

Fondul Proprietatea – General Shareholders Meeting

26 October 2017



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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 5,238,521,987.92 and paid up share capital is RON 5,049,339,565.92.

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.



Report on the Discount Objective





Objective

The discount between closing price and last reported NAV per share to be equal to or lower than 15%, in at least 2/3 of the trading days in the period 1 July 2016 – 30 June 2017.



Monthly Monitoring – 30 June 2017

In the period 1 July 2016 – 30 June 2017, discount was higher than 15%, for both shares and GDRs.



Discount Evolution

Discount at the Start of the Reporting Period – 1 July 2016

33.22%

Discount as at 30 June 2017

35.12%

Average for the Reporting Period 1 July 2016 – 30 June 2017

29.17%

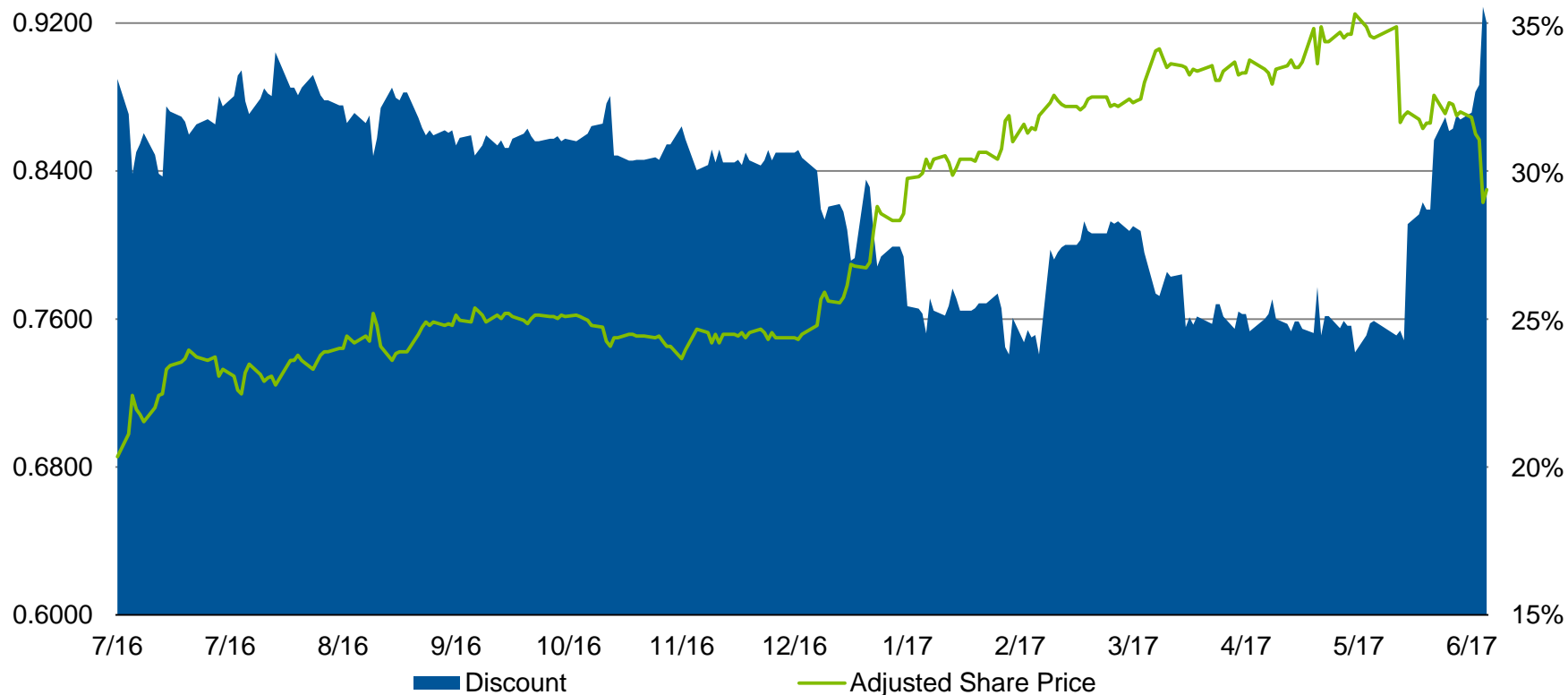
Discount Range for the Reporting Period 1 July 2016 – 30 June 2017

23.85% – 35.67%

Source: Fondul Proprietatea Report.

Note: The discount is calculated based on the latest published NAV/share at the date of the calculation.

Discount objective – Evolution during the Reporting Period



Source: BVB, for the period 1 July 2016 – 30 June 2017.

Discount objective – Measures taken



Distributed RON 2.21 billion to the Fund's shareholders during 1 July 2016 – 30 June 2017 via:

- **Cash Distributions:**

Two Cash distributions to shareholders totaling RON 0.10 per share – paid on 27 March 2017 and 30 June 2017 respectively

- **Buy-backs:**

Partial execution of the 6th buy-back program (1 July – 23 September 2016) and 8th buyback program (30 May – 30 June 2017) and full execution of the 7th buy-back program (29 September 2016 – 26 May 2017), through two tender offers and daily share repurchases of up to 25% of the average daily trading volumes for the last 20 trading sessions

- **Total amount distributed¹:**

(including buy-backs and cash distributions) represents 18.83% of the Fund's NAV as at 30 June 2016



- **Investor Relations:**

Proactive investor relations program to increase the visibility of the Fund to a broader base of investors.

1. Including expenses related to distributions.

Discount objective – Creating liquidity at the portfolio level during the Reporting Period¹



	Amount RON
Total Value of Disposals	801,883,058
Dividends Received (Collected)	503,786,280
Credit Facility (Committed) ²	763,000,000
Total	2,068,669,338

Source: Fund's periodical reports.

1. For the Reporting Period: 1 July 2016 - 30 June 2017.

2. The total credit facility as per contract is of RON 1 billion, out of which total drawings of RON 237 million, paid as at 25 July 2017.

Discount objective – Distributions to shareholders 1 July 2016 – 30 June 2017

RON	Distributions to shareholders in the period 1 July 2016 – 30 June 2017 (excluding related costs)	Expenses related to distributions recorded in the period 1 July 2016 – 30 June 2017	Total	% of the NAV as at 30 June 2016	% of the average market capitalization during the period 1 July 2016 – 30 June 2017
Buyback program 6	507,074,031	6,960,561	514,034,592	4.35%	6.42%
Buyback program 7	744,506,785	7,582,709	752,089,494	6.37%	9.40%
Return of capital March 2017	480,543,496	18,237	480,561,733	4.07%	6.01%
Return of capital June 2017	443,502,747	15,340	443,518,087	3.76%	5.54%
Buyback program 8	32,696,636	23,159	32,719,794	0.28%	0.41%
Total	2,208,323,695	14,600,005	2,222,923,700	18.83%	27.78%

Source: Fund's periodical reports.

Note: The costs related to the distributions performed include only the expenses incurred as of 30 June 2017.

