

FONDUL
PROPRIETATEA



General Shareholders Meeting

23 November 2012



FRANKLIN TEMPLETON
INVESTMENTS

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This presentation has been prepared by the management of the Fund whose headquarters are at 78-80 Buzesti Str, 7th Floor, Bucharest District 1, 011017, Romania. The Fund’s Fiscal Identification Code (CIF) is 18253260 and Trade Registry registration no is J40/21901/2005. The subscribed share capital is RON 13,778,392,208 and paid share capital is RON 13,412,780,166.

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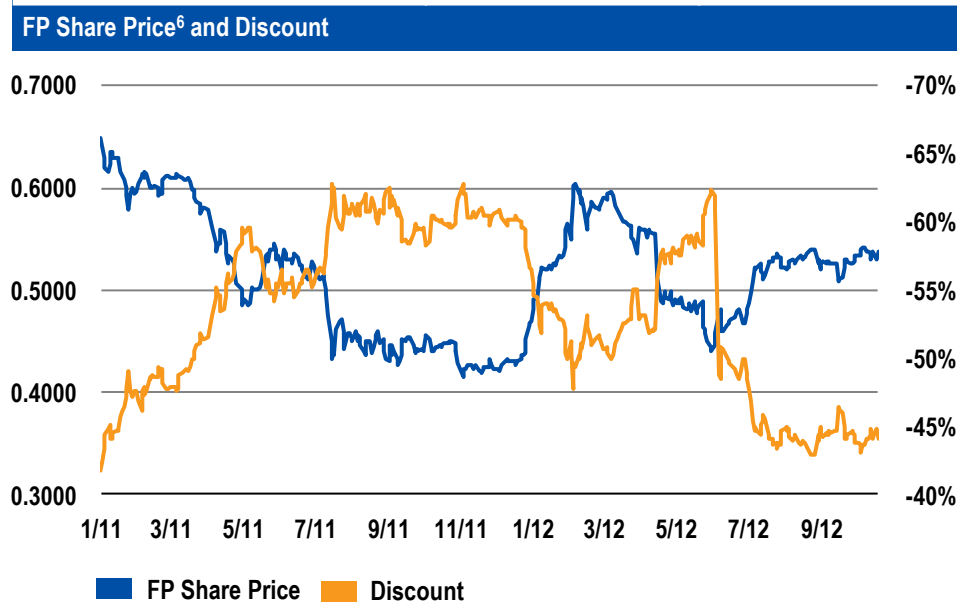


Fund Information

The Fund–Key Facts

Fund Details as at 31 October 2012		
Base Currency	RON	
Fund Launch Date	28 December 2005	
Franklin Templeton Appointment Date	29 September 2010	
Listing Date	25 January 2011	
Values ¹	RON	EUR ²
NAV	12.9 bn	2.8 bn
NAV/Share	0.9601	0.2117
Price/Share ³	0.5400	0.1191
Discount	43.76%	43.76%
Number of Shares in Issue	13,778,392,208	
Number of Paid Shares	13,412,780,166	
Country Breakdown (% of NAV)		
Romania	98.80%	
Austria	1.20%	

Dividends	RON	EUR ⁴
2006	0.00250	0.0070
2007	0.00660	0.0018
2009	0.08160 ⁵	0.0193
2010	0.03141	0.0077
2011	0.03854	0.0088



