

Fondul Proprietatea – General Shareholders Meeting

14 November 2018



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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 4,771,610,196.08 and paid up share capital is RON 4,582,427,774.08.

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.



Fund Information



The Fund – Key facts

Fund Details¹	RON	USD
NAV	9.90 bn	2.46 bn²
NAV/Share	1.3546	0.3369²
Price/Share	0.9310	0.2315²
Price/GDR	46.24	11.50
Market Capitalization as at 13 November 2018 ³	6.87 bn	1.66 bn³
Discount/Share as at 13 November 2018		30.24%
Discount/GDR as at 13 November 2018		29.59%
Number of Paid Shares less Treasury Shares ⁴		7,269,457,752
Investment Objective		
Dividend/Share for FY 2017		RON 0.0678
Dividend Yield for FY 2017 ⁵		7.54%
Maximization of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities		

Source: BVB, FP Report as at 28 September 2018 report.

1. Based on local regulator methodology.

2. Computed using the NBR USD/RON FX rate as at 28 September 2018.

3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 9 November 2018. Computed using the NBR USD/RON FX rate as at 13 November 2018.

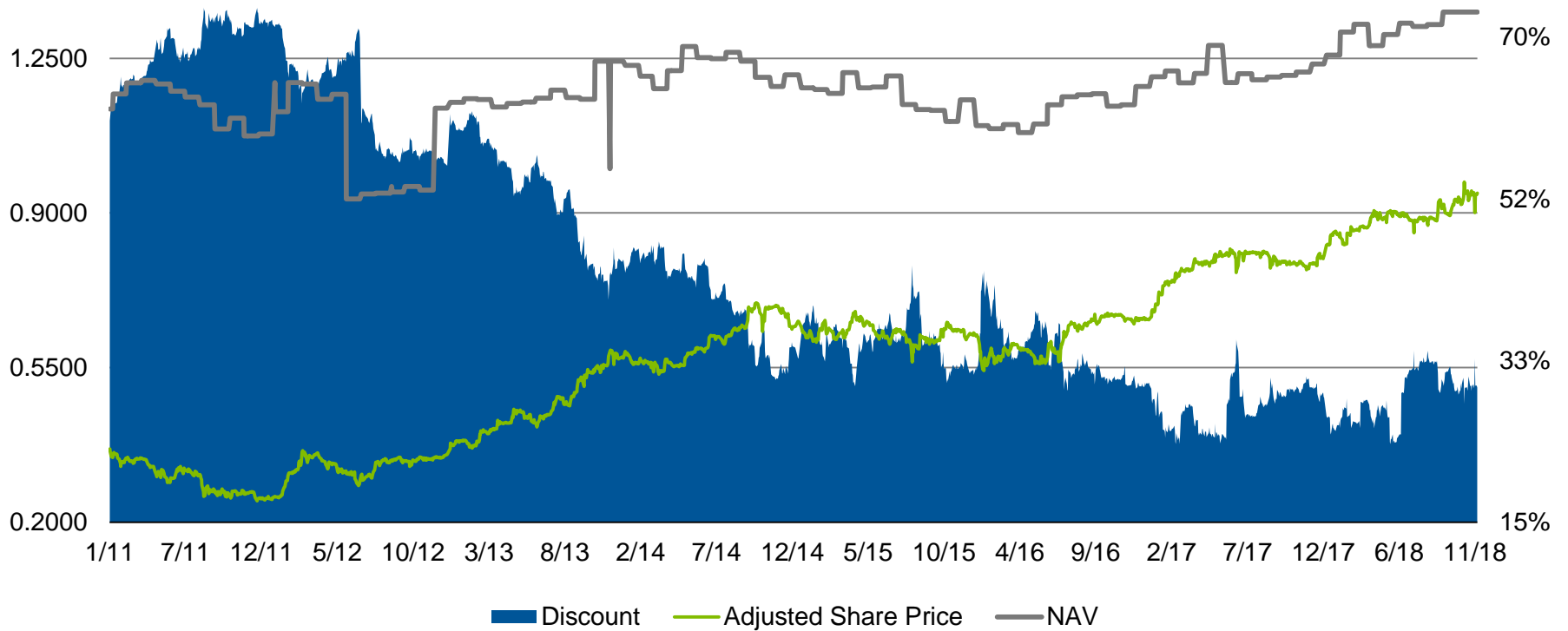
4. As at 9 November 2018.

