capital per share, approved by shareholders in January 2015, which was recorded in May 2015, following the FSA endorsement of this share capital decrease (Endorsement no. 169/ 20 May 2015), which resulted in a corresponding reduction of the NAV per share.

During the **first quarter of 2015** the NAV per share decreased by 3.5%, mainly due to the negative impact of the decrease of the share prices of certain listed holdings, principally OMV Petrom SA (impact on the Fund's NAV of RON 480.9 million or RON 0.0447 per share).

During the **second quarter of 2015**, the NAV per share had an overall moderate upward trend compared with the end of the first quarter of 2015, mainly due to the positive share price evolution of the Fund's listed holdings, principally OMV Petrom SA (impact on the Fund's NAV of RON 146.3 million or RON 0.0137 per share) and Romgaz SA (impact on the Fund's NAV of RON 52.0 million or RON 0.0049 per share) and also due to the fifth buy-back programme carried out by the Fund during this period.

During the **third quarter of 2015** the NAV per share decreased by 4.3%, mainly due to the negative impact of the decrease of the share prices of certain listed holdings, principally OMV Petrom SA (impact on Fund's NAV of RON 450.8 million or RON 0.0426 per share) and Romgaz SA (impact on Fund's NAV of RON 246.7 million or RON 0.0233 per share), while the buy-backs carried out during the period had a positive impact.

In the **last quarter of 2015**, the NAV per share increased overall, mainly due to the update of the independent valuation for unlisted portfolio holdings (the main positive impact being related to the holdings in Hidroelectrica SA and CN Aeroporturi Bucuresti SA), partially offset by the decrease of the share price of certain portfolio companies, principally of OMV Petrom SA share price (negative impact of RON 484.1 million or a decrease of RON 0.0462 per share), while the sixth buy-back programme carried out by the Fund during this quarter had a positive impact.

In October and December, 22 unlisted holdings, representing 99.7% of the total unlisted portfolio, were independently valued (including valuation updates for 21 of the holdings). The valuations were performed by KPMG Advisory and Ernst & Young Service, in accordance with International Valuation Standards. The overall impact was an increase of RON 749.4 million or RON 0.0717 per share, as compared to the 30 September 2015 NAV.

Portfolio company name	Value in 31 Dec 2015 NAV (RON Million)	Value in 30 Sep 2015 NAV (RON Million)	Impact on Total NAV (RON Million)	Impact on NAV per share ⁸ (RON)
1 Electrica Distributie Muntenia Nord SA	253.9	235.6	18.3	0.0018
2 Electrica Distributie Transilvania Sud SA	222.3	206.5	15.8	0.0015
3 Electrica Distributie Transilvania Nord SA	215.6	201.6	14.0	0.0013
4 Electrica Furnizare SA	149.6	126.4	23.2	0.0022
TOTAL	841.4	770.1	71.3	0.0068

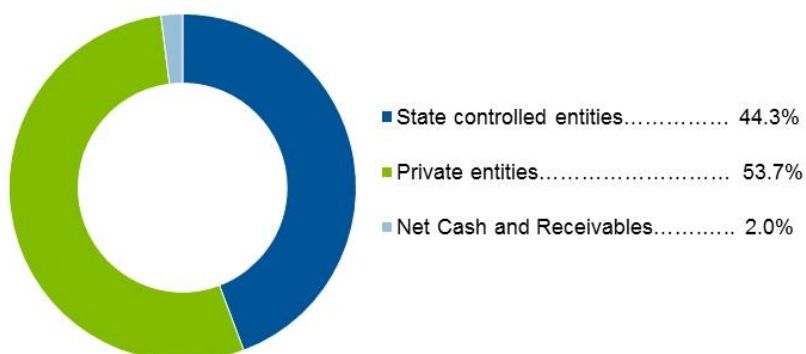
Portfolio company name	Value in 31 Dec 2015 NAV (RON Million)	Value in 27 Nov 2015 NAV (RON Million)	Impact on Total NAV (RON Million)	Impact on NAV per share ⁸ (RON)
1 Hidroelectrica SA	2,654.1	2,178.1	476.0	0.0455
2 ENEL Distributie Banat SA	624.0	640.5	(16.5)	(0.0016)
3 E.ON Distributie Romania SA	510.4	445.9	64.5	0.0062
4 CN Aeroporturi Bucuresti SA	497.8	332.3	165.5	0.0158
5 ENEL Distributie Muntenia SA	455.4	465.8	(10.4)	(0.0010)
6 GDF Suez Energy Romania SA	446.1	461.3	(15.2)	(0.0015)
7 ENEL Distributie Dobrogea SA	401.2	396.9	4.3	0.0004
8 Societatea Nationala a Sarii SA	177.4	142.9	34.5	0.0033
9 CN Administratia Porturilor Maritime SA	175.1	132.6	42.5	0.0041
10 E.ON Energie Romania SA	126.5	133.9	(7.4)	(0.0007)
11 ENEL Energie SA	76.6	74.4	2.2	0.0002
12 ENEL Energie Muntenia SA	64.0	65.1	(1.1)	(0.0001)
13 Complexul Energetic Oltenia SA	62.8	108.5	(45.7)	(0.0044)
14 Posta Romana SA	58.7	55.9	2.8	0.0003
15 Zirom SA	23.3	39.3	(16.0)	(0.0015)
16 Aeroportul International Timisoara - Traian Vuia SA	2.6	3.9	(1.3)	(0.0001)
17 Plafar SA	1.9	1.8	0.1	0.0000
18 Aeroportul International Mihail Kogalniceanu - Constanta SA	1.6	2.3	(0.7)	(0.0001)
TOTAL	6,359.5	5,681.4	678.1	0.0649

⁸ computed based on the number of shares used in NAV per share computation as at 31 December 2015

Investment Strategy and Portfolio Analysis

The Fund’s Investment Objective is the maximisation of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities. The equity exposure amounted to 98.0% of the Fund’s NAV as at 31 December 2015. As at that date, the portfolio was composed of holdings in 48 companies (14 listed and 34 unlisted), containing a combination of privately held and state-controlled entities.

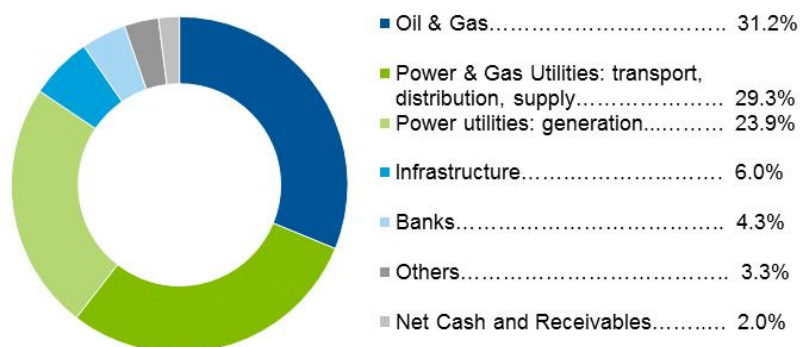
Portfolio Structure – by Controlling Ownership



- Net cash and receivables includes bank deposits, current bank accounts, treasury bills and bonds, dividend receivables, as well as other assets, net of all liabilities (including liabilities to shareholders related to the returns of capital and dividends from previous years) and provisions.

Source: FTIML, data as at 31 December 2015

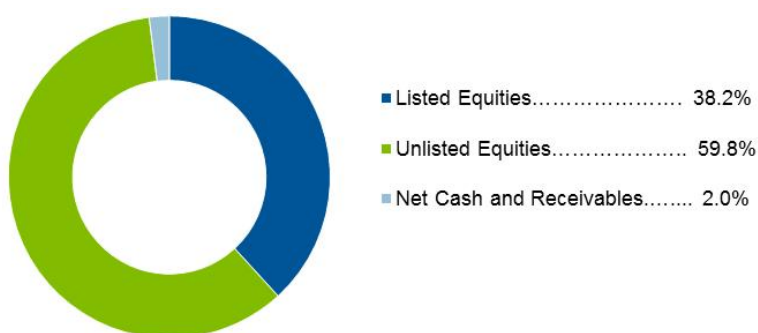
Portfolio Structure - by Sector



- The portfolio remained heavily weighted in power, oil and gas sectors (approx. 84.4% of the NAV), through a number of listed and unlisted Romanian companies.

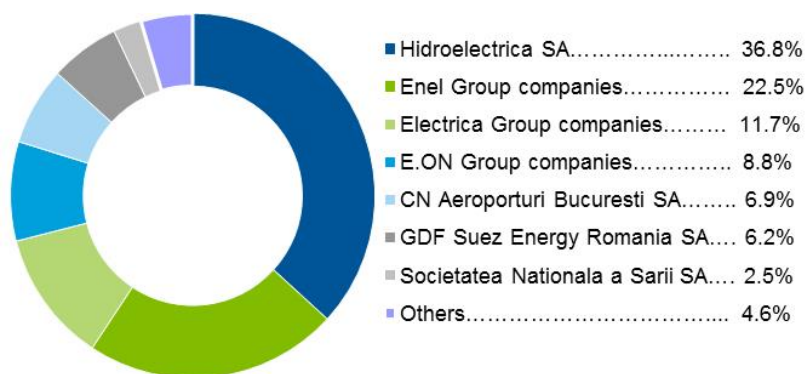
Source: FTIML, data as at 31 December 2015

Portfolio Structure – by Asset Type



Source: FTIML, data as at 31 December 2015

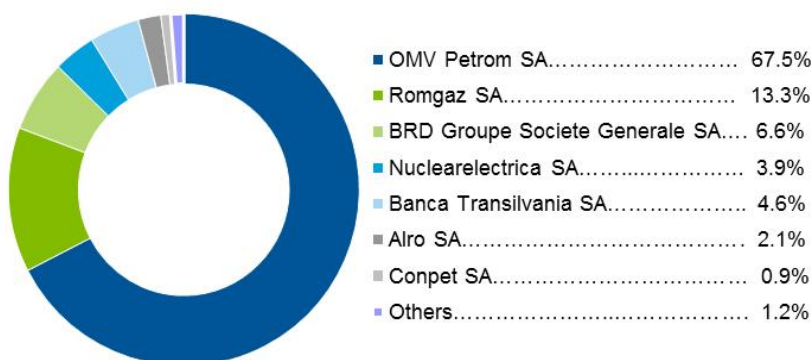
Portfolio Structure – Unlisted entities



- The largest unlisted company is Hidroelectrica SA (36.8% of the total value of unlisted companies in the portfolio)

Source: FTIML, data as at 31 December 2015

Portfolio Structure – Listed entities



- The largest listed company is OMV Petrom SA (67.5% of the total value of listed companies in the portfolio)