Discount objective – Share buybacks 1 July 2016 – 30 June 2017

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.	Finalized
Seventh	Sep 2016 – May 2017	Finalized	830.2 mn/ 8.2%	0.8967	Wood & Co., Goldman Sachs Int.	Cancellation approved by shareholders during the 3 May '17 and 26 Sep '17 EGMs ²
Eight	Started on 30 May 2017	20.98% Completed	177.2 mn/ 1.8%	0.8795 ¹	Wood & Co., Jefferies Internat.	Partial cancellation approved by shareholders during the 26 Sep '17 EGM

- In July 2016, the Fund Manager terminated the credit facility with Citi and signed a new agreement with BRD – Group Societe Generale for RON 1 billion.
- In June 2017, the Fund Manager extended the credit facility until 4 July 2018

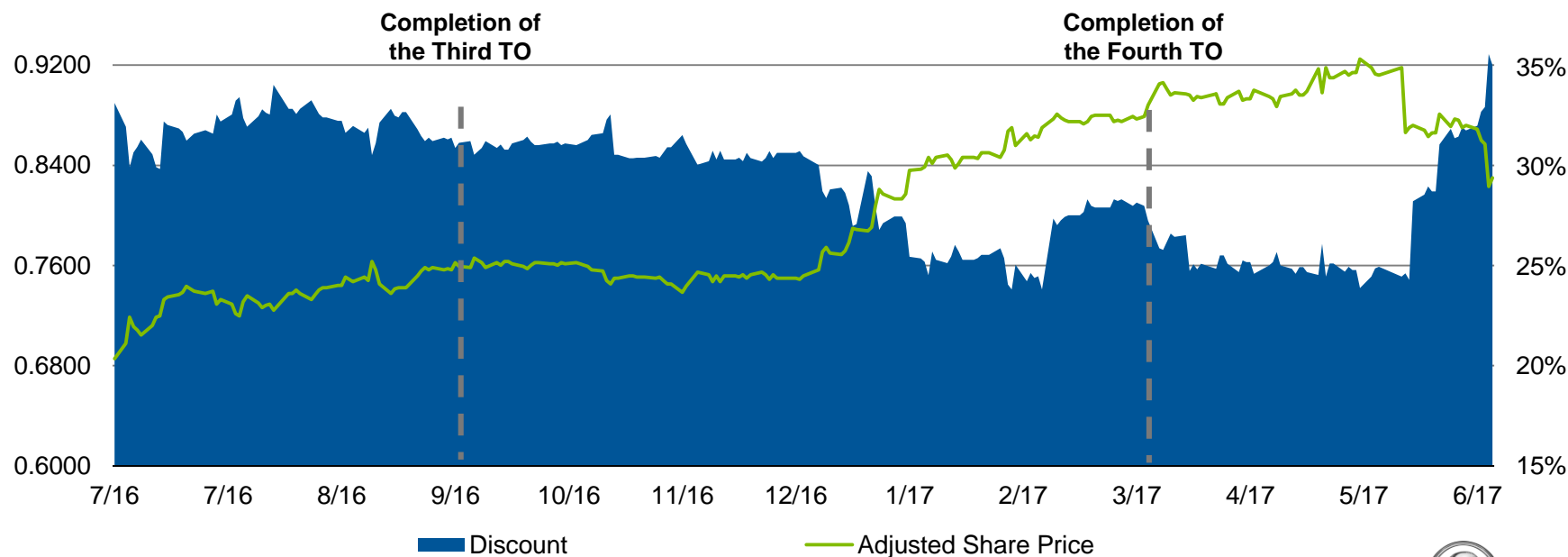
Program	Number of shares repurchased	Acquisition cost of shares repurchased, excluding transaction costs (RON)
Sixth	891,770,055	731,959,565
Seventh	830,247,619	744,506,785
Eighth	37,174,313 ¹	32,696,636 ¹
Total	1,759,191,987	1,509,162,986

1. As at 30 June 2017. Estimated value based on the 37,174,313 shares repurchased (16,581,063 ordinary shares and 20,593,250 equivalent shares of the GDRs repurchased).

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

Discount objective – Tender Offers

Tender Offer	Number of Shares and Equivalent GDRs	Announcement date	Tender price (RON/share)	FP pre-announcement share price (RON/share)	Premium to pre-announcement share price (%)	Discount of offer price to NAV (%) ¹	Allocation ratio (%)
Third	575,000,000	5 July 2016	0.8420	0.7380	14.09%	26.43%	8.67%
Fourth	640,000,000	27 January 2017	0.9100	0.8640	5.32%	23.30%	10.44%



Source: Investment Manager current reports.

1. Latest NAV available at the date of the Tender offer announcement: 30 June 2016 NAV for the Third Offer, and 30 December 2016 NAV for the Fourth Tender.



During the period, the Fund Manager continued to actively promote Fondul Proprietatea, through:

- 338 Investor Meetings and
• 68 Investor Conference Calls
- 4 Results Conference Calls with analysts and investors
- 27 Investor Conferences and Road-shows
- 3 Analyst and Investor Days (Bucharest in September 2016, London in March 2017, and New York in April 2017)



New research coverage of the Fund:

January 2017

- Renaissance Capital (United Kingdom) re-initiates coverage of the Fund

February 2017

- Concorde Securities (Hungary) started covering the Fund



Investors that attended FP Investor Days in Bucharest in 2016 manage over USD 2,500 billion.



Investors that attended the Romania Day in London and Romania Investor Days in New York events in March and April 2017 have assets under management of over USD 4,000 billion.

Report on the NAV Objective





Objective

The Adjusted NAV per share as at 30 June 2017, to be higher than the NAV per share as at 30 June 2015 (RON 1.1851 per share)



Monthly Monitoring – 30 June 2017

Adjusted NAV as at 30 June 2017 is higher than the NAV per share as at 30 June 2015

NAV Objective	Amount RON	Comments
Total NAV as at 30 June 2017	10,570,251,408	
Costs related to the 2015, 2016 and 2017 returns of capital after 30 June 2015, until 30 June 2017	57,414	Fees charged by Central Depository and Paying Agent for the payments performed after 30 June 2015 (for the 2015; 2016 and 2017 returns of capital)
Costs related to buy-backs after 30 June 2015, until 30 June 2017	14,883,473	Fees related to fifth buy-back programme after 30 June 2015, sixth and seventh buy-back programmes (including the FSA fees of 1% of the tender offer value) and eight buy-back programme starting 30 May 2017
Distribution fees after 30 June 2015, until 30 June 2017	56,176,582	FT distribution fees for distributions to shareholders after 30 June 2015
2016 Return of capital to shareholders	516,886,344	2016 Return of capital (payment started in June 2016)
March 2017 Return of capital to shareholders	480,543,496	Payment started on 27 March 2017
June 2017 Return of capital to shareholders	443,502,747	Payment started on 30 June 2017
Total Adjusted NAV as at 30 June 2017	12,082,301,465	
Number of Fund's paid shares, less treasury shares and GDRs held as at 30 June 2017	8,842,846,464	
Adjusted NAV per share as at 30 June 2017	1.3664	
NAV per share as at 30 June 2015	1.1851	
Difference	0.1813	
%	15.30%	

Source: FP Report.

Note: 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 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 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.

