

Fondul Proprietatea General Shareholders Meeting

14 February 2018



Fund Information

Open	838.63
Low	856.45
Close	836.23
on Close (50)	845.12
on Close (100)	NA
on Close (200)	NA



The Fund – Key facts



Fund Details ¹	RON			USD		
	31 Jan '18 NAV	29 Sep '17 NAV ²	Change (%)	31 Jan '18 NAV	29 Sep '17 NAV ²	Change (%)
NAV	10.9 bn	10.61 bn	3.4%	2.93 bn	2.72 bn	7.7%
NAV/Share	1.2576	1.2078	4.1%	0.3359	0.3099	8.4%
Price/Share	0.9200	0.8450	8.9%	0.2457	0.2168	13.3%
Price/GDR	45.68	43.07	6.0%	12.20	11.05	10.4%
Market Capitalization as at 9 February 2018 ³		7.77 bn ³			2.05 bn ³	
Discount/Share as at 9 February 2018			28.00%			
Discount/GDR as at 9 February 2018			26.95%			
Number of Paid Shares less Treasury Shares			8,718,991,588			
Investment Objective	Maximization of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.					

Source: BVB, FP NAV Reports as at 29 September 2017 and 31 January 2018.

1. Based on local regulator methodology.

2. Computed using the NBR USD/RON FX rate as at the end of the month.

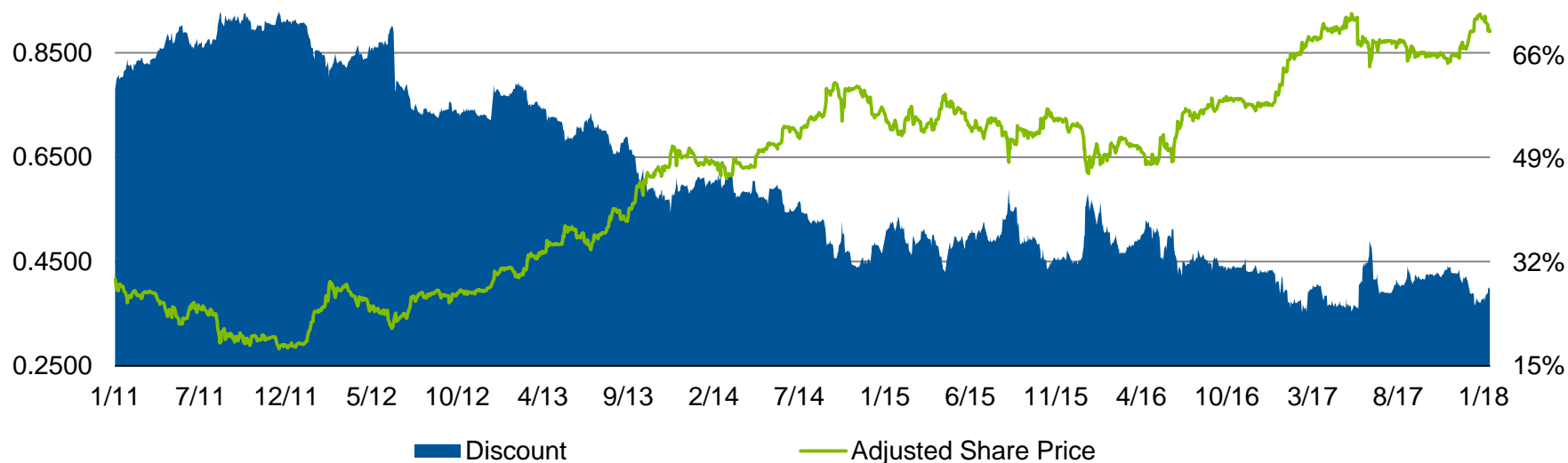
3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 8 December 2017.

Computed using the NBR USD/RON FX rate as at 9 February 2018.

4. As at 9 February 2018.



FP Share Price¹ (RON) and Discount (%)



	BVB	LSE
Discount ²	28.00%	26.95%
Average Daily Turnover (USD)	1.21 mn ³	0.12 mn ⁴

1. Source: BVB, Bloomberg, for the period 25 January 2011 – 9 February 2018.

2. As at 9 February 2018. Note: The discount is calculated based on the latest published NAV available for the day of the calculation.

3. Source: BVB, for the period 3 January – 9 February 2018. Values in USD calculated using the USD/RON FX rate as at 9 February 2018.