1. As per 31 October 2012, based on CNVM methodology.

2. Computed using the NBR EUR/RON FX rate as at 31 October 2012.

3. Share price as at 31 October 2012.

4. Computed using the end of period EUR/RON FX rate.

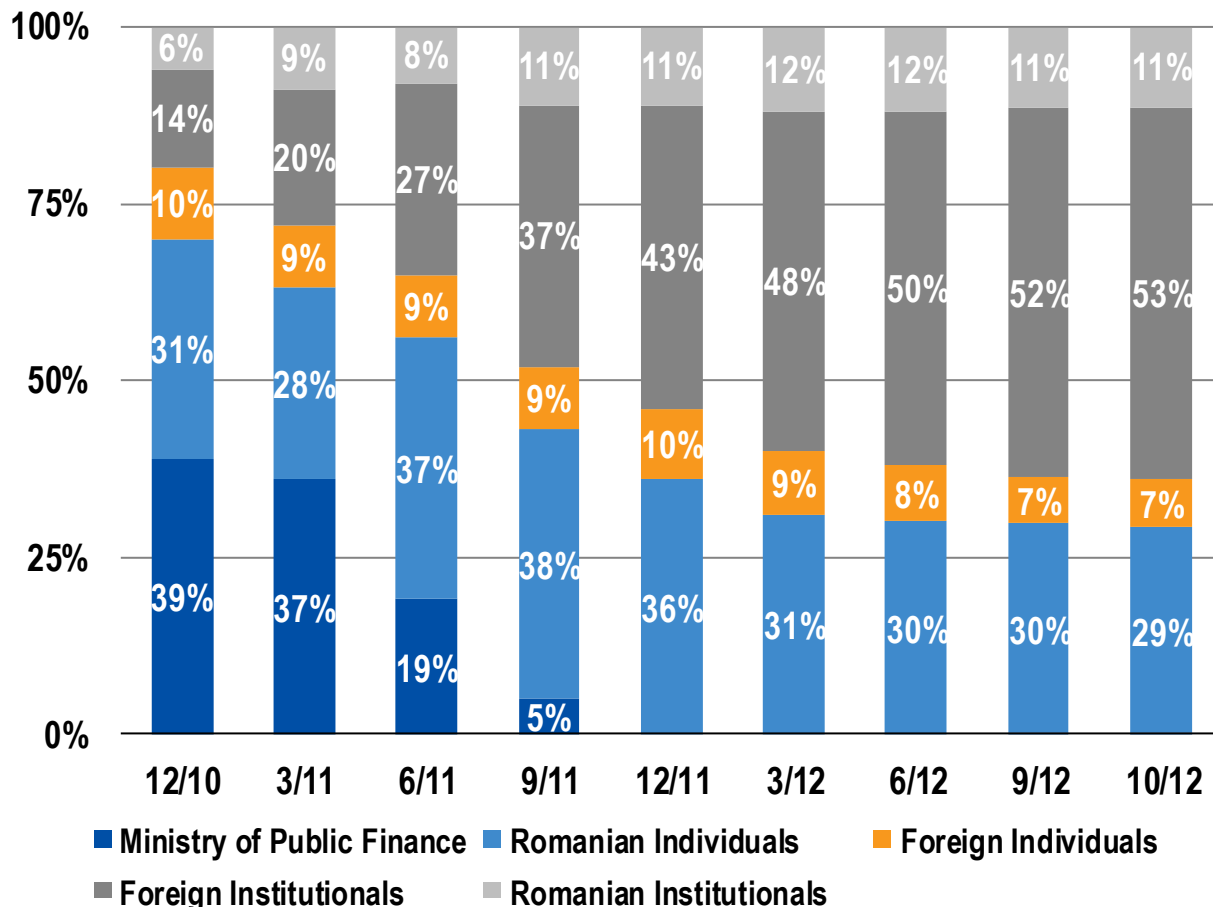
5. Distribution for the years 2008 and 2009.

6. Until 14 November 2012.

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Shareholders Structure¹

Evolution (% Held)



Largest Shareholders²

Elliott Associates	14.95%
City of London Investment Management ³	9.69%
The Royal Bank of Scotland	5.39%
Total Number of Shareholders ¹	9,495

1. Shareholder structure as at 31 October 2012; based on paid share capital starting 31 July 2011. Source: Central Depository.