Contributors to Change in the NAV for the period 30 June 2015 – 30 June 2017



Top Performers

Company	Status	% in Total NAV ¹	% change in NAV performance	Change in NAV per share (RON)
Hidroelectrica SA	Unlisted	32.0%	12.23%	0.1450
CN Aeroporturi Bucuresti SA	Unlisted	7.2%	3.95%	0.0468
CN Administratia Porturilor Maritime SA	Unlisted	2.0%	0.86%	0.0102
Electrica Furnizare SA	Unlisted	1.6%	0.80%	0.0094
BRD Groupe Societe Generale SA	Listed	3.2%	0.74%	0.0088



Bottom Performers

Company	Status	% in Total NAV ¹	% change in NAV performance	Change in NAV per share (RON)
OMV Petrom SA	Listed	19.1%	(9.25)%	(0.1096)
Romgaz SA ²	Listed	0.0%	(2.25)%	(0.0267)
Complexul Energetic Oltenia SA	Unlisted	0.0%	(0.86)%	(0.0102)
Zirom SA	Unlisted	0.2%	(0.16)%	(0.0019)
E-Distributie Muntenia SA	Unlisted	4.3%	(0.13)%	(0.0015)

Total NAV Variance

0.0102

Note 1: The analysis excludes E.ON Distributie Romania SA and E.ON Energie Romania SA.

Note 2: The amounts are adjusted with the dividends declared by the companies, recorded in the Fund's accounting according with FP accounting policy.

1. Source: FP 30 June 2017 Detailed Statement of investments.

2. Holding disposed of in April 2016.

Contributors to Change in the NAV for the period 30 June 2016 – 30 June 2017



Top Performers

Company	Status	% in Total NAV ¹	% change in NAV performance	Change in NAV per share (RON)
Hidroelectrica SA	Unlisted	32.0%	2.72%	0.0312
OMV Petrom SA	Listed	19.1%	2.57%	0.0294
CN Aeroporturi Bucuresti SA	Unlisted	7.2%	1.45%	0.0166
BRD Groupe Societe Generale SA	Listed	3.2%	0.94%	0.0108
Alro SA	Listed	1.2%	0.46%	0.0053



Bottom Performers

Company	Status	% in Total NAV ¹	% change in NAV performance	Change in NAV per share (RON)
Complexul Energetic Oltenia SA	Unlisted	0.0%	(0.53)%	(0.0061)
E-Distributie Banat SA	Unlisted	5.7%	(0.13)%	(0.0015)
E-Distributie Dobrogea SA	Unlisted	3.6%	(0.12)%	(0.0014)
Posta Romana SA	Unlisted	0.4%	(0.12)%	(0.0013)
E-Distributie Muntenia SA	Unlisted	4.3%	(0.05)%	(0.0006)

Total NAV Variance

0.0508

Note: The amounts are adjusted with the dividends declared by the companies according with FP accounting policy.

1. Source: FP 30 June 2017 Detailed Statement of investments.

NAV objective – Major equity transactions

Completed Major Equity Transactions

Company	Transaction	Seller	Offering Stake	Transaction Value (RON mn)	Investment Consortium Selected	Comments
OMV Petrom	SPO	FP	6.43%	760.8	Goldman Sachs, Wood & Co, BCR	Completed in October 2016
Total				760.8		

Report on the Obligations regarding the Discount Control Mechanism





According to Article 9 of the Management Agreement under AIFMD, as approved by the Fund's Shareholders on 29 October 2015, which commenced on 1 April 2016: "Fund Manager performance objectives. Annual reporting:

- 9.1. For the duration of this Management Agreement, the Fund Manager must manage the Portfolio in accordance with, and must comply with, all the obligations undertaken under the IPS and seek to achieve the objectives therein, including (without limitation) the Discount Objective and the NAV Objective (together the "Performance Objectives"). The Customer and the Fund Manager acknowledge and agree that there is no guarantee that the Performance Objectives will be achieved and the Fund Manager does not warrant, undertake or represent that it will achieve them

- 9.2. The Fund Manager will call a BoN meeting to discuss the Discount Control Mechanism ("DCM") strategy if the Discount stays above 15% for more than half of the Trading Days in any financial quarter of the Customer. In addition, if the Discount stays wider than 15% for more than half of the Trading Days in any two successive financial quarters of the Customer, the Fund Manager will call a GSM (which would be held no later than the end of the next quarter) at which the Fund Manager would propose, for the Customer's shareholders' approval, specific DCM measures pre-agreed with the BoN and which are in line with the IPS, unless such actions are already pending and soon to be implemented based on shareholder approvals obtained during the relevant preceding two quarter periods."

Discount control during Q3 2016 – Q2 2017 (the IMA into force)



Discount

- If the discount stays above 15% for more than half of the trading days in any quarter, the Fund Manager will call a Board meeting to discuss the DCM



Board of Nominees

- The Board meetings took place on the following dates: 7 Jun 2016, 3 Aug 2016, 6 Sep 2016, 11 Oct 2016, 17 Jan 2017, 3 Mar 2017, 24 Apr 2017 and 31 May 2017



There were:

- 4 quarterly calculation periods (Q3 2016, Q4 2016, Q1 2017 and Q2 2017), and
- 4 two-quarter valuation periods (Q2+Q3 2016, Q3+Q4 2016, Q4 2016 + Q1 2017, and Q1+Q2 2017)



- **Cash Distributions:**

The Fund Manager proposed and shareholders approved two cash distributions for 2017 totaling RON 0.10/share. Payment of each RON 0.05/share distributions was done on 27 March 2017 and 30 June 2017

- **Buy-backs:**

the 8th buy-back is ongoing

- **Asset Disposals:**

the sale of Electrica subsidiaries stakes is ongoing

- **Credit facility:**

The RON 1 billion credit facility with BRD has been extended until 4 July 2018



Investor Relations activities:

- In April, we organized, in collaboration with Auerbach Grayson, Bucharest Stock Exchange, BCR and ERSTE, the fourth edition of the Romania Investor Days in New York event. 41 investors from 29 investment management firms, with assets under management of over USD 2,000 bn, and 13 Romanian companies with 28 representatives participated to the event, and to the 127 company meetings, including 1-on-1, and group meetings. We also participated in several regional and global emerging and frontier market conferences, as well as dedicated conferences for closed-end funds in London, New York, Zurs, Singapore, Warsaw, and Paris
- Further promotion of the Fund through road-shows to US, Middle East, and United Kingdom and participation in the most important investor conferences
- Organizing the 10th Fondul Proprietatea Analyst and Investor Days in Bucharest on 6-8 September 2017.

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 ²		
	31 August 2017	29 September 2017	Change (%)	31 August 2017	29 September 2017	Change (%)
NAV	10.57 bn	10.61 bn	0.38%	2.74 bn	2.72 bn	(0.73)%
NAV/Share	1.2013	1.2078	0.54%	0.3108	0.3099	(0.29)%
Price/Share	0.8700	0.8450	(2.87)%	0.2251	0.2168	(3.69)%
Price/GDR	44.07	43.07	(2.27)%	11.40	11.05	(3.07)%
Market Capitalization as at 25 October 2017 ³		7.40 bn			1.89 bn	
Discount/Share as at 25 October 2017			30.04%			
Discount/GDR as at 25 October 2017			29.48%			
Number of Paid Shares less Treasury Shares ⁴			8,759,808,710			

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 31 August 2017 and 29 September 2017.