4. Source: Bloomberg, for the period 2 January – 9 February 2018.



Investment Objective

- FP's investment objective is the maximization of returns to shareholders and the increase of the net asset value per share per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.



Investment Strategy

- No new investments until the discount narrows significantly
- Active management and engagement with current portfolio companies to increase their value
- Continuing with buy-back programs of own shares (share repurchases and/or public tender offers) and cash distributions to shareholders (100% of dividends or other cash distributions received from portfolio companies plus interest on cash less operating expenses and applicable taxes, and less compulsory allocation to reserves, in accordance with regulations in force)



Performance Objectives (IPS)¹

- Discount of 15% or less for at least two thirds of the trading days between 1 January – 31 December 2018
- Higher adjusted NAV per share than the reported NAV per share reported as at the end of the previous Reporting period, i.e. NAV per share as at 30 June 2017² (RON 1.1953 per share)

1. For the Reporting period 1 January – 31 December 2018.

2. The adjusted NAV for a given date is calculated as the sum of: (1) the reported NAV as at the end of the reporting period, (2) any distributions to shareholders, being either dividend or non-dividend ones (i.e. in this case following reductions of the par value of the shares and distribution of the decreasing amount to shareholders) implemented after the end of the previous reporting period, and (3) any distribution fees (as defined in the IMA), and any transaction costs and / or distribution costs relating to either dividend or non-dividend distributions including buy-backs of shares and/or GDRs, and/or depository interests executed through daily acquisitions or public tenders, after the end of the previous Reporting Period. The adjusted NAV per share is 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.

Base Fee per Year

Current IMA

0.60%

- Discount 15% – 20%, + 0.05%, i.e. Base Fee Rate = 0.65%
- Discount <15%, + additional 0.05%, i.e. Base Fee Rate = 0.70%

New IMA

0.60%

- Discount 15% – 20%, + 0.05%, i.e. Base Fee Rate = 0.65%
- Discount <15%, + additional 0.05%, i.e. Base Fee Rate = 0.70%

Consideration for the Base Fee

Current IMA

- Average quarterly market cap of the Fund

New IMA

- Weighted average market cap of the Fund

Distribution Fees for Cash Distribution

Current IMA

- 2.00%: Up to and including 31 March 2017
- 1.50%: 1 April – 30 September 2017
- 1.00%: 1 October 2017 – 1 April 2018

New IMA

- 1.00%: 1 April 2018 – 30 March 2020

Consideration for the Cash Distribution Fees

Current IMA

- Share buy-backs, GDR buy-backs, public tender buy-backs, reductions of share capital for cash distributions

New IMA

- Share buy-backs, GDR buy-backs, public tender buy-backs, reductions of share capital for cash return, dividends

Duration

Current IMA

- 2 years

New IMA

- 2 years

Continuation Vote

Current IMA

- Annually, each October

New IMA

- Annually, each April

NAV, Share price and GDR performance



Cumulative Performance

	2011	2012	2013	2014	2015	2016	2017	YTD	Since Performance Inception ¹
NAV (RON)	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	7.33%	13.10%	1.62%	52.68%
Ordinary Share Price (RON)	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	4.90%	21.46%	6.48%	131.79%
GDR (USD)	N/A	N/A	N/A	N/A	N/A	1.15%	35.88%	6.55%	33.99%



Average Annual Discount

2011	2012	2013	2014	2015	2016	2017	2018 YTD ²	Current Share Price Discount ³	Current GDR Price Discount ³
55.67%	50.09%	40.74%	30.87%	29.12%	32.08%	28.05%	26.40%	28.00%	26.95%

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 January 2018.

