

# Fondul Proprietatea General Shareholders Meeting

11 October 2016



This presentation is made solely to the intended recipient and should not be distributed to, or acted upon by, any other person. It is for general information only and reflects the personal views of the presenter. Nothing herein is intended to constitute advice on investment, legal or tax matters, any form of personal recommendation nor is it an offering, placement or an invitation to buy or sell shares in Fondul Proprietatea SA ("the Fund") or in any other issuer of securities mentioned herein or to initiate any kind of transaction whatsoever. Neither the Fund nor its Fund Manager and its delegates accept any liability of any kind for any losses arising from making use of such information. Furthermore, this presentation is not intended, and should not be construed, as marketing of the Fund in the meaning of the Directive 2011/61/EU on alternative investment fund managers ("AIFMD") in any member states of the European Economic Area. Any person considering an investment in the Fund or any other security mentioned herein should refer to the relevant issuer's prospectus and consult their own legal, accounting and tax advisors in order to make an independent determination of the suitability and consequences of an investment in the securities. The Fund's prospectus contains important information on the potential risks involved in such an investment which are not included in this presentation. Read the prospectus before investing in the Fund. The prospectus, the latest annual report and semi-annual report can be found on the Fund website [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro). The distribution of this presentation in certain jurisdictions may be restricted by law and persons who come into possession of it are required to inform themselves about and to observe such restrictions and limitations. Neither the Fund nor its Fund Manager or any of its delegates accepts any liability to any person in relation to the distribution or possession of the presentation in or from any jurisdiction. The shares issued by the Fund and those issued by the Company have not been and will not be registered under the US Securities Act of 1933, as amended, or with any securities authority of any state or territory within the jurisdiction of the United States of America. The Fund's shares may not be offered, sold or delivered in the United States of America or to American citizens or nationals.

The information contained in this presentation is as of its date, unless otherwise indicated, and is not a complete analysis of every material fact regarding the market, and any industry sector, security, or portfolio. Statements of fact cited by the manager have been obtained from sources considered reliable but no representation, warranty or undertaking is made as to the completeness or accuracy of such information and no liability is accepted by the Fund, the Fund Manager or any of its delegates in relation therewith. Furthermore, no responsibility is accepted for updating any facts or assumptions in this document. Because market and economic conditions are subject to rapid change, opinions provided are valid only as of the date of the materials. Any forward-looking statements are based upon certain assumptions; actual events are difficult to predict and are beyond the control of the author, therefore actual events may differ from those assumed. References to particular securities are only for the limited purpose of illustrating general market or economic conditions, as such exist at the date of this presentation, and are not recommendations to buy or sell a security or an indication of the author's or any managed account's holdings. The Fund Manager's or its delegates' opinions are intended solely to provide insight into how the Fund Manager analyses securities and are not a recommendation or individual investment advice for any particular security, strategy or investment product. No information hereof is to be considered, under any circumstances, as an information provided in accordance with Article 23 of the AIFMD as such was transposed by Article 22 of Law no. 74/2015 on managers of alternative investment funds.

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

The Fund's headquarters are located at 78-80 Buzesti Street, 7th Floor, Bucharest, 1st District, 011017, Romania. Fund's Fiscal Identification Code is 18253260 and Trade Registry registration number is J40/21901/2005. The subscribed share capital is RON 9,320,973,180.85 and paid up share capital is RON 9,011,732,683.35.

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

This presentation herein is issued by Franklin Templeton Investment Management Limited ("FTIML"), registered with the FSA under no. PJM01SFIM/400005/14 September 2009, which is authorized and regulated in the UK by the Financial Conduct Authority, registered therein under the number 121779, registered as a foreign equivalent of an investment adviser with the US Securities Exchange Commission, acting through its Romanian branch having its registered office at Premium Point, 78-80 Buzesti Str., 7-8th floors, 1st. District, Bucharest, Romania.

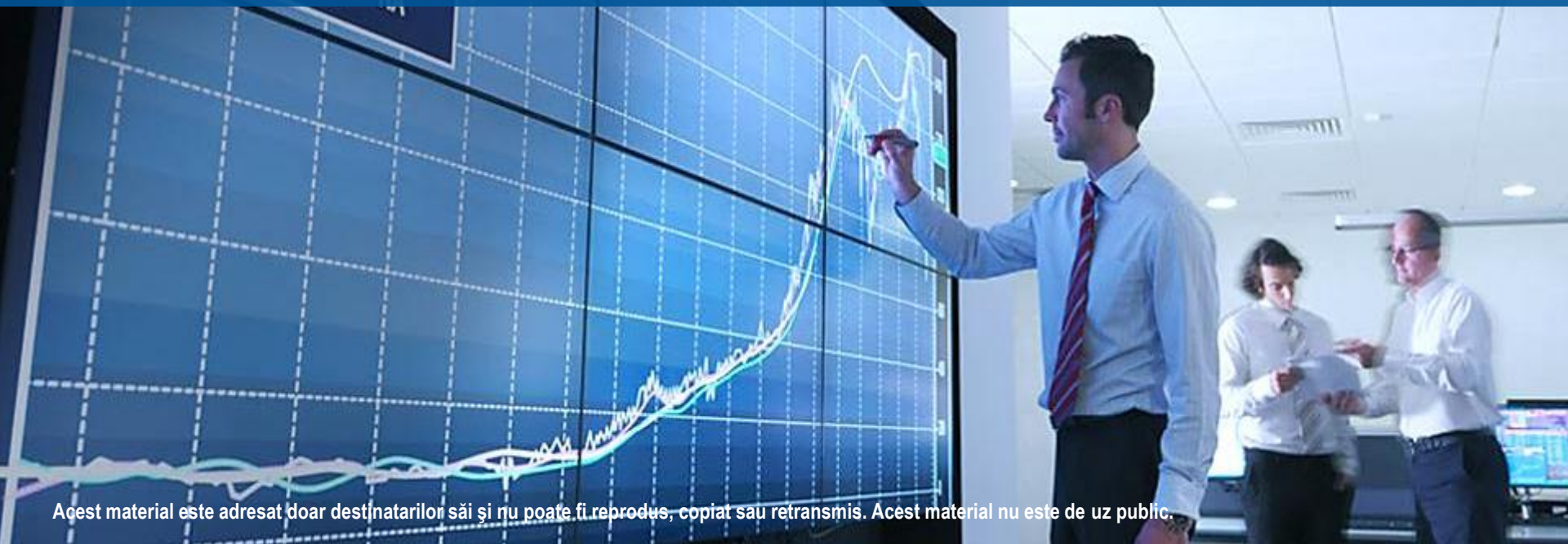
FTIML acts herein as a delegate of FTIS with respect to the portfolio management functions as well as administration services over the Fund.



FRANKLIN TEMPLETON  
INVESTMENTS

October 2016

# Fund Information



Acest material este adresat doar destinatarilor săi și nu poate fi reprodus, copiat sau retransmis. Acest material nu este de uz public.

# The Fund – Key Facts

<b>Fund Details as at 31 August 2016<sup>1</sup></b>	<b>RON</b>	<b>USD</b>
NAV	<b>12.04 bn</b>	<b>3.01 bn<sup>2</sup></b>
NAV/Share	<b>1.1674</b>	<b>0.2923<sup>2</sup></b>
Price/Share	<b>0.7940</b>	<b>0.1988<sup>2</sup></b>
Price/GDR	<b>41.54</b>	<b>10.40<sup>2</sup></b>
Market Capitalization as at 10 October 2016 <sup>3</sup>	<b>7.82 bn</b>	<b>1.93 bn</b>
Discount per Share as at 10 October 2016		<b>30.96%</b>
Discount per GDR as at 10 October 2016		<b>28.65%</b>
Number of Shares in Issue <sup>4</sup>		<b>10,965,850,801</b>
Number of Paid Shares <sup>4</sup>		<b>10,602,038,451</b>
Number of Paid Shares less Treasury Shares <sup>3</sup>		<b>9,699,172,919</b>

## **Investment Objective**

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

Source: BVB, FP Report as at 31 August 2016 report.