5. Based on the BVB share price as at 11 June 2018, the Registration date for the FY 2017 dividend.

The Fund – Performance



FP Share Price, Discount and NAV (RON)

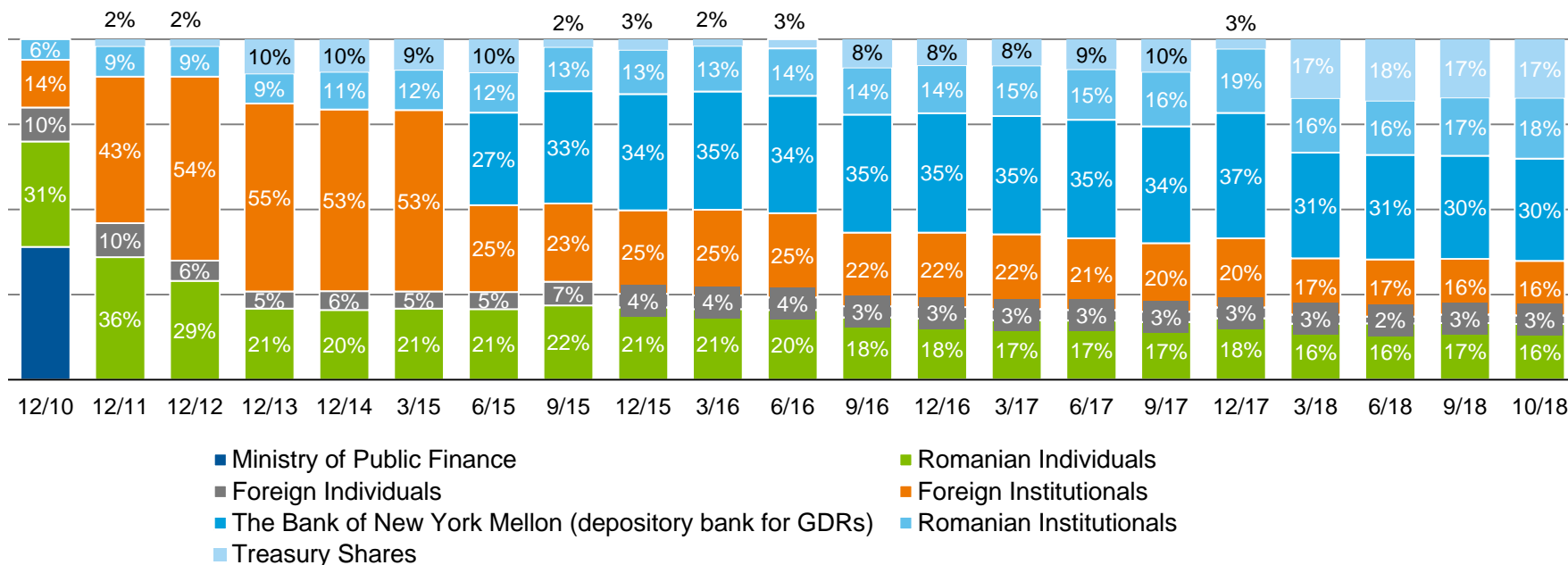


Source: Bloomberg, BVB, until 13 November 2018.

Shareholders structure



Evolution (% Held)



Largest Shareholders¹

Anchorage Capital Group	6.70%
NN Group	5.02%
Total Number of Shareholders ²	6,185

1. Based on the total voting rights. Source: Ownership disclosures submitted by NN Group on 27 March 2017 and Anchorage Capital Group on 20 September 2018.

2. Shareholders structure as at 31 October 2018.

Note: Based on paid share capital starting 31 July 2011. Source: Central Depository.