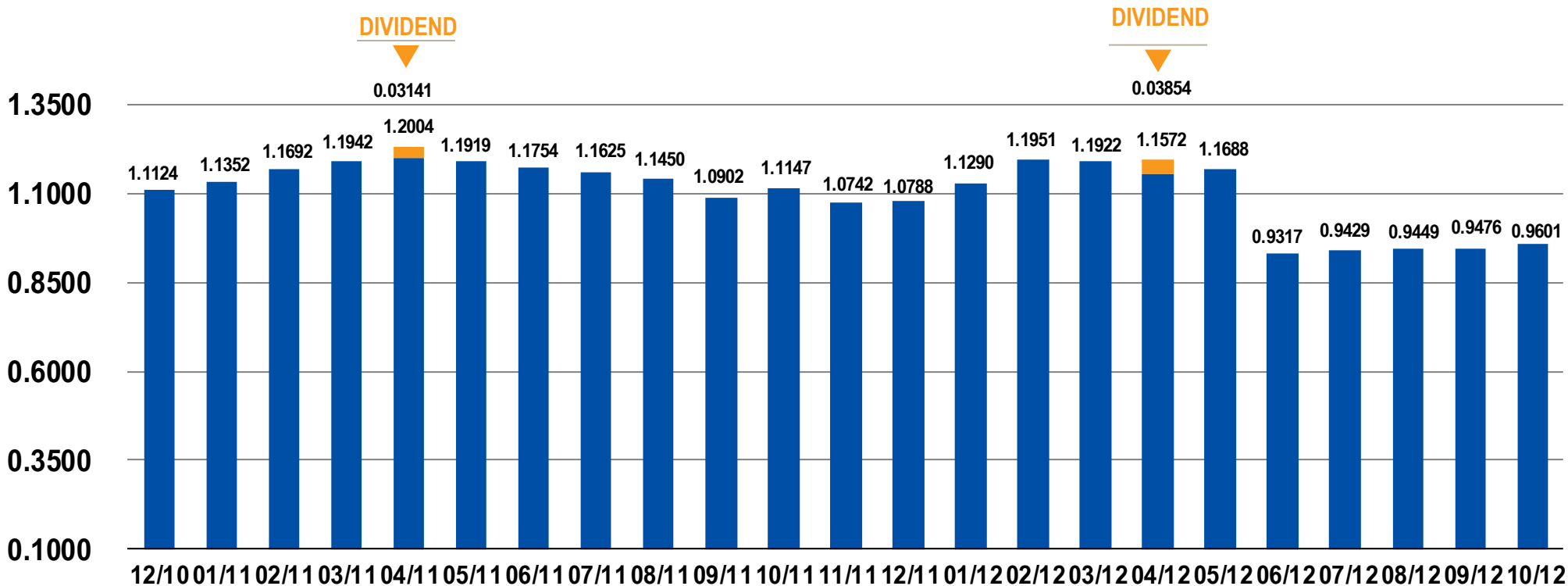
2. Based on the paid share capital as at 31 October 2012. Source: Ownership disclosures submitted by shareholders.

3. Based on the ownership disclosure sent by City of London IMC Ltd., the reported holdings were as follows: 576,062,100 million shares (4.29% of the Fund's paid share capital) and 724,298,586 warrants issued by The Royal Bank of Scotland – without the right of physical delivery (the underlying shares represent 5.40% of the Fund's paid share capital).

Net Asset Value

Cumulative Performance Third Quarter 2012:	1.71%
Cumulative Performance YTD:	-8.04%

NAV (RON)/Share



Starting with the June 2012 NAV report, the NAV reflects a zero valuation for Hidroelectrica after the court admitted the Company's request for insolvency

The NAV methodology was changed by CNVM in accordance with Disposal of Measure 17 in November 2010, which first impacted the November 2010 NAV.
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Update on Fund Management Strategy