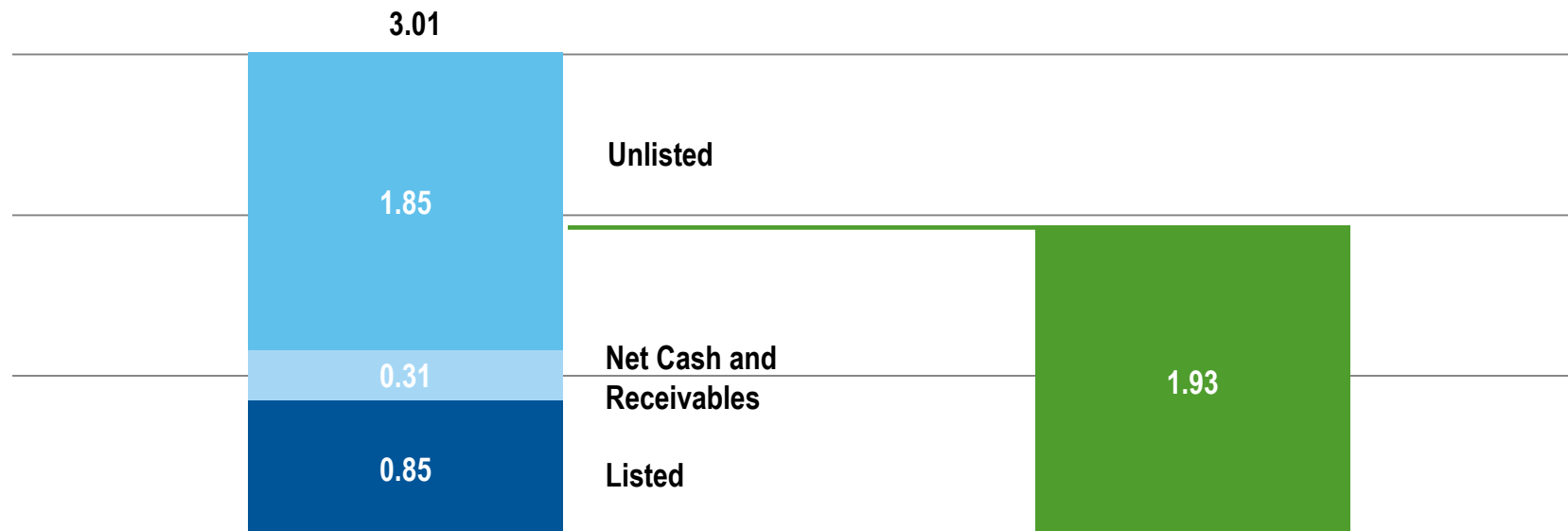
1. Based on local regulator methodology.

2. Computed using the NBR USD/RON FX rate as at 31 August 2016.

3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 7 October 2016.

4. As at 10 October 2016.

## NAV vs. Market Capitalization (USD bn)<sup>1</sup>



	Market Capitalization <sup>2</sup> 10 October 2016	
	BVB	LSE
Discount <sup>3</sup>	30.96%	28.65%
Average Daily Turnover (USD)	1.80 mn <sup>4</sup>	0.88 mn <sup>5</sup>

1. Source: BVB, FP NAV as at 31 August 2016.

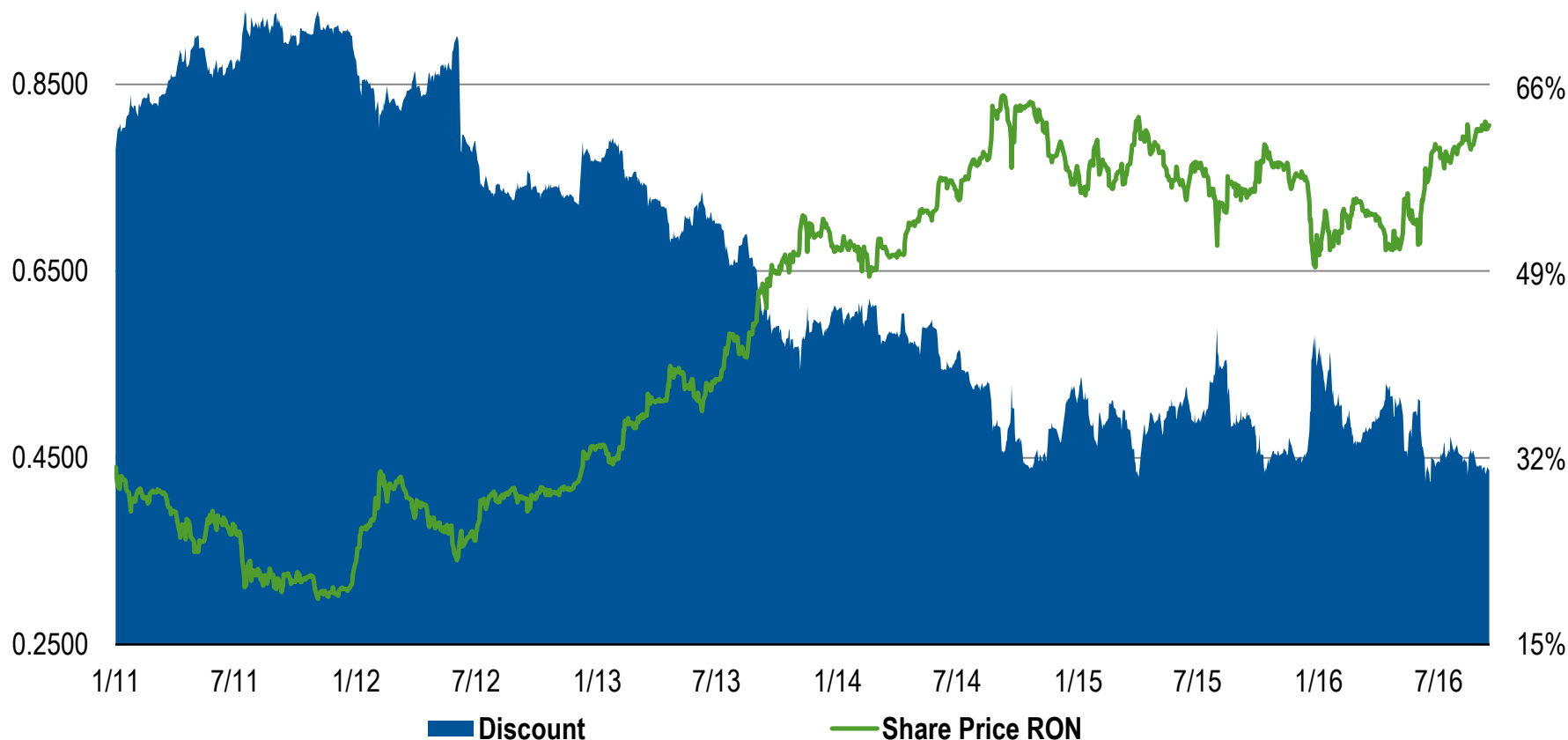
2. Based on the BVB share price - excluding treasury shares repurchased as at 7 October 2016.

3. As at 10 October 2016. Note: The discount is calculated based on the latest published NAV available for the day of the calculation.

4. Source: BVB, for the period 4 January – 10 October 2016.

5. Source: LSE, for the period 4 January – 10 October 2016.

FP Share Price<sup>1</sup> (RON) and Discount (%)



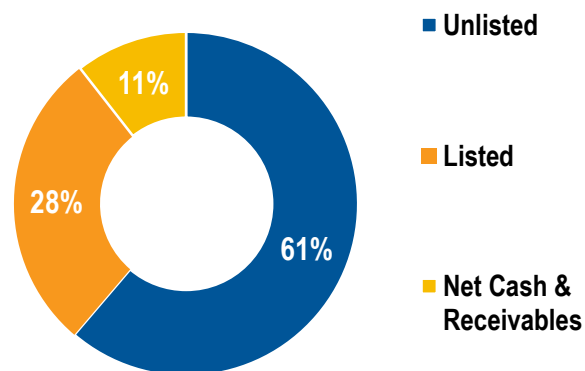
1. Source: BVB, Bloomberg, for the period 25 January 2011 – 10 October 2016.

# Portfolio

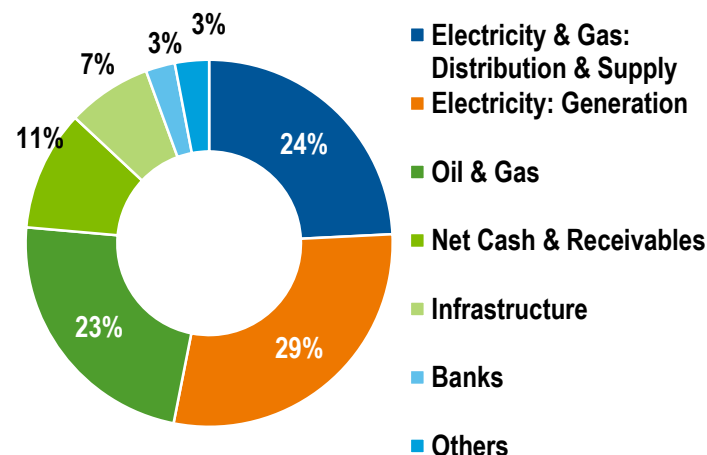


Acest material este adresat doar destinatarilor săi și nu poate fi reprodus, copiat sau retransmis. Acest material nu este de uz public.