NAV, Share price and GDR performance



Cumulative Performance

	2011	2012	2013	2014	2015	2016	2017	H1 2018	YTD ¹	Since Performance Inception ¹
NAV (RON)	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	7.33%	13.10%	13.12%	15.27%	73.18%
Ordinary Share Price (RON)	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	4.90%	21.46%	10.02%	15.87%	152.23%
GDR (USD)	N/A	N/A	N/A	N/A	N/A	1.15%	35.88%	5.53%	7.40%	35.06%



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%	29.19%	30.24%	29.59%

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 28 September 2018.

2. For the period 3 January – 13 November 2018.

3. As at 13 November 2018.

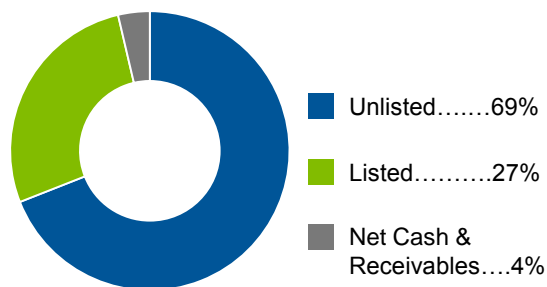
Portfolio





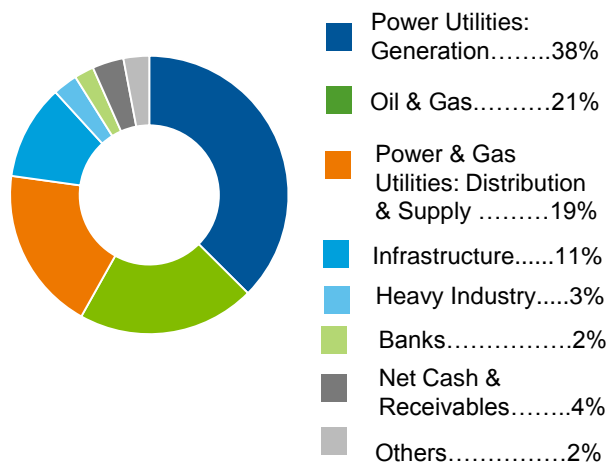
Listed vs Unlisted

as at 28 September 2018 (% NAV)¹



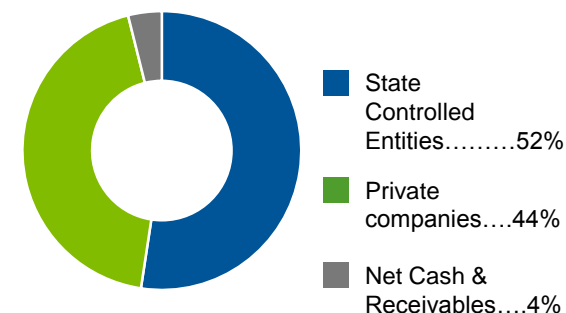
By Sector

as at 28 September 2018 (% NAV)¹



By Controlling Ownership

as at 29 June 2018²



- As at 28 September 2018, the portfolio included stakes in 35 companies (8 listed and 27 unlisted)
- Net cash and receivables position as at 28 September 2018 was USD 90.1 mn.
- The Fund Manager contracted a revolving credit facility for a maximum amount of RON 400 mn³ from BRD - Groupe Societe Generale SA. The purpose of this credit facility is for general corporate and operational use, including buybacks of own shares, distributions to shareholders, but excluding investments. The credit facility is available until June 2020.

1. Source: FP 28 September 2018 Factsheet.

2. FP 29 June 2018 Detailed statement of Investments.

3. Maximum committed amount of RON 400 million, plus the possibility to access, at any given time, an additional amount of RON 200 million, subject to the Bank's approval and in accordance with the provisions of the Credit Facility, without exceeding RON 600 mn in total.

Largest holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake ¹	NAV as at 28 September 2018 (USD mn)	% in NAV as at 28 September 2018
Hidroelectrica SA	Unlisted	Romanian State	19.9%	878.14	35.68
OMV Petrom SA	Listed	OMV	10.0%	510.58	20.75
CN Aeroporturi Bucuresti SA	Unlisted	Romanian State	20.0%	196.72	7.99
E-Distributie Banat SA	Unlisted	Enel Group	24.1%	135.54	5.51
Engie Romania SA	Unlisted	Engie	12.0%	117.38	4.77
E-Distributie Muntenia SA	Unlisted	Enel Group	12.0%	104.20	4.23
E-Distributie Dobrogea SA	Unlisted	Enel Group	24.1%	85.05	3.46
SN a Sarii Salrom SA	Unlisted	Romanian State	49.0%	64.16	2.61
CN Administratia Porturilor Maritime SA	Unlisted	Romanian State	20.0%	57.20	2.32
BRD Groupe Societe Generale SA	Listed	Groupe Societe Generale	2.4%	56.41	2.29
Top 10 Portfolio Holdings				2,205.38	89.61
NAV				2,460.99	100.00
NAV Per Share (USD)				0.3369	