1. Based on local regulator methodology.

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

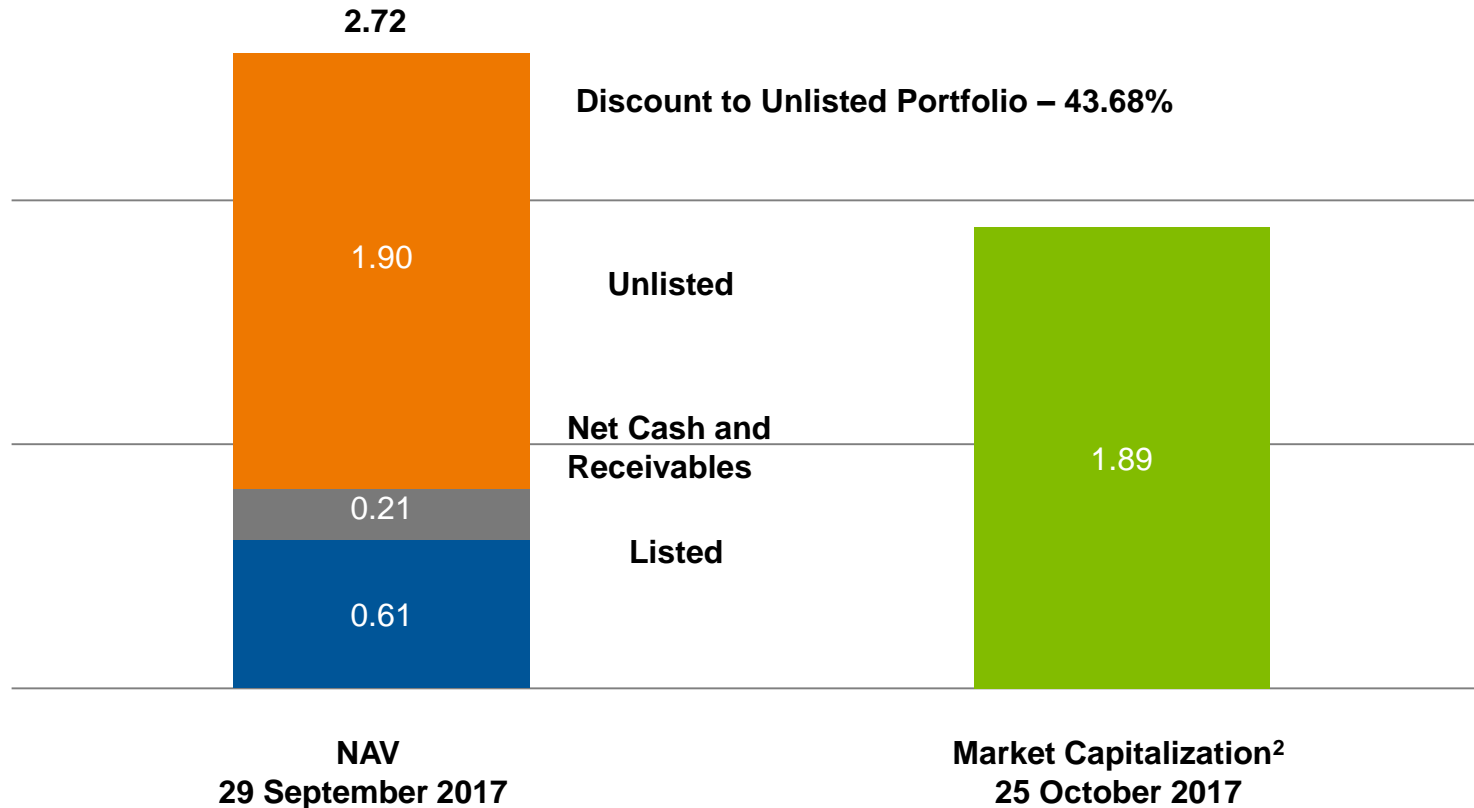
3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 25 October 2017.

Using the NBR USD/RON FX rate as at 25 October 2017.

4. As at 20 October 2017.



NAV vs. Market Capitalization (USD bn)¹

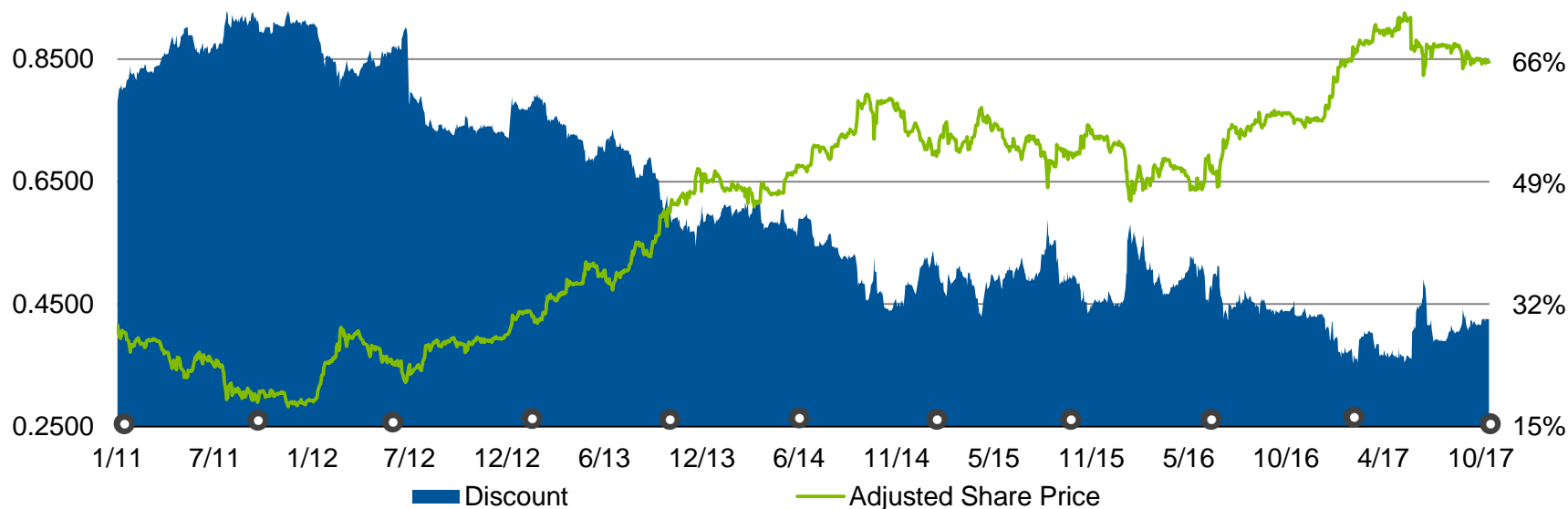


1. Source: BVB, FP NAV as at 29 September 2017.

2. Based on the BVB share price – excluding treasury shares repurchased as at 20 October 2017.



FP Share Price¹ (RON) and Discount (%)



	BVB	LSE
Discount ²	30.04%	29.48%
Average Daily Turnover (USD)	1.75 mn ³	1.25 mn ⁴

1. Source: BVB, Bloomberg, for the period 25 January 2011 – 25 October 2017.
 2. As at 25 October 2017. 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 – 25 October 2017.
 4. Source: Bloomberg, for the period 3 January – 25 October 2017.