2. For the period: 3 January – 9 February 2018.

3. As at 9 February 2018.

Portfolio

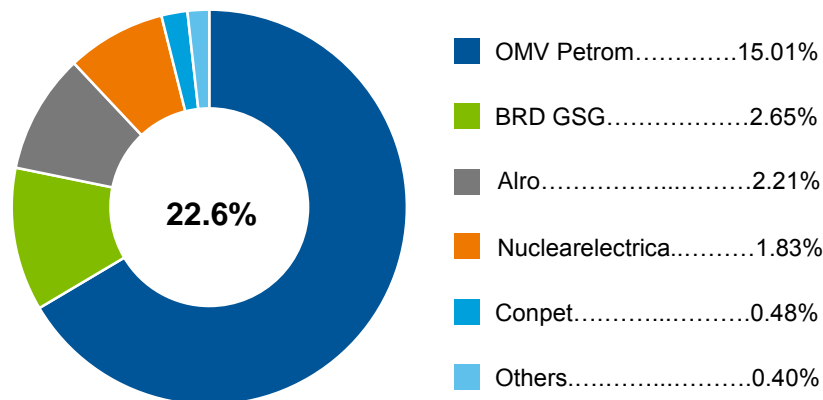


Portfolio structure – Listed vs. Unlisted



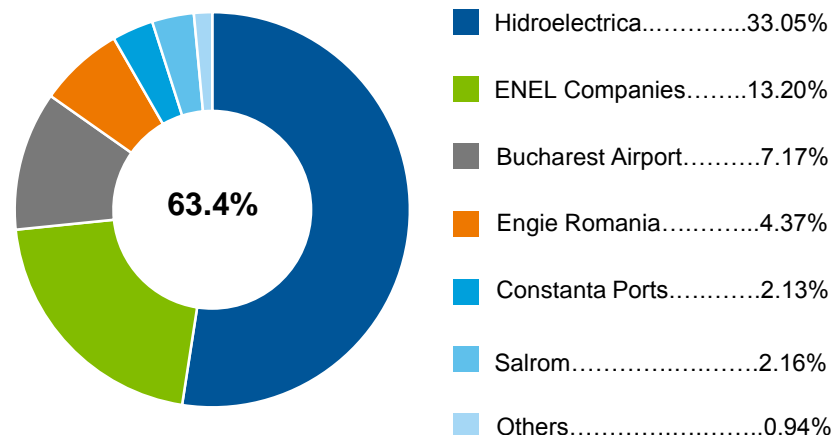
Listed Companies

(% of NAV as at 29 December 2017)



Unlisted Companies

(% of NAV as at 29 December 2017)



Source: FP 29 December 2017 Detailed Statement of Investments.

Independent valuations of unlisted holdings as at 29 December 2017

Holding	Previous value of the holding (RON mn)	Current value of the holding (RON mn)	Impact of the update of independent valuation on NAV (RON mn)	% Change
Hidroelectrica SA	3,384.0	3,566.0	182.0	5.4%
CN Aeroporturi Bucuresti SA	761.0	774.0	13.0	1.7%
E-Distributie Banat SA	599.9	545.0	(54.9)	(9.2)%
Engie Romania SA	453.4	472.0	18.6	4.1%
E-Distributie Muntenia SA	449.4	419.0	(30.4)	(6.8)%
E-Distributie Dobrogea SA	380.2	342.0	(38.2)	(10.0)%
SN a Sarii Salrom SA	181.0	233.0	52.0	28.7%
CN Administratia Porturilor Maritime SA	216.0	230.0	14.0	6.5%
Enel Energie Muntenia SA	70.3	61.0	(9.3)	(13.2)%
Enel Energie SA	75.5	57.0	(18.5)	(24.5)%
Posta Romana SA	45.0	35.0	(10.0)	(22.2)%
Complexul Energetic Oltenia SA	0.0	32.0	32.0	100.0%
Zirom SA	25.5	26.8	1.3	5.1%
Aeroportul Int. Timisoara - Traian Vuia SA	3.6	22.0	18.4	511.1%
Aeroportul Int. Mihail Kogalniceanu - Constanta SA	1.7	2.4	0.7	41.2%
Plafar SA	2.2	2.0	(0.2)	(9.1)%
Total	6,648.7	6,819.3	170.6	2.6%

Source: FP 29 December 2017 NAV report.

Largest holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake ¹	NAV as at 31 January 2018 (USD mn)	% in NAV as at 31 January 2018
Hidroelectrica SA	Unlisted	Romanian State	19.9%	952.41	32.52
OMV Petrom SA	Listed	OMV	10.0%	463.62	15.83
CN Aeroporturi Bucuresti SA	Unlisted	Romanian State	20.0%	206.72	7.06
E-Distributie Banat SA	Unlisted	Enel Group	24.1%	145.56	4.97
Engie Romania SA	Unlisted	Engie	12.0%	126.07	4.30
E-Distributie Muntenia SA	Unlisted	Enel Group	12.0%	111.91	3.82
E-Distributie Dobrogea SA	Unlisted	Enel Group	24.1%	91.34	3.12
BRD Groupe Societe Generale SA	Listed	Societe Generale Group	3.2%	79.84	2.73
Alro SA	Listed	Vimetco NV NLD	10.2%	68.13	2.33
SN a Sarii Salrom SA	Unlisted	Romanian State	49.0%	62.23	2.12
Top 10 Portfolio Holdings				2,307.83	78.80
NAV				2,928.62	100.00
NAV Per Share (USD)				0.3359	

Note: Values in USD calculated using the USD/RON FX rate as at 31 January 2018.