Note: Values in USD calculated using the USD/RON FX rate as at 28 September 2018.

Source: FP 28 September 2018 Factsheet.

1. Based on the FP 29 June 2018 Detailed Statement of Investments.

Portfolio – Potential transactions

Company	FP NAV (%) ¹	FP Stake Value (USD mn) ¹	Financial Adviser Selected	Status
Hidroelectrica	35.7%	878.1	Citigroup Global Markets Ltd, UBS Ltd	Ongoing
Salrom	2.6%	64.2	UniCredit	Ongoing
Engie Romania	4.8%	117.4	-	Request for IPO submitted for shareholders' approval (GSM on 28 November 2018)
Total	43.1%	1,059.7		

1. Source: FP Factsheet as at 28 September 2018.



Dividends:

FP received RON 226 mn dividends for the 2017 financial year.



Financials:

Gross profit increased by 66% to RON 1.98 billion in the first 9 months of 2018. Revenues increased to RON 3.2 billion, similar to the revenues registered in the FY 2017, whereas production increased to 14.2 TWh.

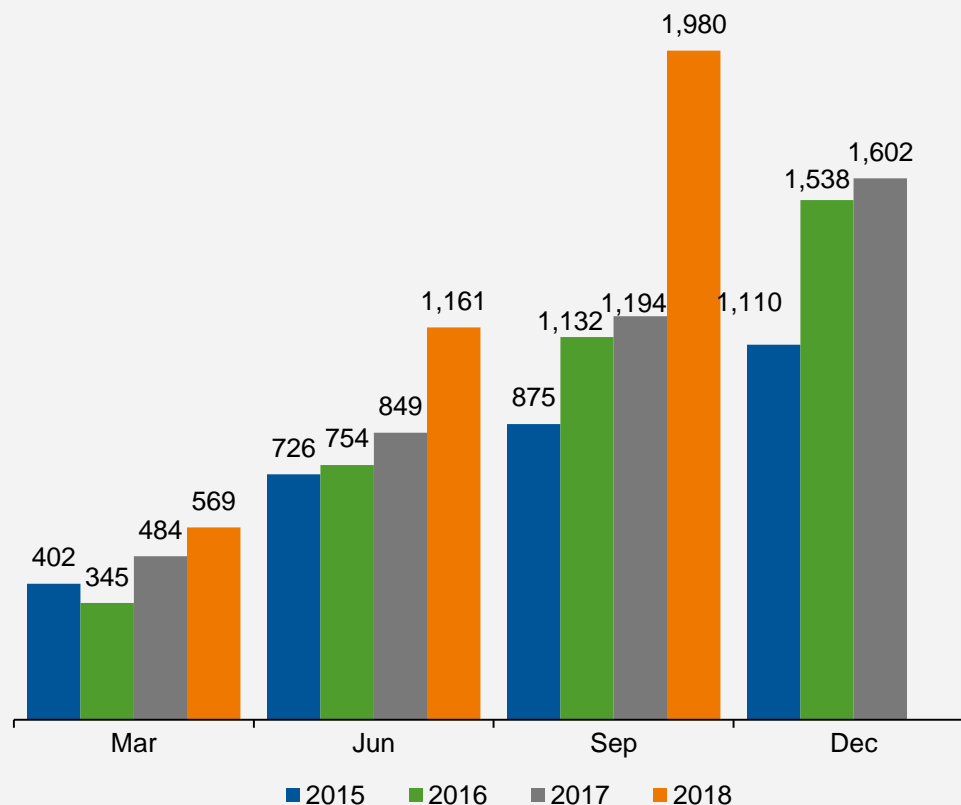


Corporate Governance:

In the shareholders' meeting held on 12 September 2018, the Government approved the extension of the interim Board for an additional 4 month period.