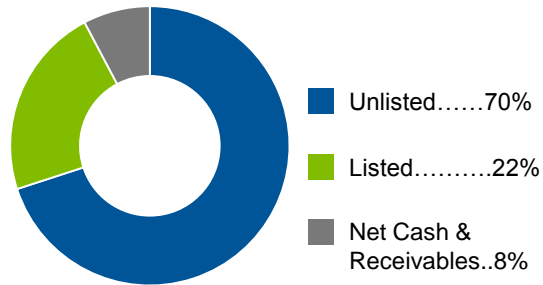
Portfolio





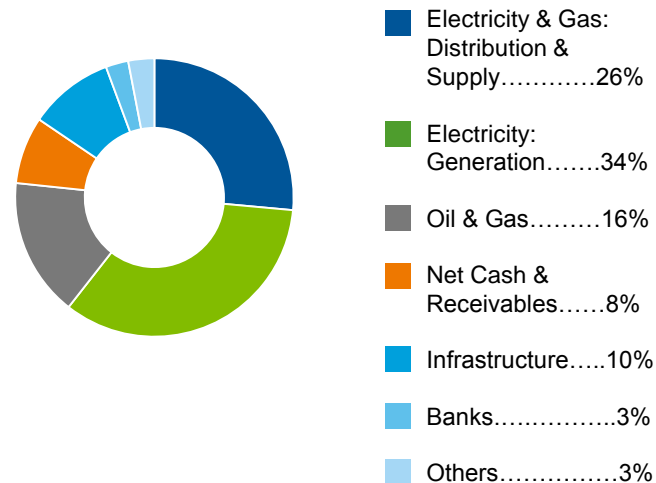
Listed vs Unlisted

as at 29 September 2017 (% NAV)¹



By Sector

as at 29 September 2017 (% NAV)¹



- As at 29 September 2017, the portfolio included stakes in 42 companies (10 listed and 32 unlisted)
- Net cash and receivables position as at 29 September 2017 was USD 210.5 mn

1. Source: FP 29 September 2017 Factsheet.

Largest holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake ¹	NAV as at 29 September 2017 (USD mn)	% in NAV as at 29 September 2017
Hydroelectrica SA	Unlisted	Romanian State	19.9%	868.20	31.91
OMV Petrom SA	Listed	OMV	10.0% ⁴	419.93	15.43
CN Aeroporturi Bucuresti SA	Unlisted	Romanian State	20.0%	195.24	7.18
E-Distributie Banat SA ²	Unlisted	Enel Group	24.1%	153.91	5.66
Engie Romania SA	Unlisted	Engie	12.0%	116.32	4.27
E-Distributie Muntenia SA ²	Unlisted	Enel Group	12.0%	115.30	4.24
E-Distributie Dobrogea SA ²	Unlisted	Enel Group	24.1%	97.54	3.58
BRD Groupe Societe Generale SA	Listed	Societe Generale Group	3.6%	70.67	2.60
CN Administratia Porturilor Maritime SA	Unlisted	Romanian State	20.0%	55.42	2.04
SDEE Muntenia Nord SA ³	Unlisted	Electrica	22.0%	53.81	1.98
Top 10 Portfolio Holdings				2,146.34	78.89
NAV				2,721.12	100.00
NAV Per Share (USD)				0.3099	

Note: Values in USD calculated using the USD/RON FX rate as at 29 September 2017.

Source: FP Factsheet as at 29 September 2017.

1. Based on the FP 30 June 2017 Detailed Statement of Investments.

2. Enel Distributie companies changed their names to E-Distributie.

3. Electrica Distributie companies changed their names to Societatea de Distributie Energie Electrica ("SDEE").

4. Source: FP current report issued on 20 September 2017.



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 will receive 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:

Revenues increased by 6% in H1 2017 compared with the same period last year, to RON 1.7bn, while the net profit increased by 26% (RON 717 mn vs. RON 568 mn).



Cash Level:

RON 2.5bn at the end of June 2017.



Listing:

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



Corporate Governance:

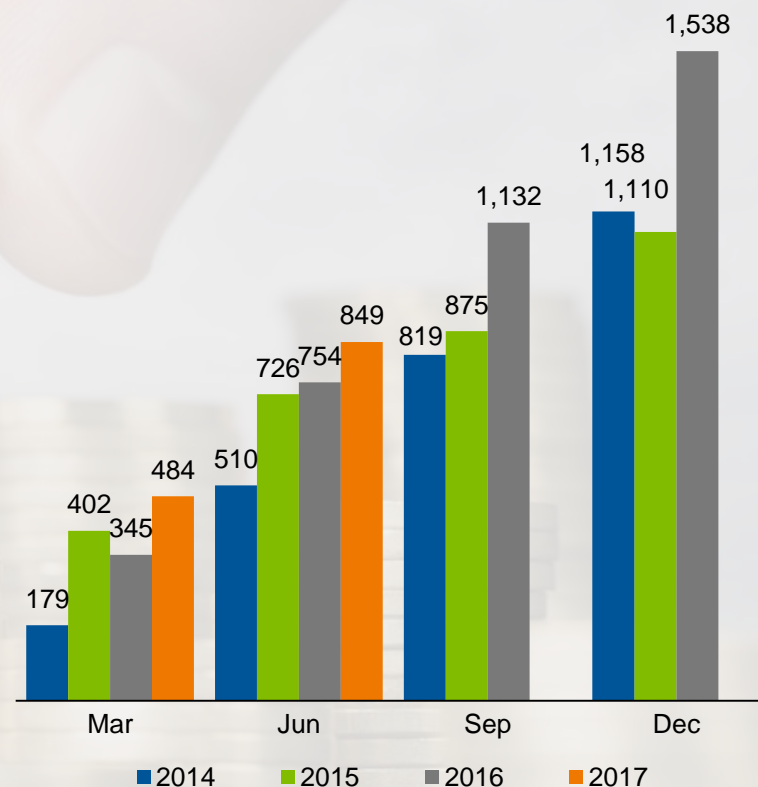
In the shareholders' meeting held on 19 April 2017, the Government approved the appointment of an interim Board with a mandate of 4 months, which has been extended by an additional 4 months. There is no progress in the selection of the Board members based on Law 111/2016.



Litigations:

The Fund has started several litigations against the appointment of the new members of the Directorate by breaching the Code of Ethics of the company and the Corporate Governance Code.

Pre-tax Cumulated Profit (RON mn)



OMV Petrom – Accelerated Bookbuild Offering (I) **FONDUL** PROPRIETATEA



Transaction Details

Type of Offering	Accelerated bookbuild offering
Pricing	RON 0.2750/share
Discount to pre-announcement share price	(5.82)%
Offering Size	<ul style="list-style-type: none"> • 2.56% of the company's share capital • 1.454 billion shares • RON 399.85 million / USD 104.47 million
FP holding as at 31 August 2017	12.56%
% FP NAV as at 31 August 2017	20.19%
Lock-up period	120 days
Joint bookrunners	<ul style="list-style-type: none"> • Goldman Sachs International, • WOOD & Company Financial Services,A.S., • Banca Comercială Romana

Source: FP current reports.