Source: FTIML, data as at 31 December 2015

Top 20 Equity Investments

No	Name	Fund's Stake (%)	Value as at 31 December 2015 (RON million)	% of NAV as at 31 December 2015
1	OMV Petrom SA	18.99%	3,120.0	25.8%
2	Hidroelectrica SA	19.94%	2,654.1	22.0%
3	ENEL Distributie Banat SA	24.13%	624.0	5.2%
4	Romgaz SA	5.85%	613.2	5.1%
5	E.ON Distributie Romania SA	18.35%	510.4	4.2%
6	CN Aeroporturi Bucuresti SA	20.00%	497.8	4.1%
7	ENEL Distributie Muntenia SA	12.00%	455.4	3.8%
8	GDF Suez Energy Romania SA	12.00%	446.1	3.7%
9	ENEL Distributie Dobrogea SA	24.09%	401.2	3.3%
10	BRD Groupe Societe Generale SA	3.64%	307.2	2.5%
11	Electrica Distributie Muntenia Nord SA	22.00%	253.9	2.1%
12	Electrica Distributie Transilvania Sud SA	22.00%	222.3	1.8%
13	Electrica Distributie Transilvania Nord SA	22.00%	215.6	1.8%
14	Banca Transilvania SA	2.88%	211.6	1.8%
15	Societatea Nationala a Sarii SA	49.00%	177.4	1.5%
16	Nuclearelectrica SA	9.09%	176.0	1.5%
17	CN Administratia Porturilor Maritime SA	20.00%	175.1	1.5%
18	Electrica Furnizare SA	22.00%	149.6	1.2%
19	E.ON Energie Romania SA	13.40%	126.5	1.1%
20	Alro SA	10.21%	96.2	0.8%
Top 20 equity holdings			11,433.6	94.8%
Total equity holdings			11,841.1	98.0%
Net cash and receivables			246.7	2.0%
Total NAV			12,087.8	100.0%

Source: FTIML, data as at 31 December 2015, based on NAV reports submitted to FSA.

Key Portfolio Developments in the Period

Acquisitions and Disposals

Participations in share capital increases and bonus shares

Following the share capital increase of GDF Suez Energy Romania SA, the Fund subscribed 8,835 new shares in the cash share capital increase performed by the company, at the nominal value of RON 10 per share (RON 88,350 in total). The capital increase became effective on 7 April 2015, when the registration with the Trade Register was completed.

In July 2015, Banca Transilvania SA completed the registration of the share capital increase (from incorporation of reserves) with the Central Depository. As a consequence, a number of 12,011,283 bonus shares received by the Fund in June were reflected as part of its portfolio (previously these shares were reflected in the other current assets category in the Fund's NAV report).

In August 2015 the Fund contributed in cash with RON 1.0 million to the share capital increase of Zirom SA. Also, in December 2015 the Fund contributed in cash with RON 1.5 million to the share capital increase of Zirom SA.

Disposals

During 2015 the Fund disposed of its entire holdings in SIFI CJ Agro SA (Comcereal Cluj) and Forsev SA in April, Electroconstructia Elco Cluj SA in June and Petrotel Lukoil SA in November.

In June, Fecne SA was erased from the Trade Register, at the end of the bankruptcy procedure.

In October, the Fund sold an aggregate of 16 million shares in Romgaz SA (14,715,000 in the form of ordinary shares and 1,285,000 in the form of global depository receipts). The shares were priced at RON 28.50 or USD 7.32 (in relation to disposals via dollar-denominated global depository receipts).

In December the Fund sold 152,156 shares in Primcom SA, at the price of RON 30 per share, within the buy-back programme carried by this company.

Energy Sector Updates

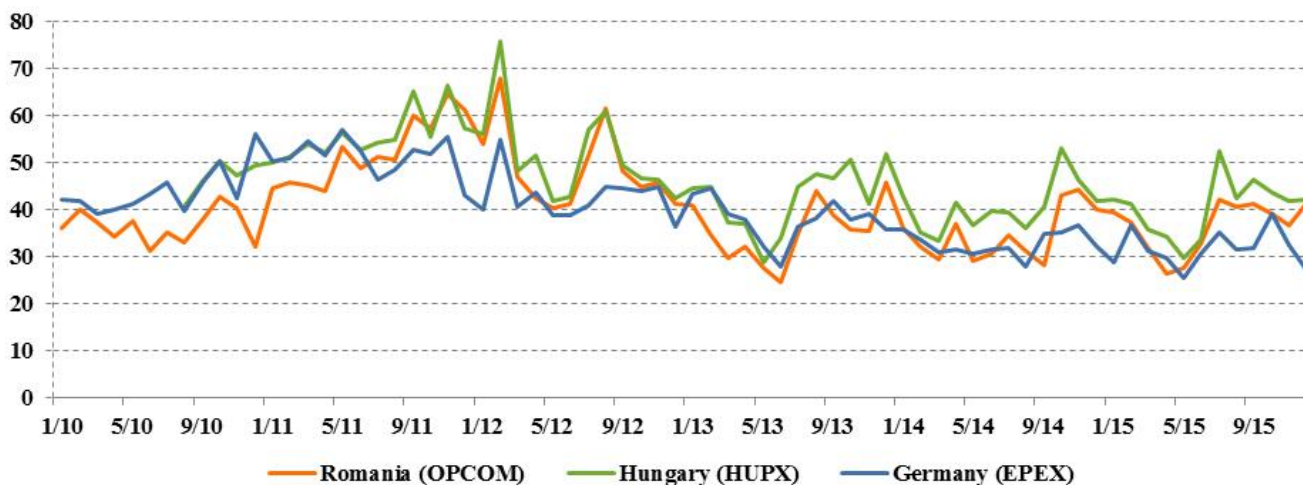
Energy Tariff Changes

The proposed timetable for gradual elimination of the regulated electricity prices for non-household consumers and for household consumers is according with the table below:

Starting date	Non-household consumers – % acquisition from the competitive market	Household consumers – % acquisition from the competitive market
01.01.2013	30	-
01.04.2013	45	-
01.07.2013	65	10
01.09.2013	85	10
01.01.2014	100	20
01.07.2014	100	30
01.01.2015	100	40
01.07.2015	100	50
01.01.2016	100	60
01.07.2016	100	70
01.01.2017	100	80
01.07.2017	-	90
31.12.2017	-	100

Source: ANRE webpage

Electricity prices (EUR/ MWh)



Source: Bloomberg, Hidroelectrica SA

Note: Day Ahead Market – monthly average for base load

Energy Resources (thousand tons barrels of oil equivalent)

	January – October 2015			January – October 2014			% change		
	Total	Production	Import	Total	Production	Import	Total	Production	Import
Coal	4,244.3	3,789.9	454.4	4,004.9	3,623.5	381.4	6.0	4.6	19.1
Oil	8,956.8	3,135.3	5,821.5	8,777.3	3,167.1	5,610.2	2.0	(1.0)	3.8
Natural gas	7,189.1	7,113.8	75.3	7,553.1	7,203.7	349.4	(4.8)	(1.2)	(78.4)
Hidro, Nuclear, and Import energy	4,502.6	4,240.4	262.2	4,206.0	4,171.1	34.9	7.1	1.7	651.3
Import oil products	2,127.4	-	2,127.4	1,711.9	-	1,711.9	24.3	-	24.3
Others	414.6	-	414.6	349.7	-	349.7	18.6	-	18.6
Total resources	27,434.8	18,279.4	9,155.4	26,602.9	18,165.4	8,437.5	3.1	0.6	8.5

Source: National Institute of Statistics webpage

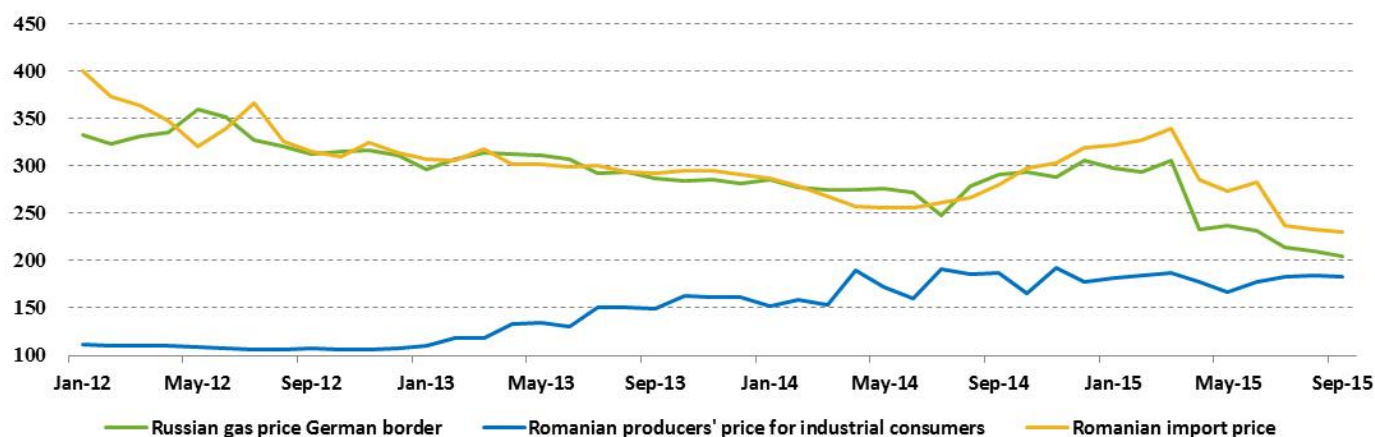
Gas Tariff Changes

Gas prices have increased starting 1 February 2013, pursuant to the schedule for gradual elimination of regulated gas prices. As of 1 January 2015, prices for supply to non-household consumers are determined freely, based on direct negotiation or acceptances of supplier's standard offer. Based on Government Decision no. 488/2015, the Government approved the updated schedule for gas price liberalisation for household consumers and heat producers (for the energy used in residential heating) for the period 1 July 2015 – 1 April 2020.

Starting date	Household prices (RON/ MWh)
01.07.2015	60.00
01.07.2016	66.00
01.04.2017	72.00
01.04.2018	78.00
01.04.2019	84.00
01.04.2020	90.00

Source: Government Decision no. 488/2015

Gas prices (EUR/ thousand m³)



Source: Bloomberg, ANRE

Special Infrastructure Tax

Starting with January 2015, the special infrastructure tax of 1.5% of the value of the special infrastructure assets (which most of the companies in the Fund's portfolio had to pay for the first time in 2014), has been lowered by one third to 1.0%. According to the provisions of Romanian Fiscal Code, the special infrastructure tax will be eliminated starting 1 January 2017.