The Ministry of Energy is currently conducting the selection of Board members according to the provisions of Law's 111/2016.

Pre-tax Cumulated Profit (RON mn)



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

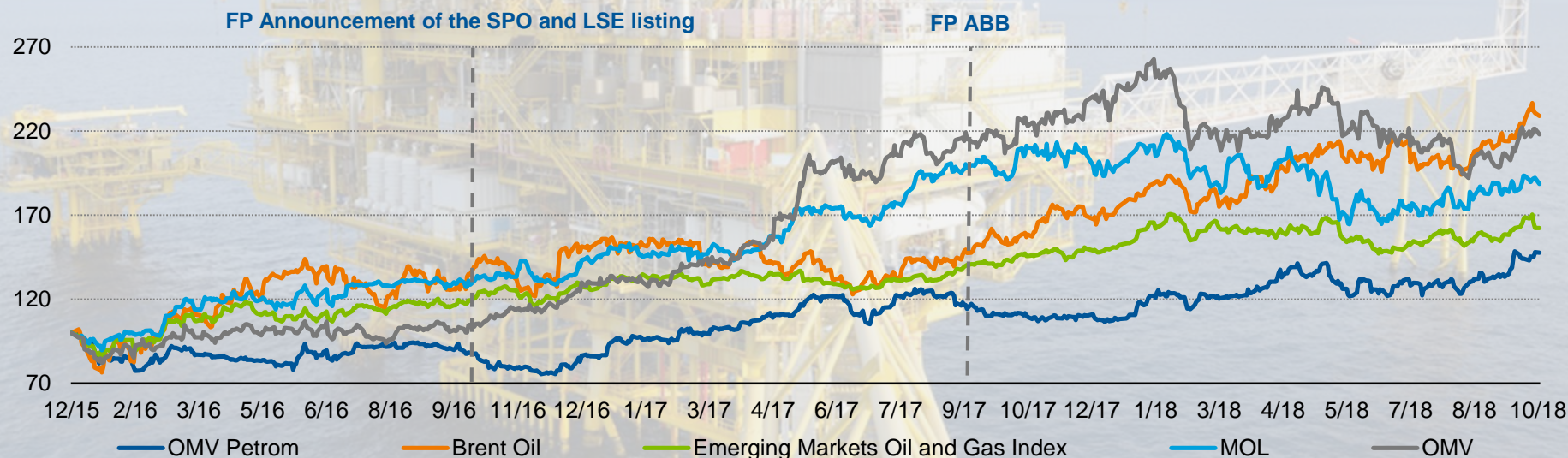
9 months 2018 results¹

- Sales increased to RON 16.1 bn in the first nine months of the year, by over 11% compared to the similar period in 2017, on the back of higher oil and gas prices and higher electricity sales volumes.
- Operating profit increased to RON 3.5 bn, over 29% higher vs the 2017 9-month period, while the net profit increased to RON 2.7 bn, over 30% higher compared to same period of 2017.

Taxation

- The revised offshore royalties law was passed by the Parliament on 24 October 2018.

OMV Petrom – Share Price Performance % in USD²



1. Source: Group's quarterly historical IFRS figures presentation from OMV Petrom's website.

2. Source: Bloomberg.

Financial Performance	2011	2012	2013	2014	2015	2016	2017	H1 '17	H1 '18	%y/y	2018 budget
Operating revenues (mn RON)	501.5	555.5	582.6	672.1	755.6	882.3	1,052.8	410.2	458.2	11.7%	1,189.2
Operating profit (mn RON)	88.5	80.9	94.0	124.4	213.5	276.6	393.4	149.1	225.4	51.2%	428.4
Net Income (mn RON)	52.6	53.1	72.0	98.8	178.8	234.5	337.6	122.6	192.3	56.8%	368.3
Number of passengers (mn)	7.45	7.54	7.67	8.32	9.28	10.99	12.84	5.92	6.34	7.1%	14.00



Passenger Traffic

- Increased by 7.08% in the first six months of 2018, reaching 6.34 million passengers.
- Aircraft movements increased by 4.76% to 57.80 thousands



H1 2018 Financials

- 11.7% yoy increase of the operating revenues, to RON 458.2 million
- 51.2 yoy increase of the operating profit to RON 225.4 million (+51.2% y.o.y.)
- 56.8% yoy increase of the net profit to RON 192.3 million



IPO

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



Board and Management

- The interim Board appointed in September 2018 an interim General manager for a 4-month mandate.