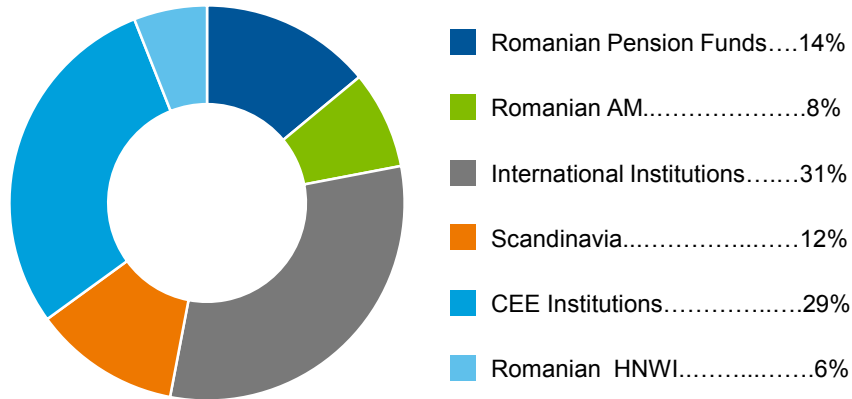
Note: Values in USD calculated using the USD/RON FX rate as at 20 September 2017.



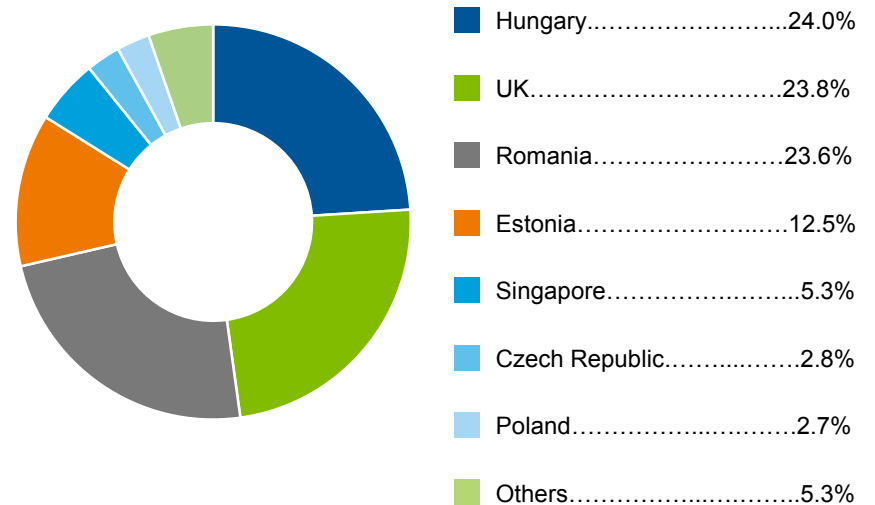


Transaction Details

Allocation by type



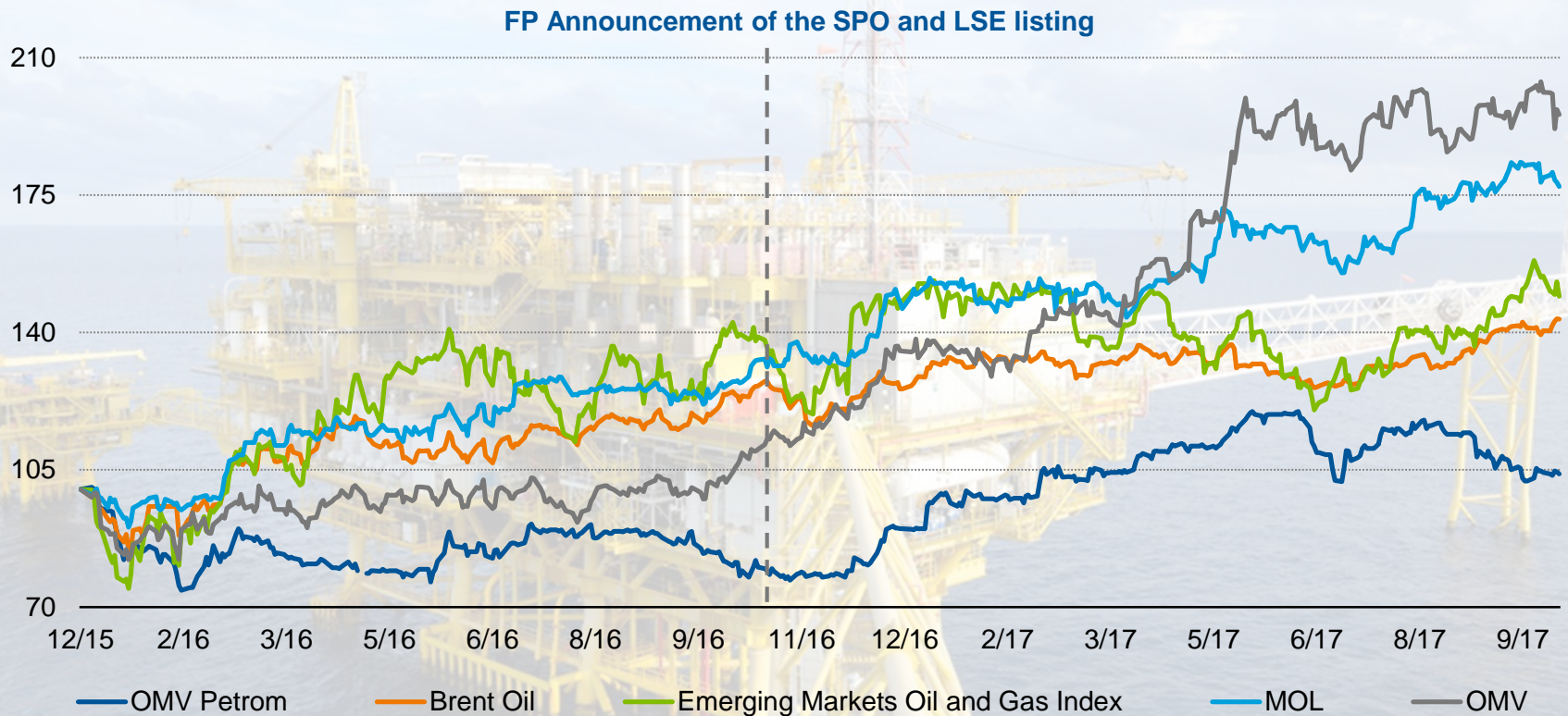
Allocation by geography (Institutional investors only)



Source: WOOD & Co.

OMV Petrom – Share Price Performance

OMV Petrom – Share Price Performance % in USD



Source: Bloomberg, as at 6 October 2017.

Corporate Actions



NAV, Share price and GDR performance



Cumulative Performance

	2011	2012	2013	2014	2015	2016	Q2 2017	H1 2017	YTD ¹	Since Performance Inception ¹
NAV (RON)	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	7.33%	4.16%	9.24%	10.38%	46.64%
Ordinary Share Price (RON)	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	4.90%	(1.17)%	16.68%	18.79%	112.90%
GDR (USD)	N/A	N/A	N/A	N/A	N/A	1.15%	4.62%	23.42%	31.14%	21.36%



Average Annual Discount

	2011	2012	2013	2014	2015	2016	2017 YTD ²	Current Share Price Discount ³	Current GDR Price Discount ³
	55.67%	50.09%	40.74%	30.87%	29.12%	32.08%	27.62%	30.04%	29.48%

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 29 September 2017.

2. For the period: 3 January – 25 October 2017.

3. As at 25 October 2017.

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	-
Total			0.44244	0.41164	

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. 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.