Update on the Largest 20 Portfolio Companies

Alro SA

RON million	2013	2014	9M 2014**	9M 2015**	Budget 2014*	Budget 2015*
Turnover	2,016.9	2,108.4	1,438.6	1,769.2	2,119.5	2,665.6
Operating profit/ (loss)	(169,6)	51,0	15,6	218,1	70,2	318,1
Net profit/ (loss)	(103,0)	(63,6)	(216,4)	72,7	10,7	255,5
Dividends	-	-	n.a	n.a	-	-

Source: Based on consolidated IFRS financial statements

*Budgeted figures do not include any change in the fair value of the derivative embedded in the electricity purchase contract concluded with Hidroelectrica SA.

** Based on separate IFRS financial statements

May: Alro SA informed the market about the civil court case filed by Hidroelectrica SA against the company, claiming unattained profits from the bilateral electricity contract with Alro SA.

June: Alro SA and its subsidiaries Alum SA and Vimetco Extrusion SRL have been included among the beneficiaries of the provisions of Government Decision 495/ 2014, allowing the reduction of obligations related to the support scheme for the renewable energy sector. According to the Ministry of Economy estimation, for Alro SA the level of this State Aid granted through Government Decision 495/ 2014 falls within the range of EUR 10 – 30 million.

November: For the first nine months of the year, the company posted an unconsolidated net profit of RON 72.7 million compared to the RON 216.4 million losses during the similar period of the previous year. During the period, total sales increased by 23.0% y.o.y to RON 1,769.2 million. In volume terms, the sales of primary aluminium advanced by 3.0% (3,000 tonnes), while the volume of processed aluminium increased by 1.0% (800 tonnes). During the period, the average aluminium price recorded on the London Metal Exchange was of USD 1,717.0 per tonne, down 6.3% y.o.y, while the USD appreciated on average by 21.0% y.o.y against the local currency.

January 2016: The company informed the market that following an investigation regarding the electricity contracts signed with Hidroelectrica SA, the Competition Council imposed a fine on Alro SA of RON 21.2 million or 1.1% of 2014 turnover.

Banca Transilvania SA

RON million	2013	2014	9M 2014	9M 2015***	Budget 2014	Budget 2015*
Operating income	1,752.9	2,078.0	1,484.5	1,721.1	942.0	2,015.0
Net impairment losses	414.3	684.4	445.2	(18.1)	430.0	550.0
Net profit	397.6	442.5	338.1	2,296.2	512.0**	596.0**

Source: Based on consolidated IFRS financial statements (2013 figures have been restated)

*Budgeted figures before revision in October 2015

** Refers to budgeted gross profit, 2015 and 2014 budget does not include a line for net profit

*** Based on consolidated IFRS financial statements, including Volksbank Romania and the other companies in the group

February: The bank announced that it has allocated 125,560 shares bought back from the market as per shareholders' decision from 29 April 2014 to employees which have shown extraordinary performance in their professional activity.

March: According to consolidated IFRS financial statements, the bank reported a net profit of RON 442.5 million in 2014, which represents an increase of 11.3% compared to the net profit of RON 397.6 million reported in 2013. In 2014, the operating revenue increased by 18.5% year on year to RON 2,078 million, operating expenses increased 21.5% y.o.y to RON 1,562.4 million, of which net impairment losses increased by 65.2% y.o.y to RON 684.4 million. Banca Transilvania announced that it has selected AT Kearney to structure the integration process of Volksbank Romania. This process is expected to be finalised by March 2016.

April: The bank announced on 7 April the closing of the transaction by which it has purchased 100% of Volksbank Romania. The price paid was EUR 81 million, of which EUR 58 million was placed in an escrow account to cover future risks over the next 1 year. At the closing date the acquired bank had total assets of RON 35 billion and shareholders' equity of RON 1,905 million.

June: Mr. Horia Ciorcila, the President of the Board of Directors, reported that his holdings, including those held through entities he controls, have decreased from 5.02% to 4.13% following a recent transaction.

The bank announced that a total of 7.05 million shares were distributed to members of the Board of Directors, the General and Deputy Managers as well as regional managers, dealers, head dealers and other employees as

part of the annual incentives scheme. These shares were bought back from the market as per a shareholders decision from April 2014.

Fitch Ratings upgraded the Long-term Issuer Default Rating of Banca Transilvania from BB- to BB, with a stable outlook. Following the analysis of information received after the Volksbank Romania acquisition, Fitch decided to remove Banca Transilvania from the Rating Watch Evolving (RWE) list.

October: Shareholders approved the merger of Banca Transilvania SA and Volksbank Romania. The integration process is expected to be finalised by the end of 2015. At the same meeting shareholders approved the revised budget for 2015, which includes the merger but excludes one-offs in the profitability estimates: it shows an improved ROE of 18.1% from 13.0% before revision of the budget, cost/ income of maximum 22.2% from 43.1% before revision of budget, and total asset growth of 22.9% from 3.9% in the previous budget.

November: The bank published the results for the first 9 months of 2015, which include the effects of the acquisition of Volksbank Romania and are therefore not directly comparable to results for the corresponding period from 2014. The bank also published a set of directly comparable results, which exclude the effects of the acquisition and show a 1.6% increase in operating income to RON 1,453.6 million, an 18.0% decline of impairment losses to RON 362.4 million and a 3.0% decline of net profit to RON 313.0 million.

December: The bank announced the completion of the integration process of Volksbank Romania, with the effective merger date being 31 December 2015.

BRD – Groupe Societe Generale SA

RON million	2013	2014	9M 2014	9M 2015	Prelim 2015	Budget 2014	Budget 2015
Net banking income	2,850.6	2,623.0	1,966.1	1,860.1	2,507.2	Expected decrease due to lower net interest income	Around 3% increase
Net operating income	1,491.3	1,295.3	1,006.2	906.2	1,209.9	n.a.	
Net cost of risk	2,130.8	1,215.4	967.7	454.3	658.2	Significant improvement	Significant decrease
Net profit/ (loss)	(387.5)	63.1	33.6	380.1	465.8	Expected return to profitability	Significant improvement

Source: Based on consolidated IFRS financial statements

April: According to the 2014 consolidated IFRS financial statements, the bank reported a net profit of RON 63.1 million compared to a net loss of RON 387.5 million in 2013. Net banking income decreased by 8.1% y.o.y to RON 2,620.5 million, while general operating expenses decreased by 2.5% y.o.y. to RON 1,325.2 million, leading to a net operating income of RON 1,295.3 million, down by 13.1% y.o.y. Net cost of risk decreased by 43.0% compared to the previous year, to RON 1,215.4 million.

August: According to unaudited consolidated IFRS financial statements for the half year ended 30 June 2015 the bank reported a net profit of RON 268.5 million compared to a net profit of RON 125.4 million during the similar period of 2014. The net banking income decreased by 5.0% y.o.y to RON 1,226.4 million, while general operating expenses decreased by 1.3% y.o.y to RON 633.3 million, leading to a net operating income of RON 593.1 million, representing a decrease of 8.6% y.o.y. Net cost of risk decreased by 46.2% compared to the similar period of the previous year, to RON 268.9 million.

November: According to the unaudited consolidated IFRS financial statements for the first nine months of the year ended 30 September 2015 the bank reported a net profit of RON 380.1 million compared to a net profit of RON 33.6 million during the similar period of 2014. The net banking income decreased by 5.4% y.o.y to RON 1,860.1 million, while general operating expenses decreased by 0.6% y.o.y to RON 953.9 million, leading to a net operating income of RON 906.2 million, representing a decrease of 9.9% y.o.y. Net cost of risk decreased by 53.1% compared to the similar period of the previous year, to RON 454.3 million.

February 2016: According to preliminary consolidated IFRS financial statements for the full year 2015 the bank reported a net profit of RON 465.8 million compared to a net profit of RON 63.1 million in 2014. The net banking income decreased by 4.4% y.o.y to RON 2,507.2 million, while general operating expenses decreased by 2.3% y.o.y to RON 1,297.2 million, leading to a net operating income of RON 1,209.9 million, representing a decrease of 6.6% y.o.y. Net cost of risk decreased by 45.8% compared to the similar period of the previous year, to RON 658.2 million.

CN Administratia Porturilor Maritime SA

RON million	2013	2014	H1 2014	H1 2015	Budget 2014	Budget 2015
Total revenue	302.4	305.2	140.7	157.1	297.1	306.1
Operating profit	76.6	83.8	50.9	70.7	43.3	55.1
Net profit	65.0	70.3	41.8	61.4	31.0	39.8
Dividends	50.6	32.3	n.a.	n.a.	13.5	17.6

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

June: Total cargo processed through the ports managed by the company increased by 22.6% during the first 6 months of 2015 compared to the same period of 2014, driven largely by cereals (+122%), coal coke (+105%) and non-ferrous ores and scrap (+35%).

August: Financial statements for the half year ended 30 June 2015 show total revenues increased compared to the same period of 2014 by 11.7% to RON 157.1 million and net profit increased 46.9% to RON 61.4 million.

September: Total traffic increased in the first 8 months of 2015 compared with the same period of 2014 by 12.7% to 38.9 million tons.

December: Preliminary traffic data for the full year 2015 show a total throughput of 43.6 million tones, which represents an increase of 1.3% compared to 2014.

CN Aeroporturi Bucuresti SA

RON million	2013	2014	H1 2014	H1 2015	Budget 2014	Budget 2015
Total revenue	641.4	689.7	316.7	361.7	676.8	725.8
Operating profit	91.0	124.4	60.8	106.7	39.9	40.6
Net profit	69.0	98.8	52.6	90.4	25.3	44.3
Dividends	61.6	51.2	n.a.	n.a.	12.6	24.4

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

The company's financial results for the year ended 31 December 2014 show an increase of 7.5% in total revenue to RON 689.7 million, an increase of 36.7% in operating profit to RON 124.4 million, and a 43.2% increase in net profit to RON 98.8 million compared with the results of 2013.

May: Total passenger traffic for the first 4 months of 2015 increased to 2.6 million, an increase of 14.9% compared to the same period in 2014.

August: Financial statements for the half year ended 30 June 2015 show total revenues increased compared to the same period of 2014 by 14.2% to RON 361.7 million and net profit increased 71.9% to RON 90.4 million.

September: Total passenger traffic increased by 11.8% to 6.1 million passengers in the first 8 months of 2015 compared with the same period of 2014.

December: According to preliminary data, the total passenger traffic in 2015 was 9.29 million passengers, which represents an increase of 11.6% compared to 2014.

E.ON Distributie Romania SA

E.ON Distributie Romania SA was created on 31 December 2014 through the merger of E.ON Gaz Distributie SA (as the absorbing company, whose name was changed) and E.ON Moldova Distributie SA (as the absorbed company).