Listed vs Unlisted  
as at 31 August 2016



By Sector  
as at 31 August 2016



- As at 31 August 2016, the portfolio included stakes in 45 companies (13 listed and 32 unlisted)
- Net cash and receivables position as at 31 August 2016 was USD 318.3 mn
- The Fund Manager contracted a revolving credit facility for a maximum committed amount of RON 1 billion from BRD - Groupe Societe Generale SA.. The purpose of this credit facility is for general corporate use, including share buybacks, but excluding investments, and it replaces the previous financing arrangement concluded by the Fund with Citibank Europe Plc, that has been terminated on 8 July 2016.

Source: FP Factsheet as at 31 August 2016.



# Largest Holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake <sup>1</sup>	NAV as at 31 August 2016 (USD mn)	% in NAV as at 31 August 2016
Hidroelectrica SA	Unlisted	Romanian State	19.9%	818.37	<b>27.15</b>
OMV Petrom SA	<b>Listed</b>	OMV	19.0%	689.50	<b>22.87</b>
CN Aeroporturi Bucuresti	Unlisted	Romanian State	20.0%	158.34	<b>5.25</b>
ENEL Distributie Banat	Unlisted	Enel Group	24.1%	156.21	<b>5.18</b>
ENEL Distributie Muntenia	Unlisted	Enel Group	12.0%	114.01	<b>3.78</b>
Engie Romania <sup>2</sup>	Unlisted	Engie	12.0%	111.68	<b>3.70</b>
ENEL Distributie Dobrogea	Unlisted	Enel Group	24.1%	100.44	<b>3.33</b>
BRD Groupe Societe Generale	<b>Listed</b>	Societe Generale Group	3.6%	72.39	<b>2.40</b>
Electrica Distributie Muntenia Nord	Unlisted	Electrica	22.0%	63.56	<b>2.11</b>
Electrica Distributie Transilvania Sud	Unlisted	Electrica	22.0%	55.65	<b>1.85</b>
<b>Top 10 Portfolio Holdings</b>				<b>2,340.15</b>	<b>77.62</b>
<b>NAV</b>				<b>3,014.30</b>	<b>100.00</b>
<b>NAV Per Share (USD)</b>				<b>0.2923</b>	

Note: Values in USD calculated using the USD/RON FX rate as at 31 August 2016.

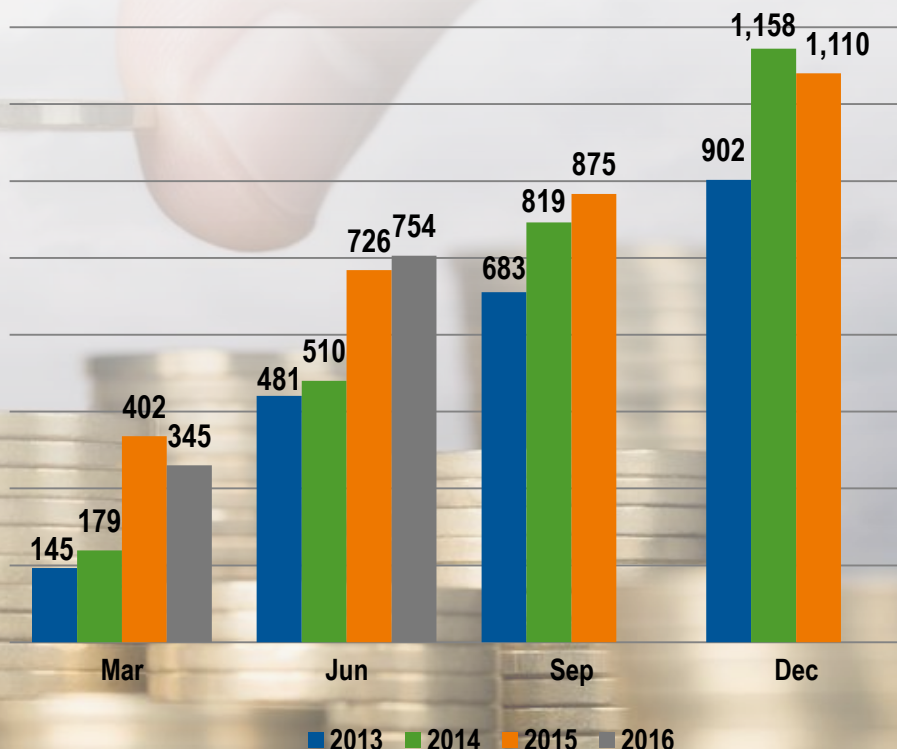
Source: FP Factsheet as at 31 August 2016.

1. Based on the FP 30 June 2016 Detailed Statement of Investments.

2. Former GDF Suez Energy Romania.

- On 21 June 2016 the company exited the insolvency procedure by the decision of the syndic judge.
- The company is run by an interim Supervisory Board composed of 7 members, and an interim Directorate, composed of 3 members.
- Selection of the Supervisory Board and the directorate based on Law 111/2016 will follow.
- Pending litigations are to be settled outside insolvency by the Court of Appeal (as final Court) starting this autumn.
- Listing preparation is ongoing, led by Morgan Stanley and Raiffeisen.
- While the production levels decreased 10% y-o-y in the first half of 2016 (9.2 TWh vs. 10.2 TWh), the pre-tax profits of the company increased 4% (RON 754mn vs. RON 725mn).

Pre-tax cumulated profit (RON mn)



Source: Hidroelectrica 2009 – 2015 Annual reports and financial statements, Hidroelectrica monthly press releases.

# OMV Petrom – Partial Sale

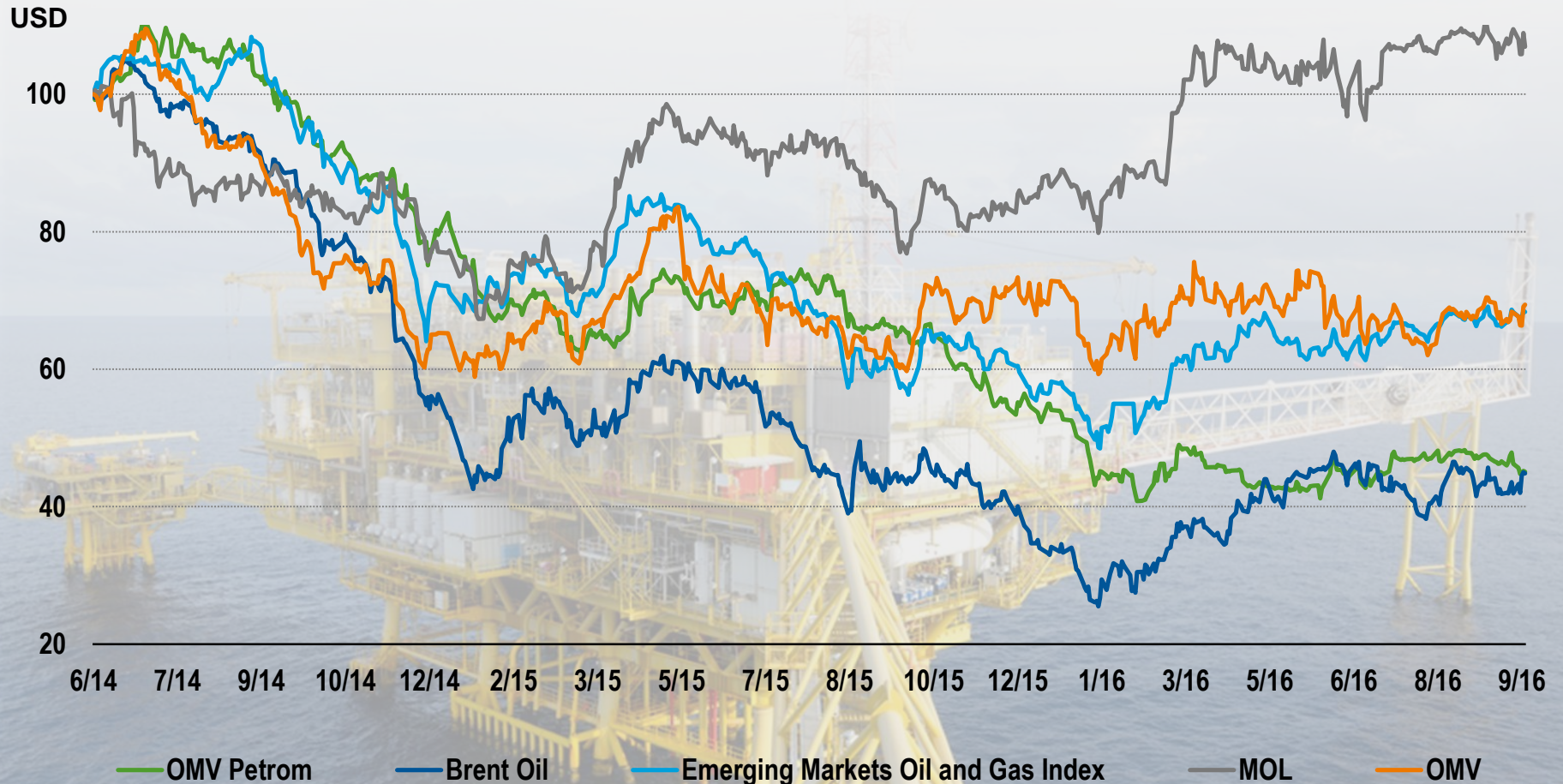
<b>Transaction type</b>	Secondary public offering of both shares and global depositary receipts representing interests in the existing shares of the Company ("GDRs")
<b>Listing venues</b>	BVB for the ordinary shares LSE for GDRs
<b>Offer value</b>	Up to 3,641,100,108 Shares representing 6.43% of the share capital of OMV Petrom in the form of shares and GDRs, with one GDR representing an interest in 150 shares
<b>Maximum Price</b>	RON 0.244 per Share and USD 9.16 per GDR
<b>Subscription period</b>	6 - 13 October 2016
<b>FP holding as at 31 August 2016</b>	19% of the issued share capital
<b>% FP NAV as at 31 August 2016</b>	22.87%
<b>Lock-up period</b>	360 days
<b>Dealer managers</b>	Goldman Sachs International as Sole Global Coordinator and Joint Bookrunner Banca Comercială Română, Erste Group and WOOD & Company Joint Bookrunners