- The approval of the ninth buy-back programme for a maximum number computed so that all the outstanding treasury shares (acquired during this programme and/or previous ones) will not exceed 20% of the issued share capital at the relevant time, starting with the publication of this resolution in the Romanian Official Gazette, at a price that cannot be lower than RON 0.2 / share or higher than RON 2 / share



- The Alternative Investment Fund Manager's presentation of the Performance Report for the period 1 July 2016 – 30 June 2017

- Board of Nominees' presentation of the Review Report in relation to the Performance Report prepared by the Alternative Investment Fund Manager for the period 1 July 2016 – 30 June 2017.



The approval of the continuation of the current mandate of Franklin Templeton International Services S.à r.l. as the alternative investment fund manager and sole director of Fondul Proprietatea S.A or in case this point is not approved by the shareholders, the approval of:

- the simultaneous termination of the mandate of Franklin Templeton International Services S.À R.L. as the alternative investment fund manager and sole director of Fondul Proprietatea S.A., and of the Management Agreement, beginning with the earliest of (i) the appointment of a new alternative investment fund manager and sole director of Fondul Proprietatea S.A. in accordance with the terms of the Management Agreement and (ii) 1 May 2018, and

- the procedure to be observed for the selection of a new alternative investment fund manager and sole director of Fondul Proprietatea S.A., as described in the supporting materials. (secret vote)



- The approval of 2018 budget of Fondul Proprietatea S.A

- The appointment of Deloitte Audit S.R.L. as the financial auditor of Fondul Proprietatea S.A. for the 2017-2019 financial statements and the approval of the level of its remuneration for such financial audit services

The approval of:

- 22 November 2017 as the Ex – Date

- 23 November 2017 as the Registration Date





Ninth buy-back programme

- for a maximum number computed so that all the outstanding treasury shares (acquired during this programme and/or previous ones) will not exceed 20%
- for a maximum period of 18 months as of the date when this shareholders' resolution is published in the Official Gazette
- the price that cannot be lower than RON 0.2 / share or higher than RON 2 / share
- aimed at the share capital decrease (one or more share capital decreases)
- subject to the availability of the necessary cash
- BB8 terminates its effects when BB9 starts



Continuation vote

- For the purpose of reviewing the performance of the Fund Manager each year (including, but not limited to, whether the Performance Objectives have been achieved), each year in October the Customer will hold a GSM (the October GSM).
- Not later than 30 days before the deadline for publication of the October GSM documentation as required by the law, the Fund Manager must submit to the Board of Nominees a report on its activities and performance during relevant period (the Performance Report).
- Following receipt of the Performance Report, the Board of Nominees prepared and submitted for the information of shareholders at the October GSM a review of the Performance Report (the Board of Nominees Review Report), evaluating the performance of the Fund Manager, as well as any other factors that it considers to be relevant for the decision of the October GSM.
- Alternative vote on:
 - the continuation or termination of the Management Agreement and the Fund Manager's mandate and
 - the procedure for the selection of a new Sole Director and Fund Manager, in case the shareholders vote for the termination of the Management Agreement and of the Fund Manager's mandate



Appointment of financial auditor for 2017-2019 financial years

Legislation:

EU Legislation:

- Regulation (EU) no 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities

National Legislation:

- Law 162/2017 from 6 July 2017 on statutory audit of annual financial statements and consolidated annual financial statements (“the National Law”);
- FSA Norm 27/2015 on the financial audit of the entities authorized, regulated and supervised by the Financial Supervisory Authority, as subsequently amended by Norm 41/2016 (“the FSA Norm”)

Implementation:

- Following the new legislative requirements introduced by the EU Regulation No 537/2014, the National Law and the FSA Norm on statutory audit, in respect of the maximum period for an entity to be audited by the same audit firm, the Fund organized a tender process for appointing the financial auditor.
- The Fund has undergone a tender process for selecting the financial auditor, for the audit of the statutory financial statements of the Fund prepared in accordance with International Financial Reporting Standards, as adopted by European Union (“IFRS”) and applying FSA Norm 39/2015 for the years ended 31 December 2017, 2018 and 2019.
- The entire selection and evaluation procedures during the tender process organized by the Fund were overseen by the Audit and Valuation Committee.
- The Board of Nominees approved the recommendation and preference issued by the Audit and Valuation Committee and are submitting for the approval of the shareholders on the 26 October 2017 GSM, the appointment of Deloitte Audit SRL as the financial auditor of the Fund for the audit of the financial statements of the Fund for 2017, 2018 and 2019 financial years, and the level of its remuneration for these financial audit services at a maximum level (without VAT) of:
 - EUR 74,000 + GBP 9,500 for auditing the said 2017 financial statements;
 - EUR 83,700 + GBP 9,500 for auditing the said 2018 financial statements;
 - EUR 75,300 + GBP 9,500 for auditing the said 2019 financial statements.

2018 Budget of Income, Expenses and Capital Expenditure

- The **2018 Budget** of Income, Expenses and Capital Expenditure of the Fund was prepared in accordance with the **International Financial Reporting Standards** as endorsed by European Union and based on certain assumptions as detailed in the supporting documentation.
- **Key** budgeted **items** included in the 2018 Budget are:
 - **Net profit** for 2018 financial year of **RON 353.3 million**
 - **Income** from current activity for 2018 financial year of **RON 444.6 million**
 - **Expenses** from current activity for 2018 financial year of **RON 91.3 million**
- The 2018 Budget was prepared **without** taking into consideration the financial impact of potential changes in the portfolio (i.e. acquisitions, disposals, share capital increase contributions or fair value changes) during 2018, as the **high volatility** of the Romanian market and the **unpredictability** of political and macroeconomic developments make it **impossible to foresee** with reliable certainty when or if certain transactions will occur and the evolution of market prices within the budgeted period.
- Consequently, we propose to shareholders to **grant** the Fund Manager and Investment Manager the power to incur on behalf of the Fund certain expenses, as detailed in the supporting documentation, even if this will result in exceeding the total 2018 Budget of expenses.
- The budget was **prior approved** by the **Board of Nominees** of the Fund on 5 September 2017.

Appendix I – Performance Report



Summary of the Regulatory Issues Affecting the Performance during the Reporting Period



Regulatory issues affecting the Performance during the reporting period

- Delays in implementation of Corporate Governance Legislation (OUG 109/2011)
- Delays in the IPO calendar of the SOEs
- Delays in the gas price liberalization for households
- Delay in the publication of the new royalty scheme for the oil and gas sector

Summary of the Market Conditions Affecting the Performance during the Reporting Period