Portfolio and Corporate Actions

- Portfolio Structure:
 - Listing the largest portfolio companies
 - Disposing of some unlisted companies (i.e. electricity and gas distribution companies)
 - Active portfolio management
- Dividend Policy: all dividends received from portfolio companies and interest on cash (less operating expenses and applicable taxes) are intended to be passed on to shareholders, if NAV as at 31 December and after taking into account such distribution is higher than the subscribed share capital
- Additional Dividends: shareholders may decide to increase dividends if capital gains are reported and if NAV as at 31 December and after taking into account such distribution is higher than the subscribed share capital
- Secondary listing on the Warsaw Stock Exchange
- Buy-back programs
- Investor Relations activities

Dividends–Top 20 Portfolio Companies

Top 20 Holdings ¹		2011 Profit	2010 Profit	2012 Dividend Payout %	2011 Dividend Payout %	2012 FP Net Dividend	2011 FP Net Dividend
1	OMV Petrom SA	3,685.6	2,189.7	47%	46%	353.1	201.6
2	Romgaz SA	1,031.7	651.2	90%	109%	140.6	106.0
3	Complexul Energetic Oltenia SA ⁴	179.9	(126.6)	N/A	N/A	N/A	N/A
4	Nuclearelectrica SA	95.0	13.1	–	–	–	–
5	ENEL Distributie Banat SA	220.5	148.4	–	56%	–	20.2
6	E.ON Moldova Distributie SA	7.2	165.4	–	–	–	–
7	Enel Distributie Muntenia SA	50.5	105.1	–	–	–	–
8	GDF Suez Energy Romania ²	209.6	199.4	–	40%	–	9.6
9	Transgaz SA	379.5	376.4	92%	90%	52.5	50.8
10	CN Aeroporturi Bucuresti SA	52.6	42.5	90%	117%	9.4	9.9
11	ENEL Distributie Dobrogea SA	108.9	99.6	–	56%	–	13.5
12	Electrica Distributie Muntenia Nord SA	67.4	26.7	12%	–	1.8	–
13	Electrica Distributie Transilvania Sud SA	19.6	11.9	–	–	–	–
14	Electrica Distributie Transilvania Nord SA	29.1	8.5	–	–	–	–
15	BRD Groupe Societe Generale ²	465.3	500.7	25%	25%	3.6	2.1
16	Alro SA	228.3	159.8	99%	100%	19.4	13.5
17	E.ON Gaz Distributie SA	230.5	159.6	–	–	–	–
18	Transelectrica SA	90.9	9.6	89%	90%	10.9	1.2
19	Raiffeisen Bank International AG ³	4,305.7	4,838.7	21%	19%	3.0	4.5
20	Societatea Nationala a Sarii - Salrom	1.4	5.9	90%	90%	0.0	0.8
TOTAL		11,459.2	9,585.6			594.3	433.7
Total Dividends from Listed Companies						450.1	304.0
Total Dividends from Unlisted Companies						168.9	215.1
TOTAL Dividend Income						619.0	519.1
Approved Gross Dividend per Share							0.03854
Share Price						0.5370⁵	0.5550⁶

Note: Calculation based on the companies' 2010 and 2011 statutory financial statements.

1. Based on the 30 September 2012 Detailed Statement of Investments.

2. Separate financial statements prepared in accordance with Romanian Accounting Regulations

3. Consolidated profits IFRS, computed using EUR/RON FX rate as of 30 June 2012

4. Created through the merger of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO; Combined IFRS financial statements of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO;

Dividends distributed to FP by merged companies: 2012 (CE Rovinari RON 6.5m, CE Craiova RON 0.03m),
2011 (CE Rovinari RON 0.02m, CE Craiova RON 0.01m)