Source: Investment Manager current report.

# OMV Petrom Partial Sale – Arguments

- Large exposure to OMV Petrom (23% of NAV)
- Low market liquidity of OMV Petrom shares on the BVB
- Cash requirements driven by the IPS
- Earlier announcement regarding potential decrease of FP' holding in OMV Petrom below 15%
- Supportive market conditions with limited market volatility

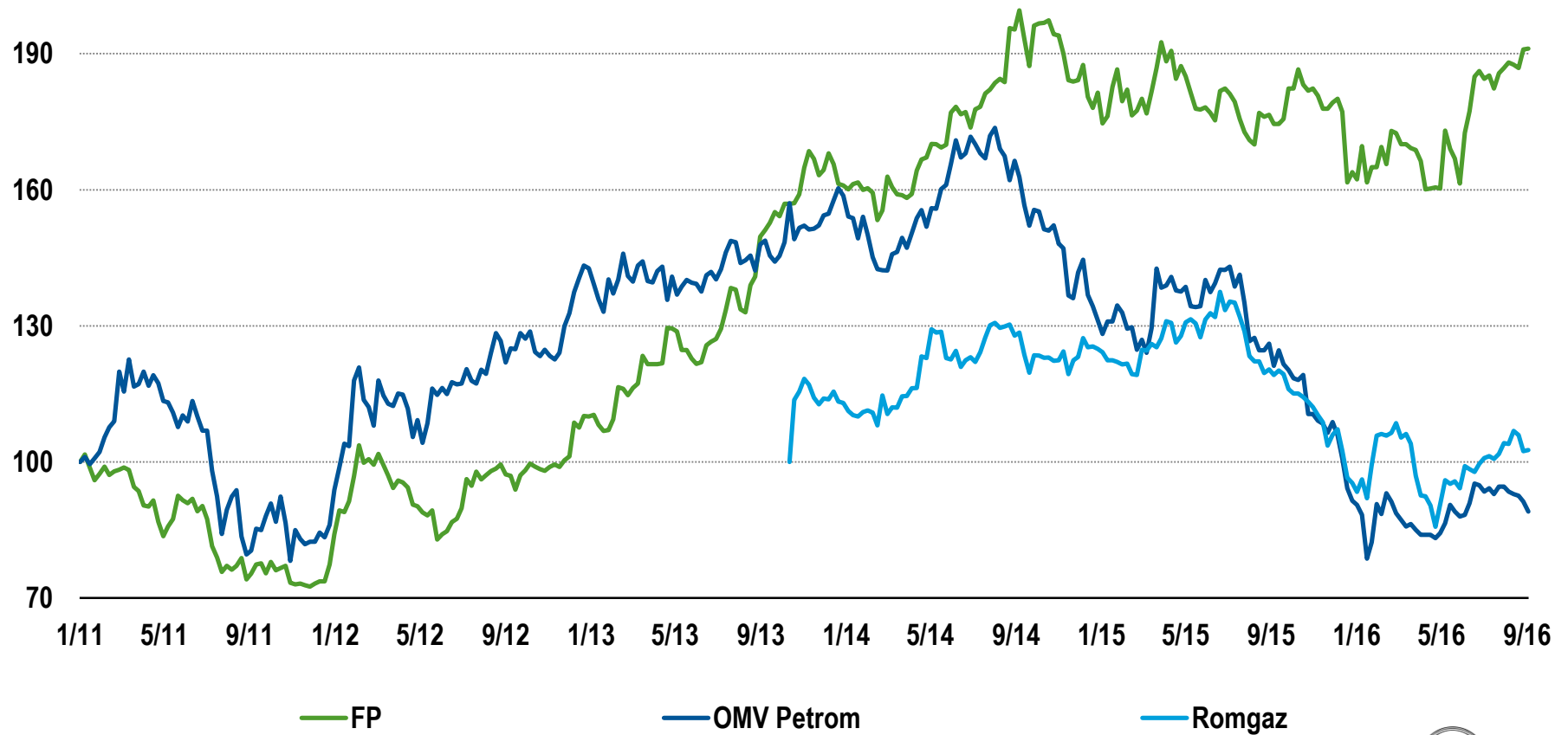
# OMV Petrom – Share Price Performance



Source: Bloomberg, as at 30 September 2016.

# FP Share Price Evolution vs. Petrom and Romgaz

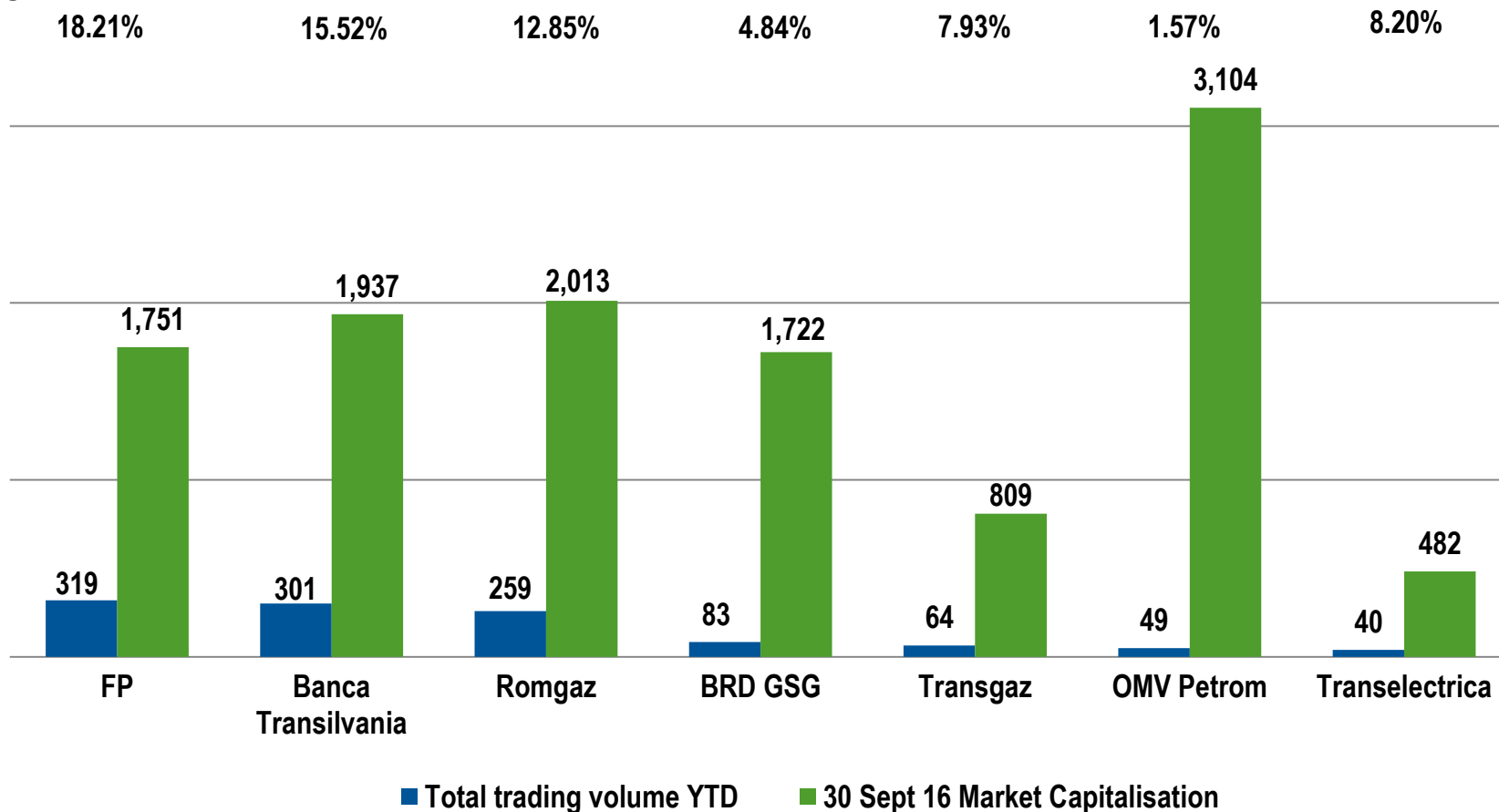
USD



Source: Bloomberg, as at 30 September 2016.