GSM

- On 6 November 2018 the shareholders approved a share capital increase with the land previously owned by the state.

Corporate Actions



Distributions to shareholders

Cash Distributions to Shareholders (RON)

	Financial Year	Paid In	Gross Cash Distribution Per Share	Net Cash Distribution Per Share ¹	% Change Year on Year
Dividend	2008-2009 (aggregate)	2010	0.08160	0.06854	-
Dividend	2010	2011	0.03141	0.02638	-
Dividend	2011	2012	0.03854	0.03237	+22.71%
Dividend	2012	2013	0.04089	0.03435	+6.12%
Return of Capital	-	2014	0.05000	0.05000	+45.56%
Return of Capital	-	2015	0.05000	0.05000	-
Return of Capital	-	2016	0.05000	0.05000	-
Special Distribution	-	2017	0.05000	0.05000	-
Return of Capital	-	2017	0.05000	0.05000	-
Dividend	2017	2018	0.06780	0.06441	+28.82%
Total			0.51024	0.47605	

Source: Investment Manager.

1. Values resulted after applying the Romanian dividend withholding tax to the Gross Distribution per Share value. The statutory Romanian dividend withholding tax rate amounts to 16% for the 2010 – 2013 dividend distributions and 5% for the 2017 dividend distribution, unless beneficial withholding tax rates could be applied based on the provisions of Double Taxation Treaties. Tax exemptions were applied for certain categories of shareholders according to the fiscal legislation in force.

The tax treatment of cash distributions resulting from a share capital decrease is uncertain under Romanian tax law. Based on our current understanding of Romanian tax law, we believe there are good arguments to assume that the cash distribution is not subject to Romanian withholding tax. There is however a risk that the Romanian tax authorities take a different view on the tax treatment of the cash distribution.

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 ³ 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 ³ Partial cancellation of 74.21 mn shares approved by shareholders during the 4 Sept '18 EGM
Ninth	Started on 14 Nov 2017	Ongoing	1,761.0 mn/19.2%	0.9320 ⁴	Wood & Co., Jefferies Internat.	The cancellation of shares will be subject to shareholders' approval in 2019
Tenth	1 Jan – 31 Dec 2019	To be approved by shareholders	750 mn	-	-	The cancellation of shares will be subject to shareholders' approval in 2020

1. To be effective, the FSA endorsement is legally required, and the shareholders' resolution for the share capital decrease needs to be registered with the Trade Register.

2. Effective starting 29 November 2017.

3. Effective starting 29 June 2018.

4. As at 9 November 2018. Estimated value based on the 1,468,693,164 shares repurchased (855,895,464 ordinary shares and 612,797,700 equivalent shares of the GDRs repurchased).

Annual dividend income – Top 20 portfolio companies (I)