5. Share price as at 14 November 2012

6. Share price as at 9 May 2012

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Dividends – Limitations

- Dividend Policy: all dividends received from portfolio companies and interest on cash (less operating expenses and applicable taxes) are intended to be passed on to shareholders. According to the current legislation, in order for the Fund to pay dividends, the NAV as at 31 December and after taking into account such distribution must be higher than the subscribed share capital. At present, the NAV is lower than the subscribed share capital, due to Hidroelectrica insolvency and the CNVM regulations which require valuation of that holding as zero during the insolvency procedure.
- Given these limitations, the Fund Manager is exploring several options in regards to dividend distribution:
 - Flexibility regarding the cut-off date for the NAV to be higher than the subscribed share capital – letter sent to the Ministry of Public Finance;
 - Waiver or a change in legislation for CNVM regulated investment funds to be exempted from this rule – letter sent to the Ministry of Justice;
 - Request to change CNVM Regulation 4/2010 regarding the valuation methodology for companies undergoing insolvency proceedings – letter sent to CNVM;
 - Reduction of the nominal value of the Fund's shares and return cash to shareholders, as an alternative to dividend distribution – ongoing analysis of the practicalities and timing for the share capital decrease .

Secondary Listing on the Warsaw Stock Exchange

On 27 June 2012, the Fund's shareholders:

- Approved the details of the secondary listing plan on the WSE
- Empowered the Fund Manager to file the documentation for the secondary listing by 31 December 2012

Risk:

- **Currently, there is no link between the two depositaries in Bucharest and Warsaw; the establishment of the link constitutes a necessary condition to enable the fund to seek and obtain the listing of its shares on the WSE. In order for the Romanian Central Depository to establish a link with the Polish National Securities Depository, CNVM must approve certain amendments to the existing regulations. The establishment of the link between the two depositaries is not under the control of Fondul Proprietatea**
- Given the delays from CNVM to publish new regulations, the Fund Manager has requested an extension of the deadline until 30 June 2013

Secondary Listing on the WSE – Institutions

Consortium Member

J.P.Morgan

Joint Global Coordinator
and Joint Bookrunner

Consortium Member




Joint Global Coordinator
and Joint Bookrunner

Consortium Member



Co-Manager

Auditor



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PR agency

GolinHarris,
Local PR Agency

International PR Agency,
TBC

Bank's International and Domestic Counsel



Issuer's International and Domestic Counsel



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Buy-Back Programs (I)

Second Buy-Back Program:

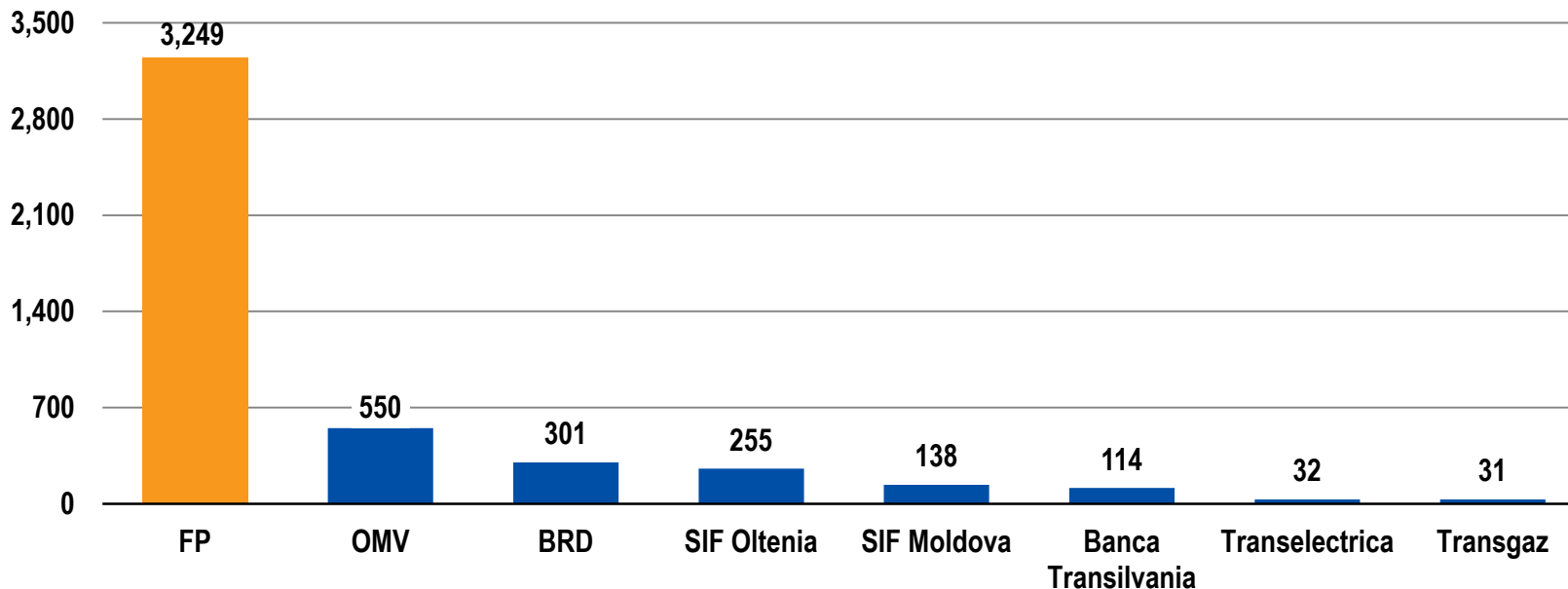
- New buy-back program to repurchase 1.1 bn shares, equivalent to 7.9% of the Fund's issued share capital was approved by shareholders at the 25 April 2012 Extraordinary General Shareholders Meeting
- The execution of the buy-back program will be subject to available cash and the 25% of the daily trading volume restriction, according to applicable EU buy-back regulation (average daily trading volume for 1 January–31 October 2012 was 25.5 mn shares / EUR 2.9 million)

Status:

- The cancellation of the repurchased shares during the first buy-back program and the implementation of the buy-back program are delayed by the litigations initiated by the Litigant, blocking the registration of the shareholders' decision
- The next hearings will take place on 23 November 2012 (buy-backs) and 5 December 2012 (cancellation)

Buy-Back Programs (II)

Average Daily Turnover for Q3 2012 (EUR thousands)



Second Buy-Back Program:

- Available cash as at 31 October 2012⁴: RON 763.4 mn / EUR 168.4 mn¹
- Number of shares to be repurchased : 1,100,950,684
- Total value of the buy-back program: RON 594.5 mn² / EUR 131.1 mn
- Q3 2012 ADTV: 28.8 mn shares / EUR 3.2 mn
- 25% of ADTV: 7.2 mn shares / EUR 0.81 mn
- Number of days necessary for the repurchase : 153³

Source: Bucharest Stock Exchange.

1. Computed using the NBR EUR/RON FX as at 31 October 2012.

2. Based on the share price as at 31 October 2012 – RON 0.5400.

3. Assuming daily repurchases of 25% of ADTV.

4. Using the simplifying assumption that all available cash & cash equivalents as at 31 October 2012 can be used for buybacks, so ignoring other possible cash outflows and inflows.