RON million	2013	2014	Budget 2014*	Budget 2015***
Sales	726.5	770.5	748.0**	1,448.0**
Operating profit	74.0	96.8	50.0	217.0
Net profit	67.8	83.0	37.0	180.0
Dividends****	-	-	-	-

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations (2013 and 2014 figures reflect only gas distribution business as reported by the company)

* E.ON Gaz Distributie SA 2014 budget

**2014 budget: Power distribution revenue / 2015 budget: Power and gas distribution revenue

***Budgeted figures include also electricity distribution business

****E.ON Gaz Distributie dividends

Based on ANRE Order 150/ 2014, starting January 2015, the regulated electricity distribution tariffs decreased between 1% (for high voltage) and 3.3% (for low voltage). Based on the ANRE Order 62/2015, gas distribution tariffs decreased as of 1 May 2015 between 0.2% and 6.3% depending on the end-consumer consumption volume.

May: The Fund requested the amendment of the convening notices of the OGM of E.ON Distributie Romania SA and E.ON Energie Romania SA, called on 26 May and 28 May 2015 respectively, in order for shareholders to approve the initiation of court actions against the Board members and managers of E.ON Distributie Romania SA, E.ON Moldova Distributie SA and E.ON Energie Romania SA, for the recovery of damages caused to the companies by approving, concluding and performing service agreements with E.ON Romania SRL, the majority shareholder of the three companies. Fondul Proprietatea considers that the service agreements entered into by the three companies with the majority shareholder E.ON Romania SRL are unnecessary and the price paid by the companies to E.ON Romania SRL for the strategic consultancy services is unjustified. According to data available to the Fund, in 2014, the total value of these service agreements related to strategic and management consultancy amounted to an estimated RON 34.4 million.

December: Based on ANRE Order 174 issued on 14 December 2015, the regulated electricity distribution tariffs decreased on average by 9.6%. Among the reasons quoted by the regulator for this reduction are the positive gap between actual distributed volumes in 2015 versus initial projections, substantial reduction in the cost of energy purchased by the distributor to cover grid losses and the implementation of the reduced Regulated Rate of Return (to 7.7% vs. 8.5%) legislated at the end of 2014.

E.ON Energie Romania SA

RON million	2013	2014	Budget 2014	Budget 2015
Operating revenue	4,766.7	4,871.9	5,326.0*	4,821.0*
Operating profit	226.6	108.6	159.0	125.0
Net profit	224.5	94.0	131.0	110.0

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

*Power and gas sales revenue

Based on the ANRE Order 21/2015, starting 1 April 2015, regulated end-consumer prices for households increased by around 1.5%.

Electrica Distributie Muntenia Nord SA (“EDMN”)

RON million	2013	2014	H1 2014	H1 2015	Budget 2015
Total revenue	792.8	805.4	388.3	394.2	778.3
Operating profit	132.6	159.6	78.1	94.3	165.5
Net profit	126.5	140.2	75.8	83.1	139.0
Dividends	105.5	112.1	n.a.	n.a.	111.1

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

The company’s financial results reported under IFRS for the first quarter of 2015 show that revenues of the company decreased to RON 201.0 million versus RON 205.0 million in the first quarter of 2014 and net profits of the company increased to RON 36.0 million versus RON 27.0 million in the first quarter of 2014.

November: Financial results for the first nine months of 2015 according to IFRS show a decrease in revenues of 1.2 % from RON 638.4 million to RON 630.8 million and a decrease of net profits from RON 124.0 million to RON 118.6 million.

December: Starting 1 January 2016, the regulated electricity distribution tariffs decreased on average by 14.0% (based on ANRE Order no. 172, published on 18 December 2015).

Electrica Distributie Transilvania Nord SA (“EDTN”)

RON million	2013	2014	H1 2014	H1 2015	Budget 2015
Total revenue	656.3	674.7	332.8	352.0	685.1
Operating profit	88.0	119.6	70.4	93.4	146.0
Net profit	63.7	95.3	61.1	80.0	120.3
Dividends	53.0	75.9	n.a.	n.a.	96.1

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

The company’s financial results reported under IFRS for the first quarter of 2015 show that revenues of the company increased to RON 192.0 million versus RON 179.0 million in the first quarter of 2014 and net profits of the company increased to RON 37.0 million versus RON 32.0 million in the first quarter of 2014.

November: Financial results for the first nine months of 2015 according to IFRS show an increase in revenues of 13.4% from RON 525.1 million to RON 595.4 million and an increase of net profits from RON 93.6 million to RON 116.4 million.

December: Starting 1 January 2016, the regulated electricity distribution tariffs decreased on average by 7.0% (based on ANRE Order no. 173 published on 18 December 2015).

Electrica Distributie Transilvania Sud SA (“EDTS”)

RON million	2013	2014	H1 2014	H1 2015	Budget 2015
Total revenue	716.1	739.3	366.1	383.0	779.3
Operating profit	90.3	121.4	76.3	90.9	142.2
Net profit	69.3	100.1	66.5	77.3	110.4
Dividends	57.9	79.9	n.a.	n.a.	87.8

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

The company’s financial results reported under IFRS for the first quarter of 2015 show that revenues of the company increased to RON 203.0 million versus RON 201.0 million in the first quarter of 2014 and net profits of the company increased to RON 29.0 million versus RON 24.0 million in the first quarter of 2014.

November: Financial results for the first nine months of 2015 according to IFRS show an increase in revenues of 4.0% from RON 564.1 million to RON 586.6 million and a doubling of net profits from RON 57.7 million to RON 121.6 million.

December: Starting 1 January 2016, the regulated electricity distribution tariffs decreased on average by 10.7% (based on ANRE Order no. 171 published on 18 December 2015).

Electrica Furnizare SA

RON million	2013	2014	H1 2014	H1 2015	Budget 2015
Total revenue	4,795.2	4,055.4	2,056.9	2,056.2	4,097.5
Operating profit	100.1	223.7	141.6	73.5	n.a.
Net profit	101.5	204.7	130.6	66.2	95.1
Dividends	89.3	174.0	n.a.	n.a.	-

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

The company’s financial results reported under IFRS for the first quarter of 2015 show that revenues of the company increased to RON 1,160.0 million versus RON 1,103.0 million in the first quarter of 2014 and net profits of the company decreased to RON 38.0 million versus RON 42.0 million in the first quarter of 2014.

November: Financial results for the first nine months of 2015 according to IFRS show an increase in revenue from RON 3,066.0 million to RON 3,286.0 million and a decrease of net profits from RON 150.0 million to RON 101.0 million.

ENEL Distributie Banat SA (“EDB”)

RON million	2013	2014	Budget 2014	Budget 2015
Operating revenue	659.3	631.4	571.8	557.0
Operating profit	203.4	188.4	191.3	188.1
Net profit	190.7	172.2	176.1	161.8
Dividends	-	85.7	-	-

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

August: Catalin Deaconescu and Gabriel Andronache were replaced as members of the board with Laura Cristina Stanislav-Bogdan and Violeta Floria following the request from SAPE (the government agency in charge with managing the state’s participation in energy companies).

December: Starting 1 January 2016, the regulated electricity distribution tariffs decreased on average by 15.0% (based on ANRE Order no. 168 published on 18 December 2015).

ENEL Distributie Dobrogea SA (“EDD”)

RON million	2013	2014	Budget 2014	Budget 2015
Operating revenue	544.5	526.5	480.7	461.9
Operating profit	148.9	102.7	154.7	154.7
Net profit	133.5	87.7	130.6	129.3
Dividends	-	43.6	-	-

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

December: Starting 1 January 2016, the regulated electricity distribution tariffs decreased on average by 13.0% (based on ANRE Order no. 169 published on 18 December 2015).

ENEL Distributie Muntenia SA (“EDM”)

RON million	2013	2014	Budget 2014	Budget 2015
Operating revenue	997.7	1,001.4	903.4	901.1
Operating profit	220.9	246.3	287.7	244.1
Net profit	267.2	240.8	254.0	211.7
Dividends	-	-	-	-

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

January: Based on ANRE Orders 151-153/2014 starting January 2015 the regulated electricity distribution tariffs decreased on average by 2.5% and 0.2% for EDB and EDD respectively and increased by 0.6% for EDM.

February: Enel announced the suspension of the sale of the distribution and supply assets in Romania. It later on announced that the Romanian assets fit Enel’s strategy.

August: Cristian Cosmin was replaced as member of the board with Mihaela Preda following the request from SAPE (the government agency in charge with managing the state’s participation in energy companies).

December: Following Ion Adrian Moldoveanu’s resignation, SAPE recommended and shareholders approved the appointment of George Laurentiu Cazacu as board member.

Starting 1 January 2016, the regulated electricity distribution tariffs decreased on average by 16.0% (based on ANRE Order no. 170 published on 18 December 2015).

GDF Suez Energy Romania SA

RON million	2013	2014	H1 2014	H1 2015	Budget 2014*	Budget 2015*
Turnover	4,127.1	4,337.2	2,332.7	2,536.7	4,667.1	4,441.4
Operating profit	518.7	560.9	416.9	426.7	372.7	262.1
Net profit	447.1	443.1	346.7	351.3	359.6	278.8
Dividends**	280.0	200.0	n.a.	n.a.	-	-

Source: Based on consolidated IFRS financial statements

*Budgeted figures based on separate IFRS financial statements

**Dividends are based on the separate IFRS financial statements

April: The company increased its stake in Congaz SA, a gas distribution company in Constanta county, from 85.77% to 99.72%. Congaz SA owns 850 km of gas network and serves over 57,000 clients.

Starting 1 April 2015 the regulated supply tariffs for households were decreased by ANRE by approximately 6%. This is related to the recovery of unrealised revenue from previous years when supply tariffs were hiked, the elimination of imported gas in households' gas basket and lower distribution tariffs.

According to media, GDF Suez Energy Romania SA won in court a litigation against ANRE for recovering EUR 66 million, representing unrecognised revenues dating from 2008-2011. According to the energy regulator, a large amount was already recovered by the company from the industrial consumers by the end of 2014 and the rest will be recovered from the household consumers by the end of 2018. ANRE has the possibility to appeal the court's decision.

Hidroelectrică SA

RON million	2013	2014	H1 2014	H1 2015	Budget 2014	Budget 2015
Turnover	3,083.2	3,406.0	1,554.3	1,851.5	2,522.0*	2,851.3*
Operating profit	1,016.1	1,207.9	495.4	734.0	399.9	489.7
Net profit	718.8	941.5	410.0	596.9	246.5	371.9
Dividends	-	646.4	n.a.	n.a.	-	174.5

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

*Operating revenue

The company's financial results for the year ended 31 December 2014 include a 33.0% increase in pre-tax profit from RON 901.0 million to RON 1.2 billion.

June: The company's preliminary results for the first 5 months of 2015 show a pre-tax profit of RON 635.0 million.

September: The first 8 months of 2015 results as per Romanian accounting regulations show net profits of RON 830.0 million compared with RON 719.0 million in the first 8 months of 2014.