Top 20 Holdings ¹	Dividend Payout (%)						FP Net Dividend (RON mn)					
	2012	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2018
Hidroelectrica SA	-	-	80	80	90	90	-	-	128.9	134.6	206.6	226.2
OMV Petrom SA	40	36	35	-	94	46	319.0	331.4	120.5	-	106.8	107.6
CN Aeroporturi Bucuresti SA	85	85	50	75	90	90	9.1	12.3	10.2	27.4	41.2	61.2
E-Distributie Banat SA	-	-	50	44	40	39	-	-	20.7	16.8	8.9	7.7
Engie Romania SA	50	60	51	-	30	50	22.8	33.6	24.0	-	13.3	20.2
E-Distributie Muntenia SA	-	-	-	-	-	-	-	-	-	-	-	-
E-Distributie Dobrogea SA	-	-	50	44	37	36	-	-	10.5	12.0	6.6	4.3
Alro SA	-	-	-	-	100	100	-	-	-	-	6.9	39.0
SN a Sarii Salrom SA	92	85	85	-	90	100	9.3	19.8	10.2	-	13.8	42.3
CN Administratia Porturilor Maritime SA	75	78	50	75	90	25	5.4	10.1	6.5	14.1	11.0	4.1
BRD Groupe Societe Generale	-	-	-	50	70	83	-	-	-	7.7	17.6	34.5
Nuclearelectrica SA	83	81	68	70	88	93	2.3	27.9	6.9	8.6	8.6	18.5
Enel Energie Muntenia SA	-	-	-	-	-	-.3	-	-	-	-	-	-.3
Enel Energie SA	-	-	50	50	-	-.3	-	-	7.4	2.1	-	-.3
Posta Romana SA	-.3	-.3	-	-.3	-	-	-.3	-.3	-	-.3	-	-
Romaero SA	-.3	-.3	-.3	-.3	-.3	-.3	-.3	-.3	-.3	-.3	-.3	-.3
Complexul Energetic Oltenia SA ²	85	-	-	-.3	-.3	-	10.3	-	-	-.3	-.3	-
Zirom	-.3	-	-.3	-.3	-.3	-.3	-.3	-	-.3	-.3	-.3	-.3

Note: Calculations based on the companies' annual financial statements. Dividends are distributed based on individual financial statements.

1. Source: FP 29 June 2018 Detailed Statement of Investments.

2. The company was registered in May 2012 and created through the merger of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO.

3. The company registered losses.

Dividend income – Top 20 portfolio companies (II)

Top 20 Holdings ¹	Dividend Payout (%)						FP Net Dividend (RON mn)					
	2012	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2018
A.I. Timisoara – Traian Vuia SA	80	- ⁹	-	-	-	37	0.7	- ⁹	0.0	0.0	0.0	0.6
CN Administratia Canalelor Navigabile SA	85	85	50	100	90	25	0.9	0.2	0.2	0.6	0.3	0.1
Total Top 20 Holdings (RON mn)							379.8	435.3	346.0	223.9	441.6	566.3
Total Dividends from Listed Companies (RON mn)							373.9	538.6	251.5	36.0	148.1	199.6
Total Dividends from Unlisted Companies (RON mn)							275.8³	143.5	315.9	315.2	404.5	366.9
Total Annual Dividend Income (RON mn)							649.7	682.1	567.4	351.2	552.6	566.5
Total Special Dividend Income (RON mn)							-	-	-	-	185.2	-
Total Dividends (RON mn)							649.7	682.1	567.4	351.2	737.8	566.5
Total Annual Dividend Income per Share (RON)²							0.04954	0.05674	0.05310	0.0331	0.0750	0.0779
Total Special Dividend Income per Share (RON)²							-	-	-	-	0.0251	-
Dividend/Distribution per Share (RON)							0.05000	0.05000	0.05000	0.05000	0.06780	
Share Price (RON)							0.7640⁴	0.8130⁵	0.7200⁶	0.9180⁷	0.8990⁸	
Yield							6.54%	5.84%	6.94%	8.76%	7.54%	
Yield for Romanian companies (BET)							5.10%	3.50%	4.56%	7.07%	8.59%	

Note: Calculations based on the companies' annual financial statements. Dividends are distributed based on individual financial statements.

1. Source: FP 29 June 2018 Detailed Statement of Investments.

2. Calculation based on the number of paid shares at the registration date for each year excluding treasury shares at the same date. For 2018, the calculation is based on the number of paid shares excluding treasury shares acquired as at 9 November 2018.

3. Includes dividends from Romgaz and Nuclearelectrica, which were unlisted at that time.

4. As at 30 April 2014.

8. As at 11 June 2018.

5. As at 29 May 2015.

9. The company registered losses.

6. As at 9 June 2016.

7. As at 6 June 2017.



Main points submitted for shareholders' approval:

- The termination of the ninth buy-back programme starting with 31 December 2018;
- The tenth buy-back programme for a maximum number of 750,000,000 treasury shares (being in the form of shares and/or GDRs), starting with 1 January 2019 until 31 December 2019;
- The 2019 budget of Fondul Proprietatea S.A.

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