# OMV Petrom – Very Low Liquidity vs. Market Capitalisation

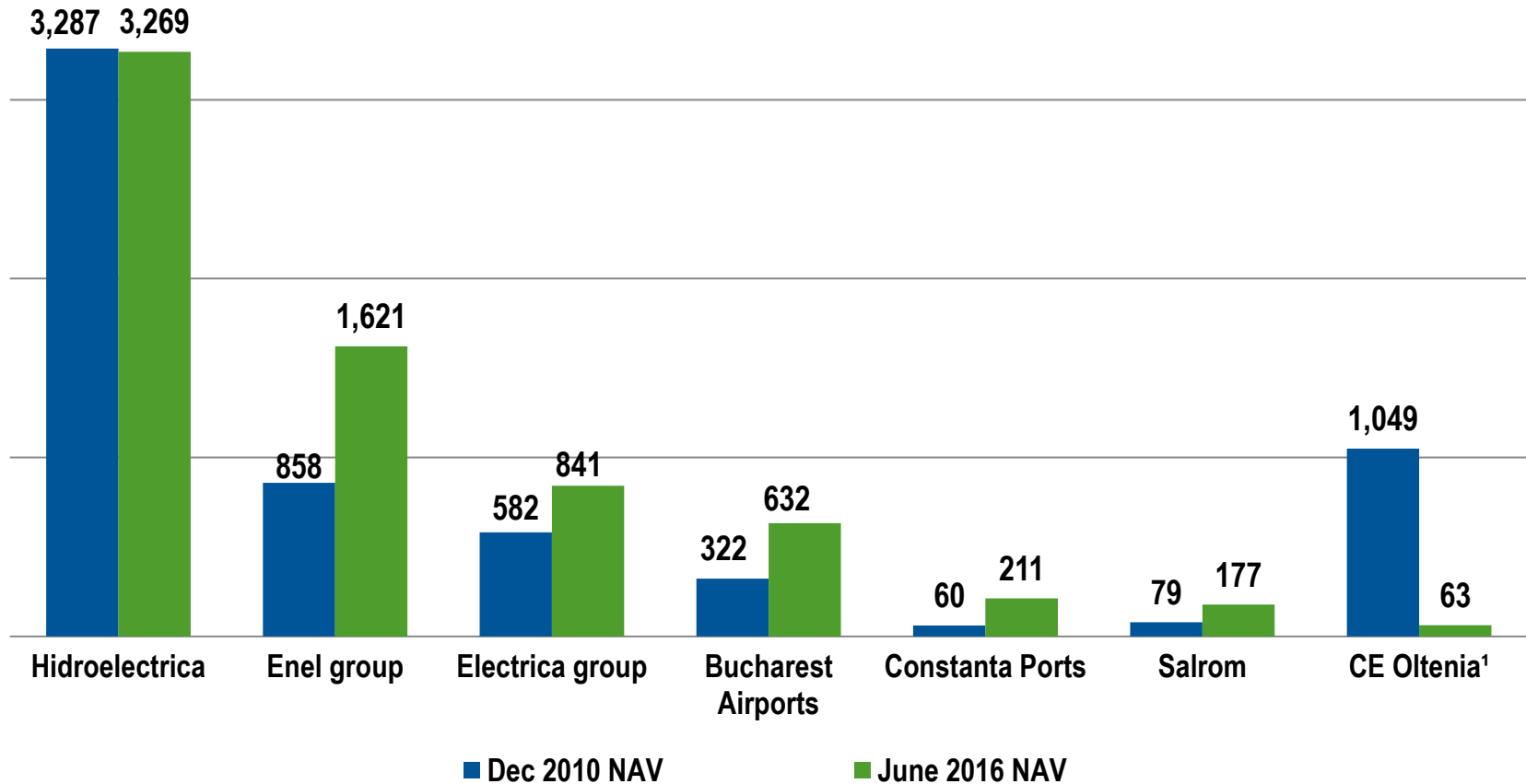
mn EUR



Source: BVB, computed using the NBR EUR/RON FX as at 30 September 2016.

# Largest Unlisted Holdings – Changes in NAV Valuation

mn RON

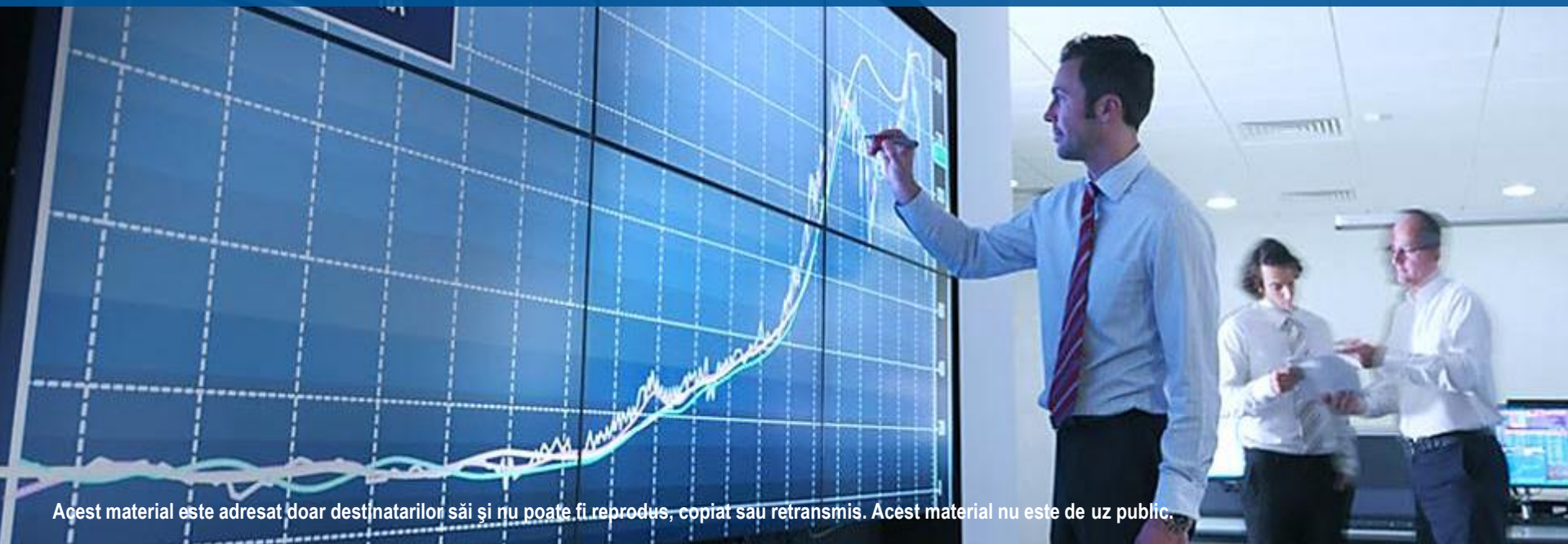


Source: FP Detailed Statement of Investments reports..