December: Management expects the company to reach RON 1,100 million in pre-tax profits in 2015. Competition Council sanctioned Hidroelectrică SA together with other 10 contractual partners (mainly electricity traders) with fines amounting EUR 37 million (out of which Hidroelectrică's fine was EUR 4.6 million) for concluding anticompetitive agreements on the electricity producing and trading market. The investigation was opened in 2012 and Hidroelectrică SA admitted the deeds and benefited from fine reduction mechanisms.

Nuclearelectrică SA

RON million	2013	2014	9M 2014***	9M 2015***	Budget 2014*	Budget 2015
Sales	1,932.5	1,794.6	1,306.3	1,283.7	1,816.3	1,884.0
Operating profit/ (loss)	459.3	173.8	85.5	107.3	103.1	57.7
Net profit	426.9	131.4	77.3	131.2	99.0	30.8
Dividends**	340.9	90.4	n.a.	n.a.	47.7	15.7

Source: Based on audited consolidated IFRS financial statements

* Revised budgeted figures

**Dividends are based on the separate IFRS financial statements

***Based on individual IFRS financial statements

March: According to the consolidated IFRS financial statements for the year ended 31 December 2014, the company reported a net profit of RON 131.4 million (a decrease of 69.2% y.o.y).

April: At the Shareholders' Meeting on 29 April the Board of Directors proposed, and shareholders approved, to distribute a gross dividend per share of RON 0.3 for the financial year 2014 translating into a pay-out ratio of 71% from distributable net profit.

August: The company released the financial results for the first six months of 2015: electricity output was flat y.o.y. at 5.18 TWh and total sales were up 0.5% y.o.y. to RON 858.4 million. The total costs decreased slightly y.o.y. despite the additional costs generated by the planned shutdown of Unit 2 in Q2 2015 for approximately 25 days. Total operating expenses decreased 3.3% to RON 843.9 million. Salaries expenses were higher than estimated mainly due to the fact that some benefits in kind were previously booked as other expenses.

Operating profit increased to RON 14.4 million in the first six months of 2015 compared to a loss of RON 18.4 million in the first six months of 2014, mostly supported by a lower tax on special constructions, which was reduced to 1.0% from 1.5% previously (paid in full amount in first quarter of 2015). The bottom line decreased to RON 1.6 million compared to RON 14.4 million in the first six months of 2014 as financial losses offset improvements in operating activity.

November: The company released the individual financial statements for the first nine months of 2015: the sales decreased 1.7% y.o.y. to RON 1,283.7 million, operating profit increased 25.5% y.o.y. to RON 107.3 million and net profit increased 69.7% y.o.y. to RON 131.1 million. The improvement in profitability was mainly generated by the decrease of the tax on special constructions (from 1.5% in 2014 to 1.0% in 2015). The quantity of electricity sold decreased by 1.0% y.o.y. because of the planned shutdown for maintenance works. The weighted average selling price decreased by 1.1% y.o.y. to 161.5 RON/MWh.

OMV Petrom SA

RON million	2013	2014	9M 2014	9M 2015	Budget 2014	Budget 2015
Sales	24,185.2	21,541.3	16,194.6	13,626.8	17,140.0	n.a.
Operating profit	5,957.9	3,338.3	3,449.1	1,314.7	4,405.0	1,121.0
Net profit/ (loss)	4,824.0	2,099.7	2,406.7	990.7	3,936.0	1,102.0
Dividends*	1,744.6	634.4	n.a.	n.a.	-	-

Source: Based on consolidated IFRS financial statements

*Dividends based on separate IFRS financial statements

January: OMV Petrom SA announced the appointment of Christoph Trentini as interim member of the Supervisory Board, following Hans-Peter Floren's waiver of the mandate. Mr Trentini is currently Senior Vice President and Group controller of OMV AG, where he joined in 2004.

March: The company's Board decided to rename its main divisions as follows: the Exploration and Production division will be renamed to Upstream Division, Refining and Marketing will become Downstream Oil while Gas and Power will become Downstream Gas. The Board also reconfirmed 4 of the 5 members of the Executive Board: Mariana Gheorghe as CEO, Andreas Matje as CFO, Gabriel Selischi in charge of Upstream Activity and Neil Anthony Morgan in charge of Downstream Oil, while Lacramioara Diaconu-Pintea replaced Cristian Secosan as member of the Executive Board in charge with Downstream Gas.

May: The company announced the financial results for the first quarter of 2015. Compared to the same quarter of 2014 sales decreased 19% to RON 4.3 billion, group EBIT declined 66% to RON 494.0 million while net income declined 68% to RON 345.0 million. Total hydrocarbon production increased 1% to 16.5 million barrels of oil equivalent ("mboe"), of which 7.7 mboe was oil and the balance was represented by natural gas.

The company contracted a multi-currency credit line of EUR 1 billion from a syndicate of 17 banks in order to replace a similar facility which had been contracted in November 2011 with maturity in 2016 but had not been used. The new facility has a maturity of 5 years with the possibility to be extended by another 2 years.

July: OMV Petrom SA announced the appointment of Mr Rainer Seele as the interim President of the company's Supervisory Board following the waiver of the mandate of Mr Gerhard Roiss. Mr Seele is the Chairman of the Executive Board and CEO of OMV AG starting 1 July 2015.

September: Shareholders approved the company's secondary listing on the London Stock Exchange by the issuance of Global Depository Receipts. The approval is valid until the end of 2016.

Reiner Seele was confirmed by shareholders as the new President of the Supervisory Board. He had been appointed to this position on an interim basis in July. He is the new CEO of OMV AG since July 2015 and has extensive experience in the oil and gas industry at companies such as Wintershall AG, WINGAS GmbH and BASF AG.

November: The company published the results for the third quarter and for the first 9 months of 2015, which were significantly impacted by the 49.0% decline in average realised oil price compared to the same period of 2014, which was only partially compensated by strong refining margins and cost reductions. Total sales declined in the first 9 months by 15.9% to RON 13,626.8 million, group EBIT declined by 61.9% to RON 1,314.7 million and net profit declined 58.8% to RON 990.7 million. Results were also impacted by the revision of the company's assumptions for oil prices going forward, which resulted in unscheduled depreciation expenses of RON 786.0 million during the third quarter of 2015 alone.

January 2016: The trading statement for the fourth quarter of 2015 issued by OMV, the majority shareholder of the company, includes information relevant to OMV Petrom SA: average Urals oil price for the fourth quarter in 2015 decreased to 42.26 USD/barrel, down 44.1% from 75.58 USD/barrel in the fourth quarter of 2014; total hydrocarbon production reached 176 thousand barrels per day during the fourth quarter of 2015, down 3.3% from 182 thousand barrels per day in the same period of 2014; additional impairment losses of EUR 400 million have been recorded during the fourth quarter of 2015, following a further revision of oil and gas price assumptions over the 2016-2020 period.

Romgaz SA

RON million	2013	2014	9M 2014	9M 2015	Budget 2014**	Budget 2015**
Sales	3,894.3	4,493.3	3,286.8	2,933.1	5,089.5	4,587.5***
Net profit	995.6	1,409.9	1,114.0	975.3	1,160.6	1,511.9
Dividends*	990.6	1,214.1	n.a.	n.a.	-	-

Source: Based on audited IFRS financial statements

* Dividends are based on the separate IFRS financial statements

**Budgeted figures based on the Romanian Accounting Regulations

***Total operating revenues

March: Romgaz SA announced the completion of works for bringing into production two new gas accumulations in the Moldavian and Transylvanian Platforms. The Frasin well was drilled at 4,100 m, while the Cris well was drilled at 2,600 m, with combined daily production of 2,600 barrels of oil equivalent per day. This represents approximately 3% of the company's total annual production.

The shareholders' meeting held on 18 March 2015 appointed Sorana-Rodica Baciu as member of the Board of Directors following the resignation of David Klingensmith. She was recommended by the European Bank for Reconstruction and Development and received a mandate until 30 December 2017. Mrs Baciu was previously Director, Strategy and Investor Relations at OMV Petrom since 2007. The same shareholders' meeting appointed Dragos Dorcioman as member of the Board of Directors following the resignation of Sergiu Manea. His mandate was for 1 year or until the provisions of Government Emergency Ordinance 109/2011 regarding corporate governance in state owned companies ("GEO 109/2011") will be applied. Mr Dorcioman was appointed as Counsellor of the Minister of Energy in early 2015. He is also General Manager and owner of SC DFS Center Group SRL.

June: The shareholders' meeting held on 17 June approved the company's budget for 2015, under Romanian Accounting Regulations. Compared to the results reported for 2014, total revenues are budgeted to increase by 3.3% to RON 4.6 billion, net profit by 7.1% to RON 1.5 billion and dividends are budgeted to decrease by 5.5% to RON 1.15 billion, representing a pay-out ratio of 70%.

September: The company published a current report offering additional details regarding the contractual situation with Electrocentrale Bucuresti SA, one of its biggest clients representing approximately 20% of annual sales, which was generating overdue receivables for which Romgaz SA recorded provisions of RON 136.0 million during the first 6 months of 2015. The Board decided to extend the contract which expired on 30 September until 15 October, later further extended to 15 November, with gas deliveries conditioned on payments in advance.

October: Romgaz SA published financial results for the first nine months of 2015. Compared to the same period of 2014 sales declined by 10.8% to RON 2,933.1 million, mainly driven by an 11.9% decline in volumes sold; EBITDA declined 11.9% to RON 1,688.9 million and net profit declined 12.5% to RON 975.3 million.

January 2016: The contract with Electrocentrale Bucuresti SA was further extended until 29 February 2016, with deliveries continuing to be conditioned by advance payments and the signing of a longer term contract depending on a resolution to the situation of overdue receivables. The Board approved an agreement to reschedule some of the overdue receivables in exchange for real estate collateral offered by Electrocentrale Bucuresti SA. The final amount of the rescheduled receivables will be established once the assets pledged as collateral are revalued. The management will continue discussions for finding a solution for the remaining overdue receivables.

Societatea Nationala a Sarii SA (Salrom)

RON million	2013	2014	H1 2014	H1 2015	Budget 2014*	Budget 2015
Operating revenue	326.9	297.6	133.9	154.2	335.2	324.6
Operating profit	48.8	31.8	17.6	35.0	40.3	47.0
Net profit	42.8	24.5	13.4	29.4	35.2	40.2
Dividends	40.4	20.9	n.a.	n.a.	18.2	37.0

Source: Based on the financial statements prepared in accordance with applicable Romanian Accounting Regulations

* Revised budgeted figures

February: three out of five board members were replaced, having a mandate which expires at the implementation of GEO 109/2011: the Chairman of the Board is Mr Mircea Popescu, who graduated from Bucharest Law University and previously worked for more than 10 years for the Romanian Court of Accounts, Mr Cristian Socol is professor at the Academy of Economic Studies in Bucharest and personal advisor of the former Prime Minister of Romania, Victor Ponta and Ms Alexandra Pana is advisor of the Minister of Economy. The two board members recommended by the Fund, Ms Simona Fatu and Mr Dan Gheorghe, are continuing their mandates.