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GSM Agenda

EGM and OGM Agenda – 23 November 2012

- Extension until 30 June 2013 of the authorization of Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, regarding the secondary listing procedures for listing Fondul Proprietatea on the Warsaw Stock Exchange
- The approval of 2013 budget of SC Fondul Proprietatea SA.
- The appointment of DELOITTE AUDIT S.R.L. as the financial auditor of the Company
- The confirmation of the approval of the Constitutive Act of SC Fondul Proprietatea SA in the same form as it was approved by shareholders on 4 April 2012 and endorsed by CNVM on 20 April 2012
- The ratification of the Constitutive Act of SC Fondul Proprietatea SA in the same form as it was approved by shareholders on 6 September 2010 and any amendments to this Constitutive Act from the date it was approved and any and all operations performed and acts executed by and on behalf of SC Fondul Proprietatea SA in accordance with the provisions of this Constitutive Act, as further amended
- The ratification and re-adoption of any and all of the other resolutions taken by the EGM and OGM during the period commencing on 6 September 2010 and ending on the day of this EGM
- The ratification and re-adoption of the appointment of Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch as Sole Administrator and Fund Manager of SC Fondul Proprietatea SA
- The ratification and re-adoption of the Investment Management Agreement signed on 25 February 2010
- The ratification and re-adoption of the new structure of the Board of Nominees, as approved by shareholders during the 4 April 2012 GSM
- The ratification and re-adoption of all of the legal acts (including decisions and contracts) concluded, adopted or issued on behalf of Fondul Proprietatea S.A. by Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch

2013 Budget

Principal 2013 Budget Assumptions

Please note that the following assumptions were used in the preparation of the 2013 Budget which are not necessarily the intended future course of actions in the management of Fondul Proprietatea.

- The Fund's equity investments portfolio will remain unchanged in 2013
- The financial impact of potential execution of a buyback programme was not taken into consideration
- Dividend income in 2013 will be similar to 2012 dividend income
- The distribution of assets will remain constant from 31 August 2012 through 2013
- All cash available will be invested in money market instruments and the average interest rate during 2013 will be 5.5%
- Secondary listing expenses were estimated at the maximum budgeted expenses related to the listing on WSE in 2013
- The dividend pay-out ratio is expected to be 100% of the distributable revenue profits for the financial year 2012
- The Fund Manager's investment management and administration fees (0.479% per year) were estimated based on average price of the Fund's share during 2012
- The CNVM regulator's fee (0.1% per year) and the depositary bank fee were estimated based on average NAV during 2012
- Average RON/EUR exchange rate used was RON 4.4595 /EUR
- All taxes and contribution rates and computation methodologies are based on laws in force as at 31 August 2012
- During 2013, all financial instruments will be accounted for at cost less impairment adjustments in the financial statements prepared in accordance with Romanian Accounting Regulations in force as at 31 August 2012

2013 Budget for Fondul Proprietatea

RON	2013 Budget	2012 Budget	Variance (%)
I. INCOME FROM CURRENT ACTIVITY:	660,296,492	529,530,294	25%
• Dividend income	618,171,289	509,465,353	21%
• Interest Income	42,125,203	20,064,941	110%
II. EXPENSES FROM CURRENT ACTIVITY	76,031,018	67,837,205	12%
• Expenses with utilities	27,136	26,391	3%
• Rent expenses	108,627	104,935	4%
• Insurance expenses	312,165	300,000	4%
• Investor relations expenses	1,926,504	1,764,074	9%
• PR expenses	464,501	429,375	8%
• Bank charges and similar expenses (including Depository fees and dividend distribution fees)	1,851,433	1,903,595	-3%
• Commissions and fees (including CNVM and Central Depository fees)	14,664,446	16,183,381	-9%
• Salaries and similar expenses	540,000	603,134	-10%
• Social security contributions	141,126	158,894	-11%
• Amortisation and depreciation costs	317,838	151,270	110%
• Third party services providers' expenses	44,835,055	46,212,156	-3%
• Other expenses	80,000	-	100%
• Secondary listing expenses	10,762,097	-	100%
III. Gross Profit	584,265,474	461,693,089	27%
• Profit Tax Expense	13,780,865	19,140,216	-28%
IV. Net Profit	570,484,609	442,552,873	29%
VI. Investments	918,032	680,715	35%
• Intangible assets	561,272	680,715	-18%
• Tangible assets	356,760	-	100%

Source: Prepared by the Fund Manager

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Fondul Proprietatea
Franklin Templeton Investment Management UK
Bucharest Branch
Premium Point
Buzesti Street 78-80, 7th-8th floor
1st District
011017 Bucharest
Romania