Source: FP Factsheet as at 31 January 2018.

1. Based on the FP 29 December 2017 Detailed Statement of Investments.



Dividends:

In 2017, FP received from the company record high dividends for FY 2016 of RON 206.6 mn, 53.5% higher than the previous year.

In September 2017, the Company's shareholders approved a special dividend of RON 655 million to be paid by the end of the month. FP received RON 130.6 million.



The Fund's Strategic Review:

The Fund announced in September 2017 that is reviewing strategic options regarding its ownership in the company and has appointed Citi and UBS as financial advisers in connection with a potential transaction.



Financials:

Net profit increased by 14% in the first nine months of 2017 to RON 1,014 mn, compared to RON 890 mn in the same period of 2016.



Listing:

The Consortium's mandate for the IPO has been extended until August 2018.



Corporate Governance:

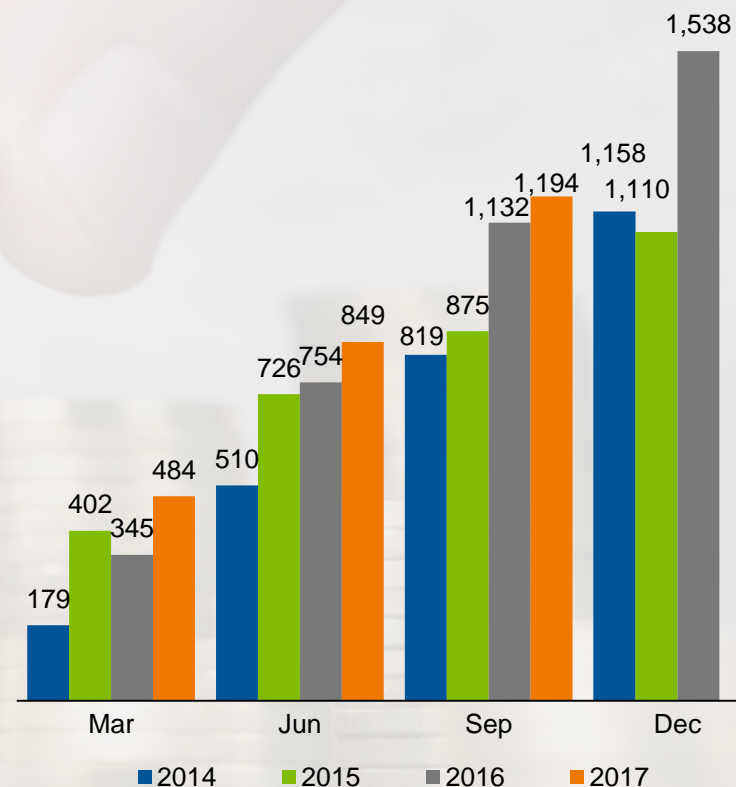
In the shareholders' meeting held on 9 January 2018, the Government approved the appointment of an interim Board with a mandate of 4 months. This came after previous extensions starting 29 April 2017. There is no progress in the selection of the Board members based on Law 111/2016.



Litigations:

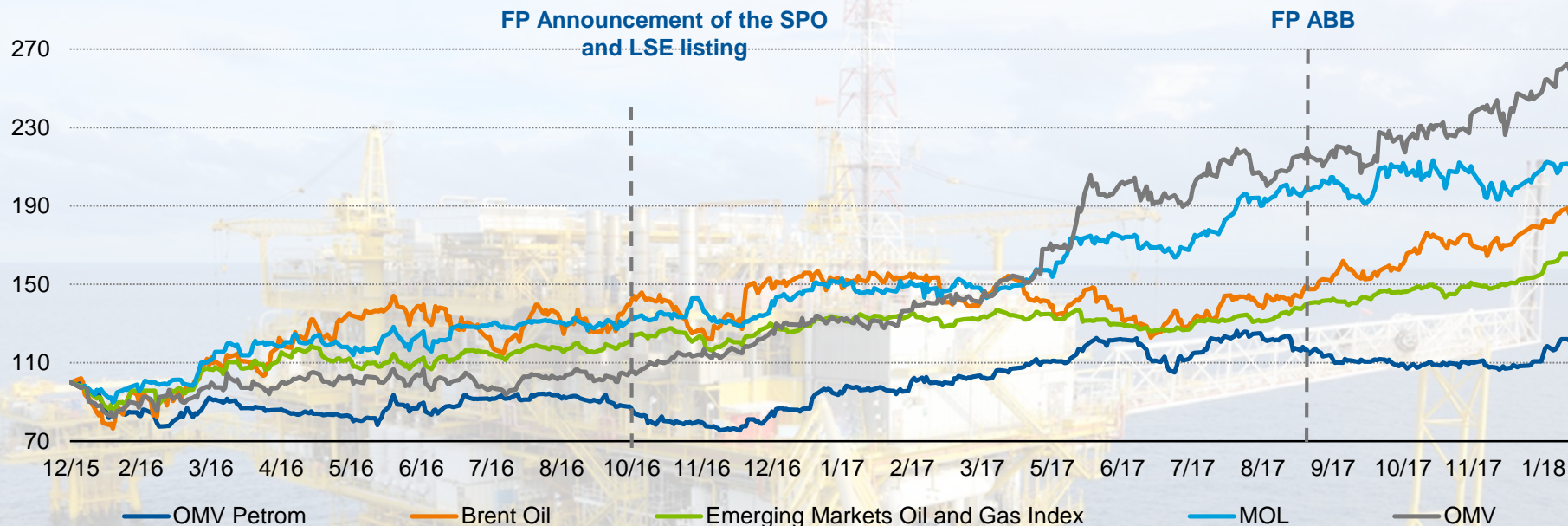
The Fund has started several litigations against the appointment of the new members of the Directorate for breaching corporate governance principles.

Pre-tax Cumulated Profit (RON mn)



Source: Hidroelectrica 2009 – 2017 Annual reports and financial statements, Hidroelectrica monthly press releases, reports, and presentations.

OMV Petrom – Share Price Performance % in USD¹



Management update

In January 2018, the company's Supervisory Board appointed Ms. Christina Verchere as President of the Executive Board and CEO, effective 21 May 2018 at the latest, for the remaining term of the mandate granted to Ms. Mariana Gheorghe, i.e. until 16 April 2019.

1. Source: Bloomberg, as at 16 January 2018.

C.N. Aeroporturi Bucuresti – Update

Financial Performance	2011	2012	2013	2014	2015	2016	2017 Prelim.	% y/y	2018 budget
Operating revenues (mn RON)	501.5	555.5	582.6	672.1	755.6	882.3	1,054.6	19.5%	1,141.5
Operating profit (mn RON)	88.5	80.9	94.0	124.4	213.5	276.6	385.9	39.5%	317.4
Net Income (mn RON)	52.6	53.1	72.0	98.8	178.8	234.5	327.3	39.6	275.2
Number of passengers (mn)	7.45	7.54	7.67	8.32	9.28	10.99	12.84	16.8%	N/A



Passenger Traffic

Increased by 16.8% in 2017 compared to the previous year, reaching 12.84 million passengers. Total revenues in 2017 are estimated at RON 1.08 bn, 8.3% higher than in 2016, while the gross profit reached RON 389.7 mn, i.e. 45% higher than the previous year.



Board and Management

The interim Board appointed on 12 January an interim General manager for a 4 months mandate.



IPO

We continue discussions with the Government on this topic, but there is no clear timeline or plans in this direction.