August: The company released the financial results for the first six months of 2015: revenues increased by 15.2% y.o.y. to RON 154.2 million, operating profit almost doubled to RON 35.0 million and net profit rose 119.4%, reaching RON 29.4 million. The improvement in the financial results came mainly from the increase in salt quantities sold to the key clients and also from a slight cost reduction.

Changes affecting the share capital and management of the Fund

Share capital of the Fund

Share capital decrease through the return of capital to shareholders

During the 21 January 2015 GSM, the Fund's shareholders approved the return to shareholders of RON 0.05 per share, following the reduction of the nominal value of the shares of the Fund from RON 0.95 to RON 0.90. The decrease was motivated by the optimisation of the share capital of Fondul Proprietatea, involving the return to the shareholders of a part of their contributions, proportionally with their participation in the paid-in share capital of the Fund. The shareholders resolution was published in the Official Gazette of Romania on 4 February 2015 and the endorsement by the FSA of the new Constitutive Act reflecting the share capital decrease was received on 21 May 2015 (Endorsement no. 169 / 20 May 2015).

The shareholders registered with the Central Depository on 24 June 2015 have the right to receive RON 0.05 per share, proportionally with their participation in the paid-in share capital of the Fund. The payment of the capital return started on 29 June 2015 (the Payment Date).

Following recent legislative changes, starting with this year, the payments were performed through Central Depository, as follows:

- a) for shareholders having a custodian/ brokerage account, directly by the respective custodian bank or broker;
- b) for all other shareholders:
 - (i) by the Central Depository, through the Paying Agent, but only in case of bank transfers when the supporting documentation required by the Central Depository, along with a payment request, have been submitted.
 - (ii) by the Paying Agent at any of its agencies for the cash payments or by bank transfer (when the supporting documentation required by the Paying Agent, along with a payment request, have been submitted to the Paying Agent).

The Paying Agent appointed by the Fund for the 2015 distributions is BRD Groupe Societe Generale.

As an important notice to shareholders, the payment of the amounts due to the Fund's shareholders related to the return of capital approved in 2015 is subject to the general statute of limitation. As such, the shareholders may request these payments only within a three year term starting with the Payment Date, namely until 29 June 2018.

Share cancellation

The share cancellation after the Third Buy-back Programme

The FSA, through Endorsement no. 25/27 January 2015, endorsed the decrease of the subscribed share capital from RON 11,815,279,886.85 to RON 11,575,064,733.65, following the cancellation of 252,858,056 treasury shares acquired by the Fund in the third buy-back programme in 2014. The share capital decrease was effective on 27 January 2015. Therefore, starting from 27 January 2015, the new value of the Fund's subscribed share capital was RON 11,575,064,733.65, (representing 12,184,278,667 shares with a nominal value of RON 0.95 per share). The value of the paid-in share capital was RON 11,229,443,001.15 (representing 11,820,466,317 shares with a nominal value of RON 0.95 per share).

The share cancellation after the Fourth Buy-back Programme

On 12 August 2015, the FSA endorsed the decrease of the subscribed share capital of the Fund from RON 10,965,850,800.30 to RON 10,074,080,745.90, following the cancellation of 990,855,616 treasury shares acquired by the Fund in the fourth buy-back programme in 2014 and 2015. The share capital decrease was effective on 12 August 2015.

Therefore, starting on 12 August 2015, the new value of the Fund's subscribed share capital is RON 10,074,080,745.90, divided into 11,193,423,051 shares with a nominal value of RON 0.90 per share. The value of the paid in share capital is RON 9,746,649,630.90, divided into 10,829,610,701 shares with a nominal value of RON 0.90 per share. As a result of the share capital decrease the new GDR facility limit, calculated as one third of the share capital, is 74,622,820 GDRs.

Changes to the Investment Management Agreement

During 2015 there were two changes of the Investment Management Agreement that produced effects during the year. Also, the shareholders approved the third change, to be effective after FSA endorsement, according to regulations in force.

Addendum 2 of the current Investment Management Agreement

The shareholders of the Fund approved some changes of the current Investment Management Agreement on 23 September 2014, and the FSA has issued Endorsement no. 88/ 20 March 2015 endorsing the Addendum with some comments: a proposal to change the definition of the force majeure event and a proposal to have the effective date of the distribution fee the date when Addendum no. 2 to IMA 2014 was endorsed by FSA (20 March 2015). All other changes of the IMA 2014 entered into force on 20 March 2015.

Addendum 3 of the current Investment Management Agreement

Considering FSA's recommendations issued on 20 March 2015 for the IMA 2014, the shareholders approved on 29 October 2015 the Addendum no. 3 to IMA 2014, which entered into force on 29 October 2015.

Addendum 4 of the current Investment Management Agreement

The shareholders of the Fund approved additional changes of the current Investment Management Agreement on 29 October 2015, related to the calculation of the distribution fee, all included in Addendum no. 4 to the IMA 2014. For further updates on the Addendum 4, please see the section *Subsequent Events*.

Changes to the Constitutive Act

During 2015 there were several changes in the Constitutive Act of the Fund, as follows:

- Changes related to the articles referring to the share capital and the nominal value, as a result of the share capital decrease processes;
- Several changes related to the AIFM Directive implementation;
- Changes related to the duties of the Board of Nominees that are not related to the AIFM Directive implementation.

According to legislation in force, all the changes to the Constitutive Act enter into force after FSA endorsement.

Changes in the Management of the Fund as a result of the Law for implementing AIFM Directive

In order to achieve AIFM Directive compliance, the Fund Manager proposed to the shareholders and the shareholders approved on 29 October 2015, an intra-group reorganisation process whereby the AIFM function will be taken by FTIS, a Franklin Templeton entity authorised as AIFM by the CSSFF Luxemburg. FTIS is currently the AIFM for several European alternative investment funds, having adequate experience in this field. Based on the current plan, FTIS has been appointed the AIFM of the Fund with the effective date 1 April 2016 and will be providing services based on the passport provisions; subsequently FTIS will delegate some of its portfolio and administrative functions to FTIML.

The detailed AIFM Directive implementation plan is envisaged to unfold as follows:

- Approval of several changes of the Constitutive Act;
- Termination of FTIML's current mandate: the Fund shareholders revoke FTIML from its current position of Sole Director and Fund Manager of the Fund (last day of mandate shall be 31 March 2016); the termination will occur by mutual consent;
- Appointment of FTIS as Fund Manager and Sole Director of the Fund: subsequent to the termination mentioned above, the Fund shareholders appoint FTIS as its Sole Director and Fund Manager under AIFM Directive and local implementation regulations, and execute a new Investment Management Agreement in order to reach AIFM Directive compliance (FTIS' mandate will commence on 1 April 2016); considering that the replacement of the Fund Manager with another entity from the group is proposed to be done in view of complying with the AIFM Directive and the related national implementation laws and regulations, the shareholders agreed and approved the waiver of any selection procedure.
- Updating of the depository agreement;
- Delegation of activities: the Board of Nominees approves the delegation of certain portfolio management and administrative activities from FTIS to FTIML.

For further updates on the implementation of AIFM Directive, please see the section *Subsequent Events*.

Financial Analysis

The Statement of Comprehensive Income and Statement of Financial Position for the year ended 31 December 2015, extracted from the audited annual financial statements prepared in compliance with IFRS, are included in full in Annex 1 to this Report.

Starting with the annual financial statements for the year ended 31 December 2015, according to the FSA Norm 39/2015, IFRS are the official accounting regulations (the statutory basis of accounting) for the Fund.

This section provides a commentary on the principal elements of the Fund's financial position and results for the year ended 31 December 2015.

Statement of Financial Position

RON million	31 December	31 December
	2015	2014
	Audited	Audited
Cash and current accounts	0.6	6.9
Deposits with banks	197.8	109.4
Treasury bills	20.0	162.8
Government bonds	59.0	31.7
Equity investments	11,800.7	12,927.7
Deferred tax assets	-	152.7
Other assets	29.6	9.5
Total assets	12,107.7	13,400.7
Total liabilities	54.6	52.8
Total equity	12,053.1	13,347.9
Total liabilities and equity	12,107.7	13,400.7

Deposits with banks included as at 31 December 2015 bank deposits denominated in RON with maturities of up to one month, held with banks in Romania.

As at 31 December 2015, **treasury bills** caption included treasury bills with discount, while **government bonds** caption comprised short-term government bonds with coupon, both denominated in RON, with original maturities up to one year, issued by the Ministry of Public Finance of Romania.

The overall decrease in liquid assets in 2015 was mainly caused by the funding of the buy-back programmes carried out by the Fund during this year (fourth, fifth and sixth buy-back programmes) and to the payment of the return of capital to shareholders started in June 2015, net of the dividends collected from portfolio companies and of the proceeds on disposal of portfolio holdings (mainly related to the holding in Romgaz SA).

Equity investments

Classification and measurement of equity investments

Starting 1 January 2014, Fondul Proprietatea applied the Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities, the Fund being an investment entity. As a result, the Fund classified and measured its investments in subsidiaries and associates as financial assets at fair value through profit or loss. The other equity investments were classified as financial assets available for sale.

The equity investments at fair value through profit or loss are initially recognised at fair value and transaction costs are recorded in the profit or loss. Subsequent measurement is at fair value and all changes in fair value are accounted for through profit or loss. Equity investments at fair value through profit or loss are not subject to the review for impairment.

The equity investments classified as available for sale are measured at fair value, with the changes in fair value recognised in other comprehensive income (equity). At the derecognition of an available for sale equity investment, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss. 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. If, in a subsequent period, the fair value of an impaired equity investment classified as available for sale increases, this is recognised in other comprehensive income (equity).

Valuation

As at 31 December 2015 and 31 December 2014, all the equity investments of the Fund were carried at fair value.

Listed shares traded in an active market were measured at fair value, using quoted prices in an active market for that instrument at the reporting date. A market is considered active if transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

In case of *unlisted shares* and *listed shares that are not traded in an active market*, where sufficient information was available, the fair values of equity investments were determined by independent valuers, using valuation techniques, in accordance with International Valuation Standards (99.7% of the total unlisted portfolio).

Investments in equity securities that do not have a quoted price in an active market, and whose fair values determined by independent valuers were not available, are measured at values considered to be equivalent to fair values, being the values used in the calculation of the net asset value of the Fund, determined in accordance to the regulations issued by the FSA/CNVM and reported on monthly basis (only an insignificant part of the portfolio).

The decrease of **equity investments** by RON 1,127.0 million in 2015 was mainly due to a 28.9% decrease in value of the OMV Petrom SA share price with (negative impact of RON 1,269.5 million) and to the disposal of part of the holding in Romgaz SA (negative impact of RON 565.8 million), which were partially offset by the net increase in the value of unlisted equity investments following the update of the independent valuations (total net positive impact of RON 756.2 million), the most significant contributor being the holding in Hidroelectrica SA (RON 476.0 million).