1. Created in May 2012 through the merger of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO.



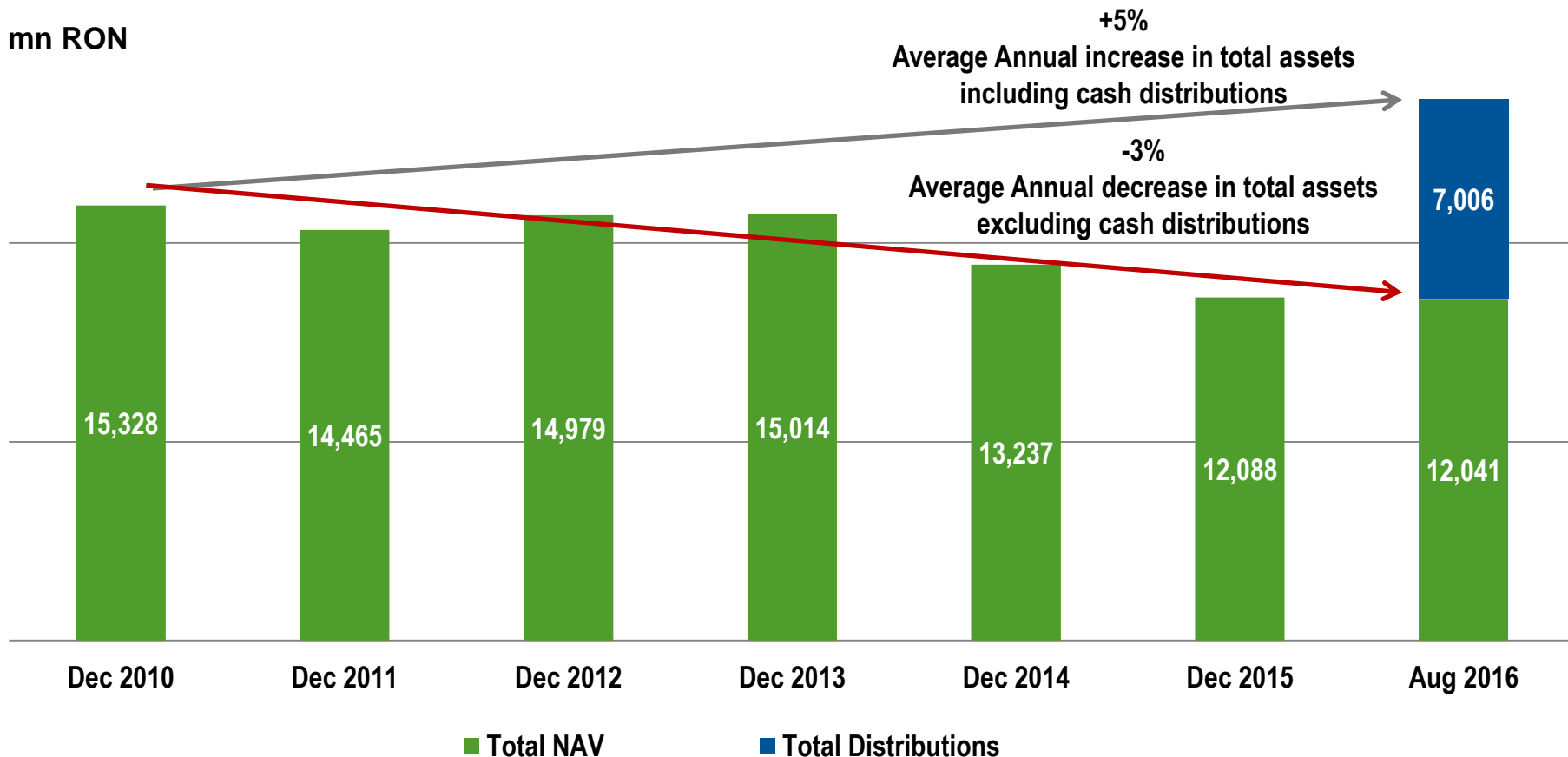
# Corporate Actions



Acest material este adresat doar destinatarilor săi și nu poate fi reprodus, copiat sau retransmis. Acest material nu este de uz public.

# Annual Decrease in Total Assets: 3%.

## Total Distributions Account for almost 50% of December 2010 NAV

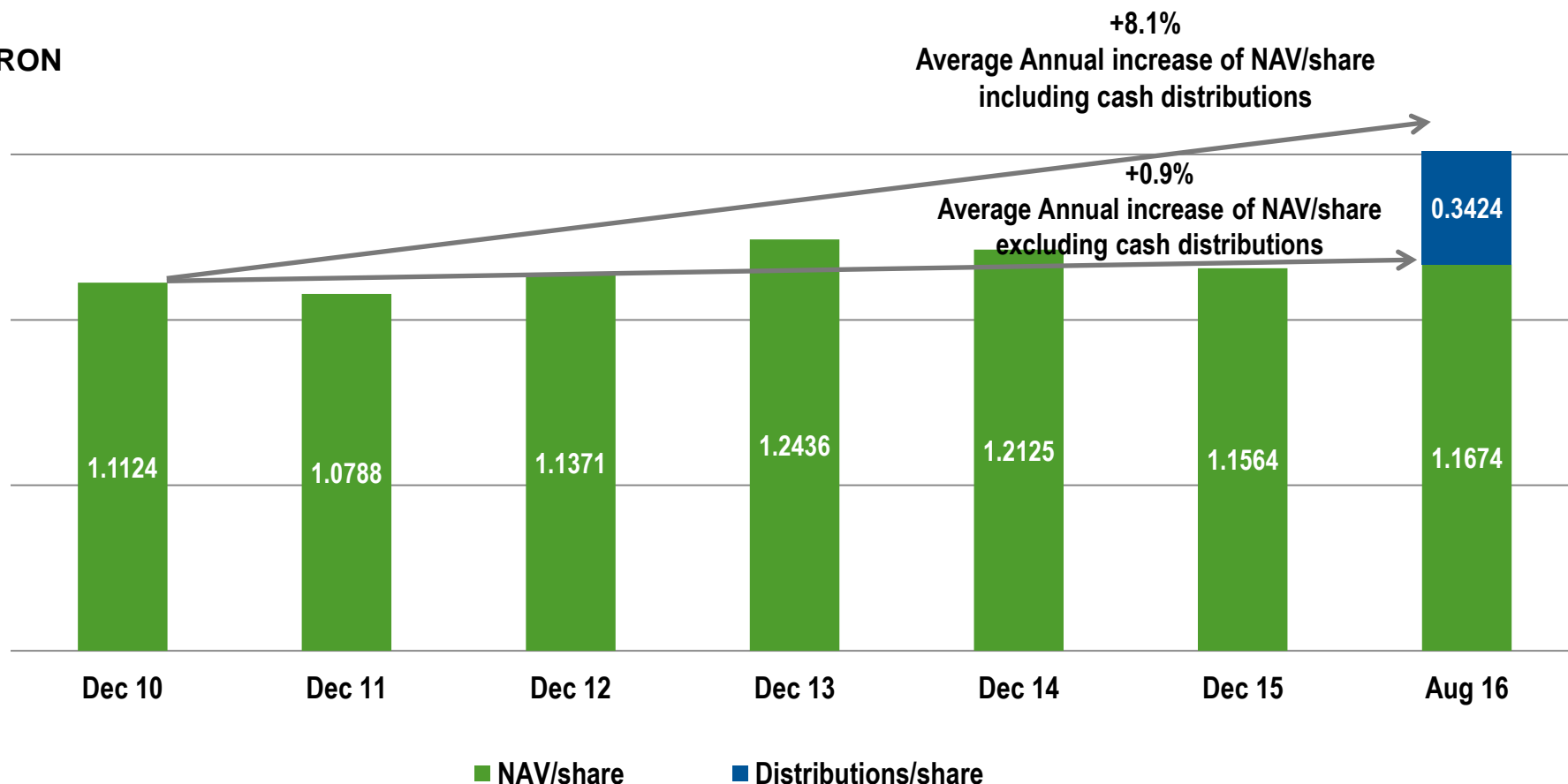


Note: Average annual decline in total assets of 3% includes the total distributions made by the Investment Manager through buy-backs and cash distributions of RON 7.51 bn. Assuming that this amount would have stayed with the Fund, the average total assets would have increased by 5% annually.

Source: FP NAV reports, FP Annual reports.