Corporate Actions



Fifth Tender Offer

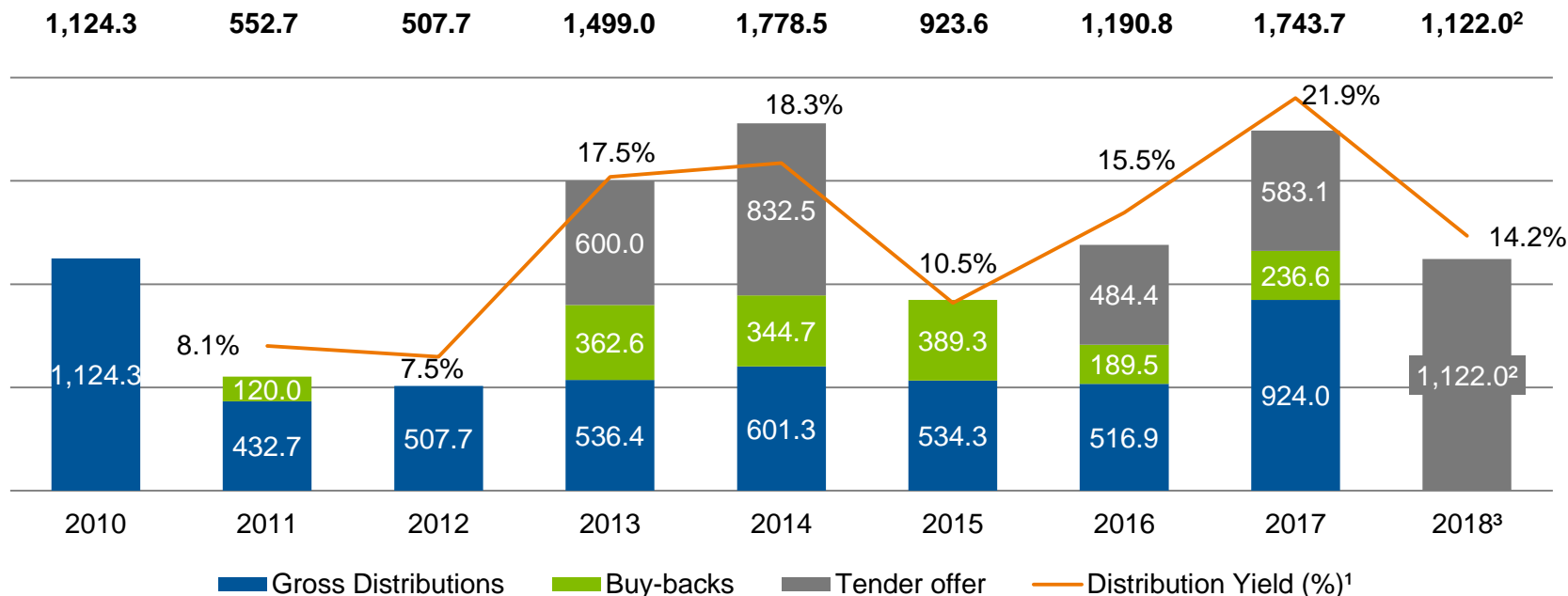
Value of the Offer	1,200,000,000 shares, in the form of shares and GDRs
Purchase price	RON 0.9350 per share and the US dollar equivalent of RON 46.75 per GDR
Subscription period	18 January – 23 February 2018
Intermediary	WOOD & Company Financial Services a.s
Dealer managers	Jefferies International Limited and WOOD & Company Financial Services a.s
GDR Tender Agent	The Bank of New York Mellon

Source: Investment Manager current reports and Tender offer documentation.

Distributions to shareholders (I)



Annual Distributions to Shareholders (RON mn)



The total distributions through buy-backs and cash would amount to RON 10.44 bn/USD 2.91 bn³

Note: Values exclude related acquisition fees. USD values based on the NBR average USD/RON FX for each year. For 2018, average USD/RON FX as at 9 February.

1. Based on the total annual distributions through buy-backs and cash, based on the average closing share price on BVB for the respective year and the average number of paid shares, excluding Treasury shares. For 2018, average closing share price as at 9 February.