The **deferred tax asset** recognised by the Fund as at 31 December 2014 was reversed in 2015 due to the change of the Romanian fiscal legislation provisions regarding the tax treatment of the unrealised changes in fair value recognised through profit or loss for holdings over 10% of the share capital of the issuer, held for an uninterrupted period of at least 1 year, which, starting 1 January 2016, are no longer considered taxable/deductible, so would no longer generate deferred tax.

As at 31 December 2015, the net deferred tax position is nil due to the fact that the Fund recognised a deferred tax asset for the unused tax losses carried forward, only to the level of the deferred tax liability arising from the taxable temporary differences (with impact recognised in profit or loss or other comprehensive income, depending on the nature of the corresponding item).

Statement of Comprehensive Income

RON million	2015	2014
	Audited	Audited
Gross dividend income	569.3	687.4
Net losses from equity investments at fair value through profit or loss	(1,240.8)	(604.2)
Impairment losses on equity investments available for sale	(90.5)	(344.1)
Interest income	3.9	20.9
Gain on disposal of equity investments available for sale, net	344.8	645.5
Other items of income/ (expense), net*	19.4	12.7
Net operating income/ (loss)	(393.9)	418.2
Operating expenses	(125.1)	(113.6)
Finance costs	(2.5)	-
Profit/ (Loss) before income tax	(521.5)	304.6
Income tax (expense)/ benefit	(43.6)	122.6
Profit/ (Loss) for the year	(565.1)	427.2
Other comprehensive income	212.4	7.2
Total comprehensive income for the year	(352.7)	434.4

* Other items of income/ (expense), net included the net foreign exchange gains/ (losses), the reversal of impairment losses on receivables and other income/ (expenses).

Gross dividend income represents the dividend income earned from the Fund's portfolio companies, mainly from Hidroelectrica SA (RON 128.9 million), Romgaz SA (RON 121.4 million), OMV Petrom SA (RON 120.5 million) and Electrica Furnizare SA (RON 38.3 million). The decrease as compared to 2014 was mainly determined by the lower level of dividends approved for distribution by the Fund's portfolio companies, the most

significant decrease being for OMV Petrom SA (a decrease of RON 210.9 million), which was partially offset by the dividends received from Hidroelectrica SA (RON 128.9 million).

The **net loss from equity investments at fair value through profit or loss** in 2015 and 2014 represent the net unrealised loss from the negative net change in fair value related to equity investments classified at fair value through profit or loss, principally OMV Petrom SA, due to negative evolution of the share price of this company in these years.

In performing the impairment test for the equity investments available for sale, the Fund considers all relevant factors, such as: significant or prolonged decline in fair value below cost, market and industry conditions, to the extent that they influence the recoverable amount of the investment, financial conditions and near-term prospects of the issuer, any specific adverse events that may influence the issuer's operations, recent losses of the issuer. The most significant **impairment losses on equity investments available for sale** in 2015 were related to the holdings in Complexul Energetic Oltenia SA (RON 45.6 million), Nuclearelectrica SA (RON 36.2 million), and in Alro SA (RON 8.0 million). In 2014 the most significant impairment losses recorded were related to the holdings in Complexul Energetic Oltenia SA (RON 213.4 million), Nuclearelectrica SA (RON 94.8 million), and in Alro SA (RON 12.4 million).

Interest income arose from deposits held with banks and from short-term government securities.

The **net gain on disposal of equity investments available for sale** represents the difference between the proceeds from disposals and the carrying values of the equity investments as at disposal date, plus the net unrealised gain related to these investments disposed of, transferred from equity (other comprehensive income) to profit or loss upon their derecognition.

During 2015 the Fund sold part of its holdings in Romgaz SA and Primcom SA and its entire holdings in Forsev SA, SIFI CJ Agro SA, Electroconstructia Elco Cluj SA and Petrotel Lukoil SA.

In 2014, the Fund sold its entire holdings in Erste Group Bank SA, Raiffeisen Bank SA, Resib SA, Severnav SA, Transelectrica SA, Transilvania Com SA, Turdapan SA and part of its holding in Conpet SA, Oil Terminal SA, and Romgaz SA.

The **other comprehensive income** comprised the changes in fair value of equity investments available for sale, net of related deferred tax, where applicable.

The **income tax expenses** in 2015 represent among others the reversal of the deferred tax asset recorded as at 31 December 2014, netted off by the recognition of the deferred tax asset as at 31 December 2015 through profit or loss for a part of the unused tax losses carried forward. For further details, please see the paragraph related to the deferred tax asset above.

Operating expenses

RON million	2015	2014
	Audited	Audited
Investment management and administration fees	68.3	56.5
Secondary listing expenses	16.6	5.6
FSA monthly fees	11.5	14.6
Intermediaries fees and other expenses related to disposal of portfolio holdings	8.9	13.7
Depositary fees	1.3	1.8
Other operating expenses	18.5	21.4
Operating expenses	125.1	113.6

Investment management and administration fees increased in 2015 as compared to 2014 mainly due to the distribution fees which were payable by the Fund starting 20 March 2015 when the Amendment no. 2 to the current Investment Management Agreement in force, was partially endorsed by the FSA, but was also influenced by the change in the base fee rate starting September 2014 from 0.479% per year to 0.60% per year (when this Investment Management Agreement entered into force) and by the change in the notional value used in calculation of this fee.

The total investment management and administration fees in 2015 included the base fee in amount of RON 53.4 million (2014: RON 56.5 million) and the distribution fee in amount of RON 14.9 million (2014: nil).

Intermediaries fees and other expenses related to disposal of portfolio holdings were lower in 2015 as compared to 2014, mainly as a result of the lower value of disposal transactions carried by the Fund during 2015.

FSA monthly fees decreased, mainly due to the decrease of the FSA fee rate from 0.1% per year to 0.0936% per year (i.e. 0.0078% per month) and due to the decrease of the Fund's total NAV on which these fees are based.

Other operating expenses included mainly litigation assistance and legal advisory expenses, valuation expenses, internal and external audit expenses and investor relations expenses.

Signatures:

Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch acting in the capacity of Sole Director of Fondul Proprietatea SA

Oana Truța
Legal Representative
11 February 2016

Prepared by
Mihaela Moleavin
Financial Reporting Manager

Annex 1

FONDUL PROPRIETATEA SA
STATEMENT OF COMPREHENSIVE INCOME AND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

prepared in accordance with International Financial Reporting Standards ("IFRS"), extracted from the IFRS Financial Statements

(This is a translation from the official Romanian version)

FONDUL PROPRIETATEA SA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015
(all amounts are in RON)

	Financial year ended	
	31 December 2015	31 December 2014
	Audited	Audited
Gross dividend income	569,303,345	687,411,023
Net losses from equity investments at fair value through profit or loss	(1,240,768,384)	(604,219,630)
Impairment losses on equity investments available for sale	(90,504,867)	(344,087,673)
Interest income	3,901,282	20,896,979
Reversal of impairment losses on receivables, net	17,564,622	19,581,829
Gain on disposal of equity investments available for sale, net	344,844,397	645,546,303
Net foreign exchange gains/ (losses)	641,280	(823,827)
Other income/ (expenses), net	1,109,227	(6,072,824)
Net operating income/ (loss)	(393,909,098)	418,232,180
Operating expenses	(125,100,835)	(113,641,656)
Finance costs	(2,465,292)	-
Profit/ (Loss) before income tax	(521,475,225)	304,590,524
Income tax (expense)/ benefit	(43,641,076)	122,595,766
Profit/ (Loss) for the period	(565,116,301)	427,186,290
Other comprehensive income		
Net change in fair value of available for sale equity investments	774,415,013	616,204,928
Deferred tax on other comprehensive income	(110,863,914)	7,806,738
Decrease in fair value reserve following the disposal of available for sale equity investments	(451,096,171)	(616,774,944)
Total other comprehensive income	212,454,928	7,236,722
Total comprehensive income for the period	(352,661,373)	434,423,012
Basic and diluted earnings per share	(0.0478)	0.0321

FONDUL PROPRIETATEA SA
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015
(all amounts are in RON)

	Balance as at	
	31 December 2015	31 December 2014
	Audited	Audited
Assets		
Cash and current accounts	648,858	6,879,129
Deposits with banks	197,825,552	109,424,930
Treasury bills	19,957,311	162,839,401
Government bonds	59,004,410	31,749,581
Equity investments	11,800,704,619	12,927,656,781
Deferred tax assets	-	152,678,949
Other assets	29,577,289	9,438,338
Total assets	12,107,718,039	13,400,667,109
Liabilities		
Other liabilities	54,625,824	52,794,086
Total liabilities	54,625,824	52,794,086
Equity		
Share capital	10,074,080,746	11,815,279,887
Fair value reserve on available for sale financial assets	4,232,810,400	4,020,355,472
Other reserves	527,397,886	610,197,299
Treasury shares	(308,039,345)	(1,189,918,464)
Retained earnings	(2,473,157,472)	(1,908,041,171)
Total equity	12,053,092,215	13,347,873,023
Total liabilities and equity	12,107,718,039	13,400,667,109

Annex 2

DETAILED STATEMENT OF INVESTMENTS AS AT 31 DECEMBER 2015

Securities admitted or traded on a regulated market in Romania, out of which:

1.1 listed shares traded in the last 30 trading days

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alro Slatina SA	ALR	30/Dec/2015	72,884,714	0.5	1.3200	96,207,822.48	10.21%	0.7920%	0.7955%	Closing price
Banca Transilvania SA	TLV	30/Dec/2015	87,081,804	1	2.4300	211,608,783.72	2.87%	1.7419%	1.7498%	Closing price
BRD-Groupe Societe Generale SA	BRD	30/Dec/2015	25,387,456	1	12.1000	307,188,217.60	3.64%	2.5287%	2.5401%	Closing price
Conpet SA	COTE	30/Dec/2015	524,366	3.3	77.0000	40,376,182.00	6.05%	0.3324%	0.3339%	Closing price
IOR SA	IORB	29/Dec/2015	2,622,273	0.1	0.3600	944,018.28	2.81%	0.0078%	0.0078%	Reference price - Average price
Oil Terminal SA	OIL	30/Dec/2015	36,796,026	0.1	0.1055	3,881,980.74	6.31%	0.0320%	0.0321%	Closing price
OMV Petrom SA	SNP	30/Dec/2015	10,758,648,186	0.1	0.2900	3,120,007,973.94	18.99%	25.6831%	25.7991%	Closing price
Palace SA	PACY	30/Dec/2015	5,832,482	0.1	0.1120	653,237.98	15.42%	0.0054%	0.0054%	Reference price - Average price
Primcom SA	PRIB	30/Dec/2015	1,275,032	0.1	11.2000	14,280,358.40	67.93%	0.1176%	0.1181%	Reference price - Average price
Romaero SA	RORX	18/Dec/2015	1,311,691	2.5	19.4000	25,446,805.40	20.99%	0.2095%	0.2104%	Reference price - Average price
Romgaz SA	SNG	30/Dec/2015	22,542,960	1	27.2000	613,168,512.00	5.84%	5.0475%	5.0703%	Closing price
Nuclearelectrica SA	SNN	30/Dec/2015	27,408,381	10	6.4200	175,961,806.02	9.09%	1.4485%	1.4550%	Closing price
Total						4,609,725,698.56		37.9464%	38.1175%	