# Positive Evolution of the NAV/Share including Cash Distributions: +28.4%

RON

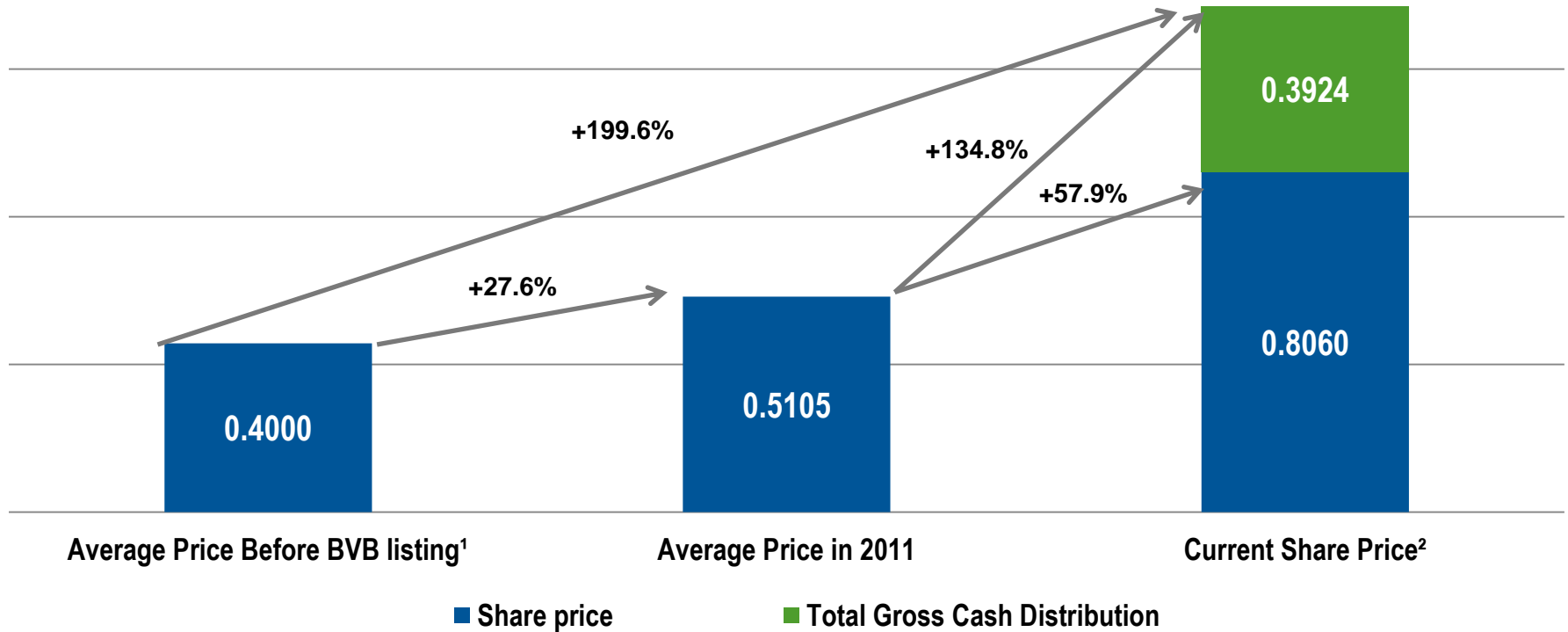


Note: Average annual increase of 0.9% excludes cash distributions made by the Investment Manager. Including the cash distributions, the average annual increase of the NAV/share was 8.1%

Source: FP NAV reports, and FP annual reports.

# Shareholder Returns

RON



Source: BVB.

1. Source: Intercapital Invest January 2011 report, and press articles.

2. As at 10 October 2016.

# NAV, Share Price and GDR Performance

## Cumulative Performance (RON)

	2011	2012	2013	2014	2015	H1 2016	YTD <sup>1</sup>	Since Performance Inception <sup>1</sup>
NAV	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	3.53%	5.60%	30.71%
Ordinary Share Price	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	(4.21)%	4.77%	78.99%
GDR	N/A	N/A	N/A	N/A	N/A	(3.05)%	7.35%	2.92%

## Average Annual Discount

2011	2012	2013	2014	2015	YTD <sup>2</sup>	Current Share Price Discount <sup>3</sup>	Current GDR Price Discount <sup>3</sup>
55.67%	50.09%	40.74%	30.87%	29.12%	32.42%	30.96%	28.65%

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

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

The Performance Inception date for the NAV is 31 December 2010, for the Share Price is 25 January 2011, and for the GDRs is 29 April 2015.

1. As at 31 August 2016.

2. For the period: 4 January – 10 October 2016.

3. As at 10 October 2016.

# Distributions to Shareholders

## Cash Distributions to Shareholders (RON)

	Financial Year	Paid In	Gross Cash Distribution Per Share	Net Cash Distribution Per Share <sup>1</sup>	% Change Year on Year	Net Cash Distribution Per Share if the Fund were to pay Dividends
Dividend	2008-2009 (aggregate)	2010	0.08160	0.06854	-	0.06854
Dividend	2010	2011	0.03141	0.02638	-	0.02638
Dividend	2011	2012	0.03854	0.03237	+22.71%	0.03237
Dividend	2012	2013	0.04089	0.03435	+6.12%	0.03435
Return of Capital	-	2014	0.05000	0.05000	+45.56%	0.04200
Return of Capital	-	2015	0.05000	0.05000	-	0.04200
Return of Capital	-	2016	0.05000	0.05000	-	0.04750
Special Distribution	-	2017	0.05000	0.05000	-	0.04475 <sup>2</sup>
<b>Total</b>			<b>0.39244</b>	<b>0.36164</b>		<b>0.33789</b>

Source: Investment Manager.

1. Note: Values resulted after applying the 16% Romanian Dividend Withholding Tax to the Gross Distribution per Share value. In case the shareholder provided a fiscal residence certificate from a jurisdiction where the tax on dividends was lower than 16%, the lower withholding rate was applied. Tax exemption is applied for certain categories of shareholders according to the fiscal legislation in force. Based on our current understanding of Romanian tax law, no Romanian withholding tax will apply on the return of capital distribution. Due to the uncertainty of Romanian tax law, we cannot guarantee that the tax treatment will not change in the future.

2. Applicable to only individual shareholders.

# Updated Annual Cash Distribution Policy

- In the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations and subject to available funding, the Investment Manager intends to recommend a cash distribution related to each financial year equivalent to: 100% of the sum of the Fund's dividend income from portfolio companies, plus interest on cash balances, less expenses and taxation and less compulsory allocations to reserves according to the regulations in force, in each case for that year, but not less than **RON 0.05 per share**.
- The cash distributions would be paid to shareholders in the form of a return of capital (by decreasing the nominal value per share) and / 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.
- Unpaid and treasury shares will not be entitled to receive cash distributions.
- The Annual Cash Distribution Policy does not limit additional cash returns and share buy-backs that can be recommended by the Investment Manager separately, subject to available funding and depending on the discount level, in accordance with the Investment Policy Statement.

# Special Cash Distribution

- In accordance with the Investment Policy Statement, the Investment Manager submitted for shareholders' approval during the GSM to be held on 31 October 2016, the approval of a **special distribution of RON 0.05 per share, in addition to the annual cash distribution.**
- If approved by shareholders, **the special distribution will be paid to shareholders starting with 27 March 2017.**
- The Investment Manager intends to recommend to shareholders an annual cash distribution of at least RON 0.05/share to be approved in early 2017 and paid in June 2017, subject to available funding and necessary approvals, in the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations.
- The proposal for the special distribution is part of the Investment Manager's commitment to continue to reduce the discount to NAV, and is in accordance with the Fund's Cash Distribution Policy.



# Buy – Back Programs

Program	Period	Status	No. of shares to be repurchased / % of the Fund's issued share capital	Average share price (RON/share)	Broker	Cancellation of shares
Sixth	Sep 2015 – Sep 2016	Finalized	891.8 mn/8.13%	0.8208	Wood & Co., Goldman Sachs Int.	Approval on 26 April 2016 of the cancellation of 179.6 mn shares; Shareholders' approval for the rest of the shares on 11 Oct GSM agenda
Seventh	Started on 29 Sep 2016	5.42% Completed	Max. 10% of the issued share capital at the relevant time	0.8059 <sup>1</sup>	Wood & Co., Goldman Sachs Int.	-

**1. As at 7 October 2016. Estimated value based on the 11,095,477 shares repurchased (11,095,477 ordinary shares and 0 equivalent shares of the GDRs repurchased)**