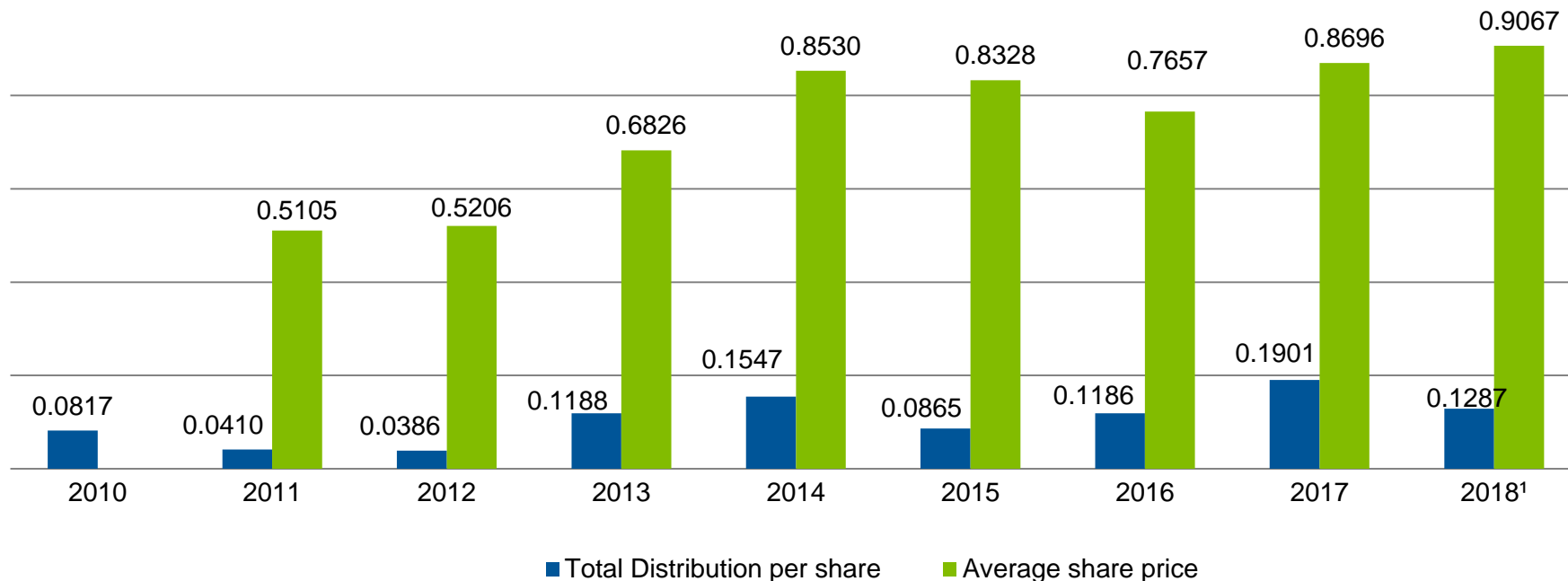
2. Estimation based on the value of the Tender offer of 1.2 bn shares and purchase price of RON 0.935 per share.

3. As at 9 February 2018.

Distributions to shareholders (II)



Annual Distributions to Shareholders per Share (RON)



The total distributions through buy-backs and cash amount to RON 0.9585 per share/USD 0.2637 per share².

Note: Values exclude related acquisition fees. USD values based on the NBR average USD/RON FX for each year. For 2018, average USD/RON FX as at 9 February.

1. As at 9 February. For distributions, the value is an estimation based on the value of the Tender offer of 1.2 bn shares and purchase price of RON 0.935 per share, and the average number of paid shares..

2. As at 9 February 2018.

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 ¹
Seventh	29 Sep 16 – 26 May 17	Finalized	830.2 mn/8.2%	0.8967	Wood & Co., Goldman Sachs Int.	Cancellation approved by the shareholders during the 3 May '17 ² and 26 Sep '17 EGMs
Eight	30 May – 10 Nov 2017	Finalized	141.9 mn/1.4%	0.8624	Wood & Co., Jefferies Internat.	Partial cancellation of 67.7 mn shares approved by shareholders during the 26 Sep '17 EGM
Ninth	Started on 14 Nov 2017	Ongoing	1,866.9 mn/20%	0.8430 ³	Wood & Co., Jefferies Internat.	-

1. To be effective, the FSA endorsement is legally required.

2. Effective starting 29 November 2017.

3. As at 8 December 2017. Estimated value based on the 19,159,328 shares repurchased (13,955,428 ordinary shares and 5,203,900 equivalent shares of the GDRs repurchased). Starting 11 December 2017, the daily buy-backs have been suspended, following the announcement regarding the Public tender offer process in relation to the ninth buy-back programme.



EGM agenda:

- Presentation by the Fund Manager of investment strategies and available options.
- The approval of the new Investment Policy Statement



OGM agenda:

- The approval of the terms along with the execution before 1 March 2018 of the Management Agreement by and between Fondul Proprietatea S.A. and Franklin Templeton International Services S.À R.L. covering the New Mandate (as defined by OGM Resolution no. 3 of 26 September 2017).
- The appointment of three members in the Board of Nominees of Fondul Proprietatea S.A. following the expiration of two mandates on 5 April 2018 and another one on 14 April 2018.
- The approval of the increase of the gross monthly remuneration for each member of the Board of Nominees to RON 24,123/month, starting with 1 January 2018

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