1.2 listed shares but not traded in the last 30 trading days

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alcom SA	ALCQ	27/Jul/2015	89,249	2.5	116.6335	10,409,423.24	71.89%	0.0857%	0.0861%	Fair value / share (Shareholders' equity as of 31 December 2014 adjusted with dividends declared/ share)
Mecon SA	MECP	14/Jul/2015	60,054	11.6	4.0000	240,216.00	12.51%	0.0020%	0.0020%	Fair value / share (last trading price)
Total						10,649,639.24		0.0877%	0.0881%	

FONDUL PROPRIETATEA SA
Instruments mentioned at art. 187 letter a) of the Regulation no.15/2004 out of which:

Unlisted shares

Issuer	No. of shares held	Date of acquisition *	Acquisition price (total price of acquisition of shares)	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Company status	Evaluation method
Aeroportul International Mihail Kogalniceanu - Constanta SA	23,159	19/Jul/2005	1,490,898	67.9649	1,573,999.12	20.00%	0.0130%	0.0130%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	81.6466	2,613,997.55	20.00%	0.0215%	0.0216%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
BAT Service SA	194,022	19/Jul/2005	656,686	0.0000	0.00	33.00%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Cetatea SA	354,468	19/Jul/2005	118,840	0.9504	336,886.39	20.43%	0.0028%	0.0028%	Unlisted companies, in function	Shareholders' equity as of 31 December 2014/ share
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	81.0905	16,474,345.98	20.00%	0.1356%	0.1362%	Unlisted companies, in function	Fair value / share (Shareholders' equity as of 31 December 2014 adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	0.0000	0.00	20.00%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: Nil
CN Administratia Porturilor Dunarii Maritime SA	56,675	19/Jul/2005	1,706,051	20.4381	1,158,329.32	7.70%	0.0095%	0.0096%	Unlisted companies, in function	Fair value / share (Shareholders' equity as of 31 December 2014 adjusted with dividends declared/ share)
CN Administratia Porturilor Maritime SA	2,651,113	19/Jul/2005	65,441,294	66.0511	175,108,929.87	19.99%	1.4415%	1.4480%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
CN Aeroporturi Bucuresti SA **	2,875,443	5/Feb/2010	131,168,263	173.1354	497,840,973.98	20.00%	4.0981%	4.1166%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Complexul Energetic Oltenia SA****	27,387,940	31/May/2012	670,353,852	2.2944	62,838,889.54	21.55%	0.5173%	0.5196%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Cornig SA	75,655	19/Jul/2005	132,633	22.7467	1,720,901.59	69.94%	0.0142%	0.0142%	Unlisted companies, in function	Shareholders' equity as of 31 December 2014/ share
E.ON Distributie Romania SA****	56,749,014	19/Jul/2005	169,541,165	8.9939	510,394,957.01	18.34%	4.2014%	4.2204%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
E.ON Energie Romania SA	9,903,524	19/Jul/2005	45,765,358	12.7732	126,499,692.76	13.39%	1.0413%	1.0460%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Electrica Distributie Muntenia Nord SA	7,796,022	19/Jul/2005	165,221,141	32.5678	253,899,285.29	21.99%	2.0900%	2.0995%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 31 August 2015)
Electrica Distributie Transilvania Nord SA	8,167,813	19/Jul/2005	113,299,904	26.3962	215,599,225.51	22.00%	1.7748%	1.7828%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 31 August 2015)
Electrica Distributie Transilvania Sud SA	9,327,282	19/Jul/2005	125,918,629	23.8333	222,299,910.09	21.99%	1.8299%	1.8382%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 31 August 2015)
Electrica Furnizare SA ***	1,366,412	22/Jul/2011	17,819,672	109.4838	149,599,978.13	22.00%	1.2315%	1.2370%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 31 August 2015)
Enel Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	67.6742	623,999,706.18	24.12%	5.1366%	5.1598%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Enel Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	59.4095	401,199,898.51	24.09%	3.3026%	3.3175%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Enel Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	139.8478	455,399,816.53	12.00%	3.7487%	3.7657%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	144.1266	63,999,993.24	12.00%	0.5268%	0.5292%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Enel Energie SA	1,680,000	19/Jul/2005	26,124,808	45.5952	76,599,936.00	12.00%	0.6306%	0.6334%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
GDF Suez Energy Romania SA	2,390,698	19/Jul/2005	62,610,812	186.5982	446,099,943.54	11.99%	3.6722%	3.6888%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	0.0000	0.00	9.76%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Hydroelectrica SA	89,378,235	19/Jul/2005	3,107,667,996	29.6955	2,654,131,377.44	19.94%	21.8482%	21.9468%	Judicial reorganisation	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Plafar SA	132,784	28/Jun/2007	3,160,329	14.3993	1,911,996.65	48.99%	0.0157%	0.0158%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	3.9468	58,696,600.42	25.00%	0.4832%	0.4854%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Romplumb SA	1,595,520	28/Jun/2007	19,249,219	0.0000	0.00	33.26%	0.0000%	0.0000%	Judicial reorganisation	Priced at zero
Salubriserv SA	43,263	19/Jul/2005	207,601	0.0000	0.00	17.48%	0.0000%	0.0000%	Insolvency	Priced at zero
Simtex SA	132,859	28/Jun/2007	3,059,858	0.0000	0.00	30.00%	0.0000%	0.0000%	Judicial reorganisation	Priced at zero
Societatea Nationala a Sarii SA	2,005,884	28/Jun/2007	76,347,715	88.4492	177,418,835.09	48.99%	1.4605%	1.4671%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	0.0000	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
World Trade Hotel SA	17,912	19/Jul/2005	17,912	0.0000	0.00	19.90%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (lack of annual financial statements for the year-ended 31 December 2014)
Zirom SA	4,985,083	28/Jun/2007	49,638,072	4.6689	23,274,854.02	100.00%	0.1916%	0.1925%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Total			5,326,739,164		7,220,693,259.75		59.4391%	59.7075%		

FONDUL PROPRIETATEA SA

Legend:

* = where the date of acquisition is shown as earlier than Fondul Proprietatea's date of incorporation (28 December 2005), the date of acquisition refers to the date of publishing in the Official Gazette of Law no. 247 / 19 July 2005, which determined that these investments would be transferred to Fondul Proprietatea on its future incorporation.

** = company formed as a result of the merger between CN "Aeroportul International Henri Coanda - Bucuresti" SA and S.N. "Aeroportul International Bucuresti Baneasa - Aurel Vlaicu" SA

*** = company formed as a result of the merger between S.C. Electrica Furnizare Transilvania Nord SA, S.C. Electrica Furnizare Transilvania Sud SA and S.C. Electrica Furnizare Muntenia Nord SA

**** = company formed as a result of the merger between S.C. Complexul Energetic Turceni SA, S.C. Complexul Energetic Craiova SA, S.C. Complexul Energetic Rovinari SA, Societatea Nationala a Lignitului Oltenia SA

***** = on 31 December 2014, E.ON Moldova Distribuție SA (absorbed company) merged into E.ON Gaz Distribuție SA (absorbing company) and the name of the combined entity became E.ON Distribuție România SA

Bonds or other debt instruments issued or guaranteed by the state or central public administration authorities

Treasury bills with discount

Series and number of the issue	No. of instruments	Date of acquisition	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Intermediary Bank	Evaluation method
RO1516CTN0H6	4,000	7/Oct/2015	7/Mar/2016	19,901,685.60	646.81	55,625.25	19,957,310.85	0.1643%	0.1650%	Raiffeisen Bank	Acquisition price cumulated with the related interest since the acquisition date
Total							19,957,310.85	0.1643%	0.1650%		

Government bonds

Issuer	ISIN code	Date of the last trading session	No. of bonds	Date of acquisition	Coupon date	Due Date	Initial Value	Daily interest	Cumulated interest	Cumulated discount	Market price	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Ministry of Finance	RO1116DBN024	12/Jun/2015	2,500	25/Nov/2015	30/Apr/2016	30/Apr/2016	25,000,000.00	4,098.36	1,008,196.72	-	10,399.68	27,007,396.72	0.2223%	0.2233%	
Ministry of Finance	RO1216DBN030	6/Oct/2015	500	28/Oct/2015	27/Jan/2016	27/Jan/2016	5,000,000.00	787.67	267,020.55	-	10,131.63	5,332,835.55	0.0439%	0.0441%	Closing price (Gross price)
Ministry of Finance	RO1216DBN030	6/Oct/2015	2,500	2/Nov/2015	27/Jan/2016	27/Jan/2016	25,000,000.00	3,938.36	1,335,102.74	-	10,131.63	26,664,177.74	0.2195%	0.2205%	
Total												59,004,410.01	0.4857%	0.4879%	

Term deposits

Name of the bank	Starting date	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
BRD Groupe Societe Generale	23/Dec/2015	4/Jan/2016	RON 30,000,000.00	RON 125.00	RON 1,125.00	RON 30,001,125.00	0.2470%	0.2481%	
Unicredit Tiriac Bank	23/Dec/2015	4/Jan/2016	RON 33,000,000.00	RON 366.67	RON 3,300.00	RON 33,003,300.00	0.2717%	0.2729%	
ING BANK	28/Dec/2015	4/Jan/2016	RON 56,900,000.00	RON 347.72	RON 1,390.89	RON 56,901,390.89	0.4684%	0.4705%	Bank deposit value cumulated with the daily related interest for the period from starting date
Banca Comerciala Romana	29/Dec/2015	4/Jan/2016	RON 64,200,000.00	RON 356.67	RON 1,070.00	RON 64,201,070.00	0.5285%	0.5309%	
BRD Groupe Societe Generale	31/Dec/2015	4/Jan/2016	RON 9,156,015.27	RON 25.43	RON 25.43	RON 9,156,040.70	0.0754%	0.0757%	
BRD Groupe Societe Generale	31/Dec/2015	4/Jan/2016	RON 4,562,574.71	RON 50.70	RON 50.70	RON 4,562,625.41	0.0376%	0.0377%	
TOTAL						RON 197,825,552.00	1.6286%	1.6358%	



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FONDUL
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