# Third Tender Offer

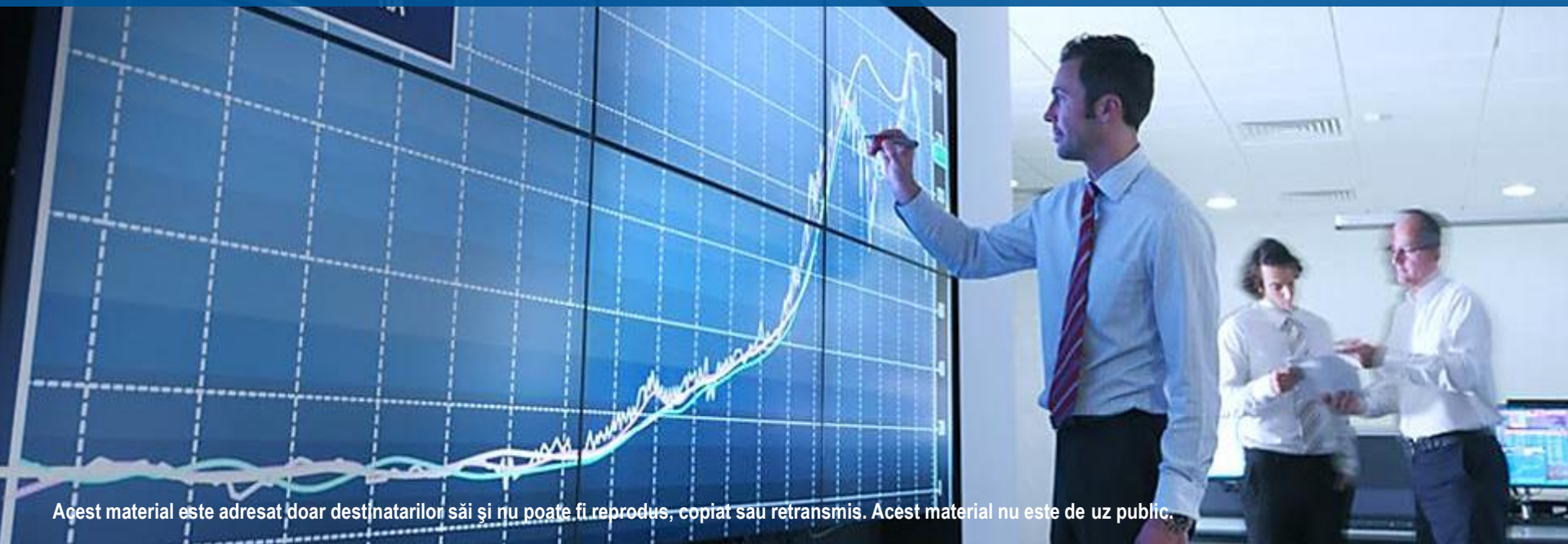
<b>Value of the Offer</b>	575,000,000 shares (388,559,950 in the form of shares and 186,440,050 in the form of GDRs)
<b>Purchase price</b>	RON 0.8420 per share and the USD equivalent of RON 42.10 per GDR
<b>Subscription period</b>	3 August – 7 September 2016
<b>Total subscriptions</b>	6,628,754,149 shares, i.e. 1,152.83% of the Offer (4,479,422,849 subscribed in the form of shares and 2,149,331,300 in the form of GDRs)
<b>Allocation method</b>	Pro-rata
<b>Allocation ratio</b>	8.67%
<b>Intermediary</b>	WOOD & Company Financial Services a.s
<b>Dealer managers</b>	Goldman Sachs International and WOOD & Company Financial Services a.s
<b>GDR Tender Agent</b>	The Bank of New York Mellon

<b>Announcement date</b>	<b>Tender price (RON/share)</b>	<b>FP pre-announcement share price (RON/share)</b>	<b>Premium to pre-announcement share price (%)</b>	<b>Discount of offer price to 30 June 2016 NAV (%)</b>
5 Jul 2016	0.8420	0.7380	14.09%	26.43%

**Source: Investment Manager current report.**

- The approval of the decrease of the subscribed share capital of Fondul Proprietatea S.A. from RON 9,168,314,116.70 to RON 8,562,968,634.10 pursuant to the cancellation of 712,171,156 own shares acquired by Fondul Proprietatea S.A. during the sixth buy-back programme.
- The approval of the eighth buy-back programme of shares of Fondul Proprietatea S.A., global depositary receipts or depositary interests corresponding to shares of Fondul Proprietatea S.A., via regular buy-backs or public tender offers, for a maximum number 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.
- The ratification and the approval of all EGM resolutions and of all legal acts concluded, adopted and issued in the name of Fondul Proprietatea S.A. through its sole administrator and/or its alternative investment fund manager between 6 September 2010 and 10 October 2016
- The approval of:
  - 1 November 2016 as the Ex – Date
  - 2 November 2016 as the Registration Date

# Appendix



Acest material este adresat doar destinatarilor săi și nu poate fi reprodus, copiat sau retransmis. Acest material nu este de uz public.

# OMV Petrom – Current Transaction vs. Privatisation Valuation

Petrom	mn RON	Obs.
Valuation at privatisation	8,885.5	Based on total paid for 51% (both existing shares and the capital increase) sum of actually paid from Cash flow Statement, not declared as of 7 October 2016
Dividends paid (2004 – 2015)	9,758.3	
Current Market capitalisation	13,424.0	
<b>Current value + Dividends</b>	<b>23,182.3</b>	
<b>Value created</b>	<b>14,296.8</b>	

FP sale (6.4%)	mn RON	Obs.
Valuation at privatisation price	568.7	
Dividends received	611.0	Total received *6.4%
Value at current price (0.237/share)	859.1	
<b>Current value + Dividends</b>	<b>1,470.2</b>	
<b>% higher vs. privatisation</b>	<b>158.5%</b>	

Oil price (WTI)	mn RON	Obs.
23 June 2004	41.7	Day privatisation contract was signed
7 October 2016	50.4	
<b>% Difference</b>	<b>20.8%</b>	

Source: Investment Manager.

# Simulation: Dividend Distribution vs Return of Capital Distribution

- This is a simulation, and not the Investment Manager proposal, realized in order to show the impact on total equity of distributions through Dividend, or Return on capital
- Assumption for distributions: RON 0.05 / share
- Total shares eligible for distribution as at 30 June 2016: 10,313,668,344<sup>5</sup>
- Value of the cash distribution: RON 515,683,417

RON	Value as at 30 June 2016 <sup>1</sup>	Scenario 1		Scenario 2	
		Dividend distribution <sup>4</sup>	Adjusted balances as at 30 June 2016 <sup>3</sup>	Return of capital <sup>4</sup>	Adjusted balances as at 30 June 2016 <sup>3</sup>
Share capital	9,320,973,181		9,320,973,181	(515,683,417)	8,805,289,764
Fair value reserve on available for sale financial assets	4,043,719,790		4,043,719,790		4,043,719,790
Other reserves	545,671,056		545,671,056		545,671,056
Treasury shares	(211,921,485)		(211,921,485)		(211,921,485)
Profit for the period	540,746,514	(515,683,417)	25,063,097		540,746,514
Retained earnings / (Accumulated losses) <sup>2</sup>	(2,473,157,472)		(2,473,157,472)		(2,473,157,472)
<b>Total equity</b>	<b>11,766,031,584</b>	<b>(515,683,417)</b>	<b>11,250,348,167</b>	<b>(515,683,417)</b>	<b>11,250,348,167</b>

1. As reported in the unaudited IFRS interim financial statements as at 30 June 2016. Note: Dividends cannot be distributed based on unaudited financial, or not approved by shareholders financial statements.

2. This simulation does not reflect the effect of the accounting losses coverage proposed by the Fund Manager in the agenda for the GSM scheduled for 31 October 2016.

3. Simulation based on the latest unaudited IFRS financial statements. The actual accounting entries and effect on equity is reflected only once all relevant approvals specific to each scenario are obtained. Also, the accounting entries above are related only to the shares eligible for distribution.

4. The distributable amount is based on the eligible shares as at 30 June 2016 and does not consider the potential effect of any subsequent changes that may occur before shareholders' approval for such distributions.

5. Calculated as Total number of issued share - Un-paid shares - Treasury shares.

# Impact of Covering the Accounting Losses

Shareholders Equity (RON mn)	Value as at 31 December 2015 <sup>1</sup>	Covering of the accounting losses <sup>2</sup>	Balance as at 31 December 2015 adjusted after covering the accounting losses <sup>3</sup>
Share capital	10,074,080,746	(2,317,038,572)	7,757,042,174
Fair value reserve on available for sale financial assets	4,232,810,400		4,232,810,400
Legal reserves	243,735,507		243,735,507
Other reserves - from 2006 and 2007 profits	120,299,556	(120,299,556)	-
Other reserves - gain on cancellation of own shares	163,362,823	(35,819,344)	127,543,479
Treasury shares	(308,039,345)		(308,039,345)
Retained earnings / (Accumulated losses)	(2,473,157,472)	2,473,157,472	-
<b>Total</b>	<b>12,053,092,215</b>	<b>-</b>	<b>12,053,092,215</b>

- The accounting loss can be covered using:
  - RON 156,118,900.08 from 'Other reserves' respectively RON 120,299,556.29 representing the part of 2006 and 2007 profits allocated to reserves and an amount of RON 35,819,343.79 taken from the reserves related to gain on cancellation of treasury shares and
  - RON 2,317,038,571.58 from registered capital.
- As a result we have a decrease of nominal value from RON 0.85 to RON 0.62 for covering accounting losses and from RON 0.62 to 0.57 for extraordinary cash distribution of RON 0.05 / share

Source: FP Report.

- As reported in the audited IFRS financial statements as at 31 December 2015.
- As recommended by the Fund Manager in Scenario 2, detailed in the Memo drafted for the 31 October 2016 EGM .
- Simulation based on the latest audited financial statements (i.e. subsequent changes in equity during 2016 are not included). The actual accounting entries will be booked once all relevant approvals will be obtained.

Fondul Proprietatea  
Premium Point  
Buzesti Street 78-80, 1st District  
Bucharest 011017  
[www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)



# FRANKLIN TEMPLETON INVESTMENTS