Summary of market conditions

Market Conditions Affecting the Performance during the Reporting Period

- General Risks

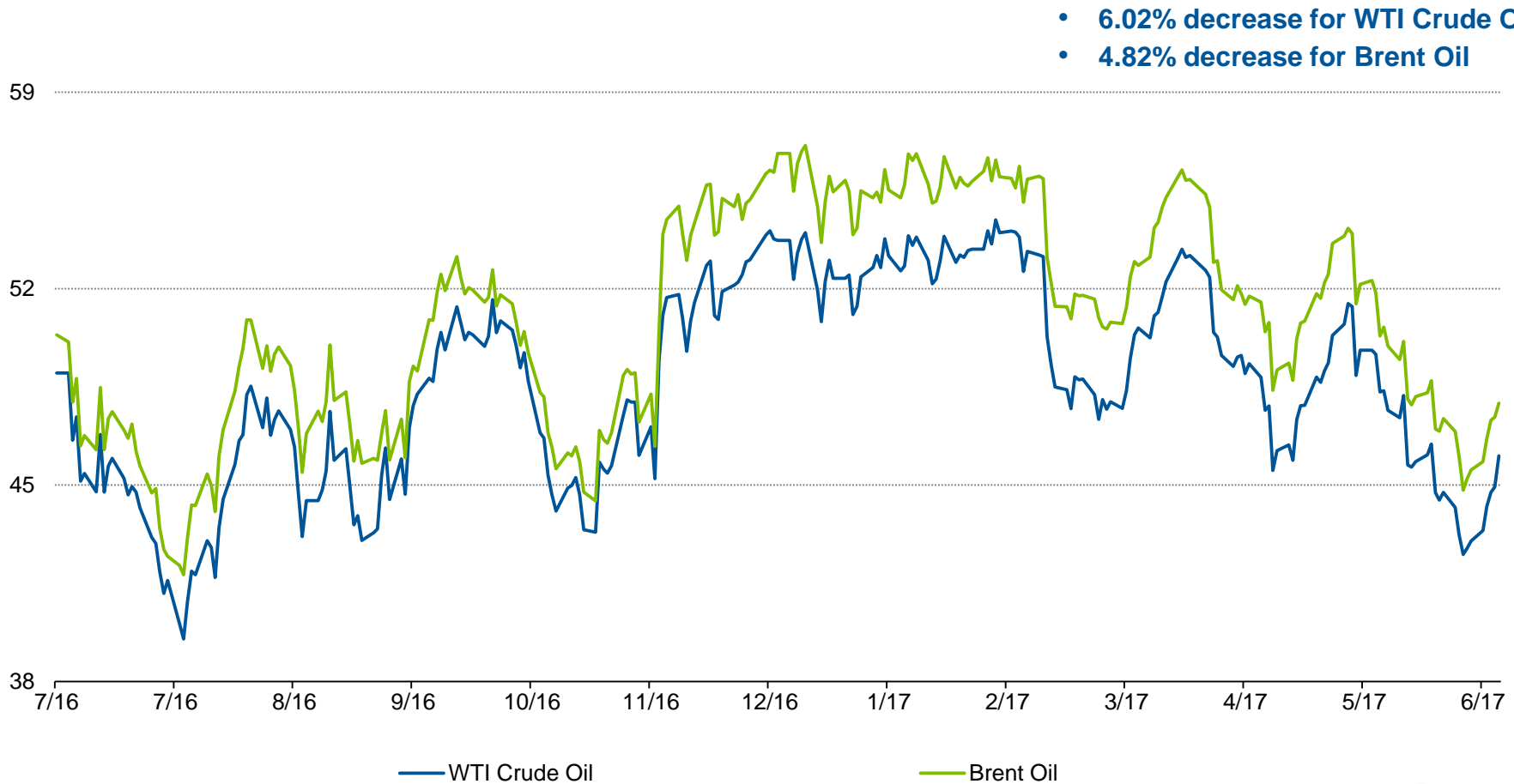
- Oil Prices

- Electricity Prices

- Market Sentiment in Emerging and Frontier Markets

- Volatility in developed markets

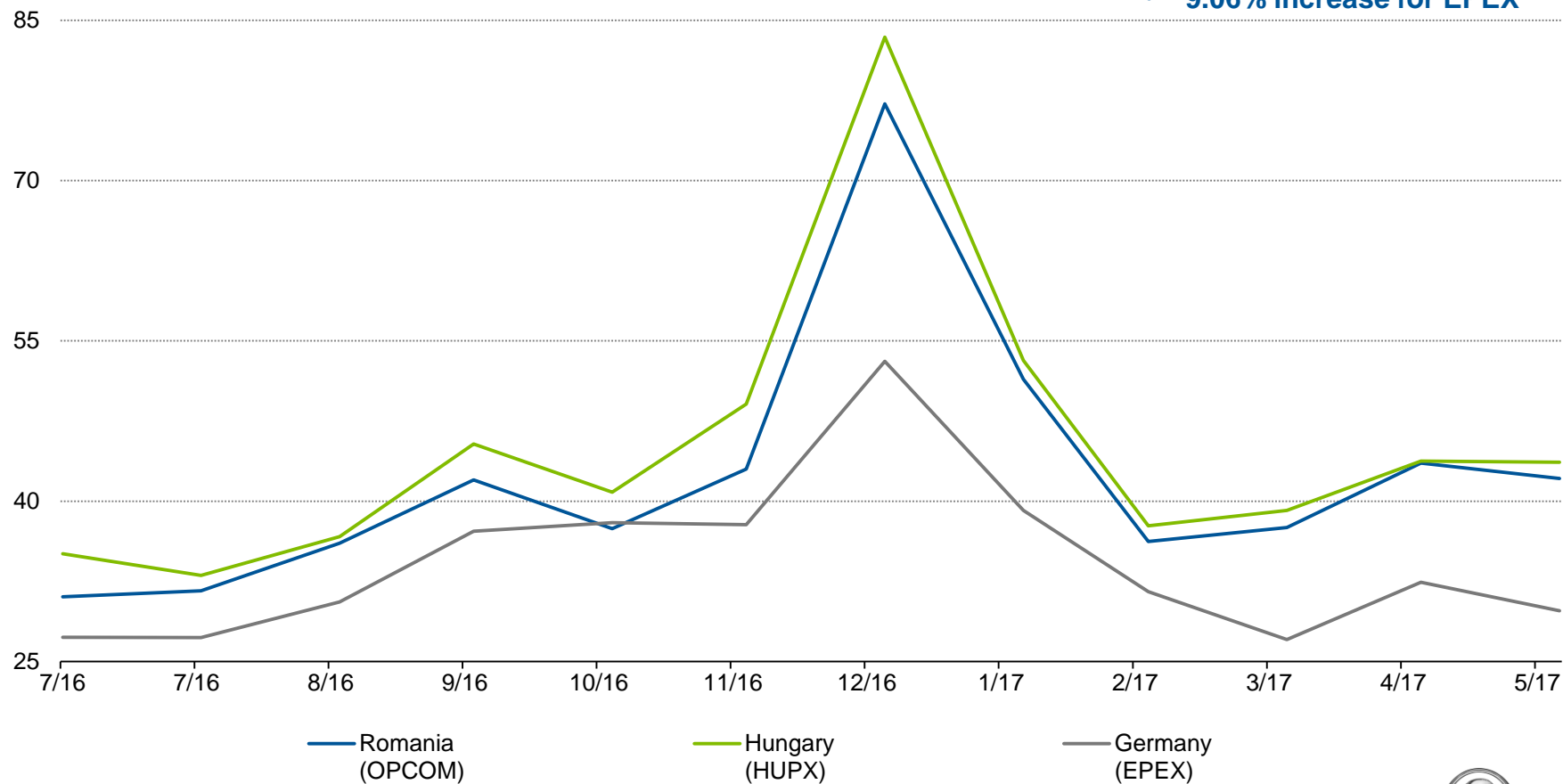
Oil price volatility



Source: Bloomberg, for the period 1 July 2016 – 30 June 2017.

Electricity prices

- 35.61% increase for OPCOM
- 24.41% increase for HUPX
- 9.06% increase for EPEX

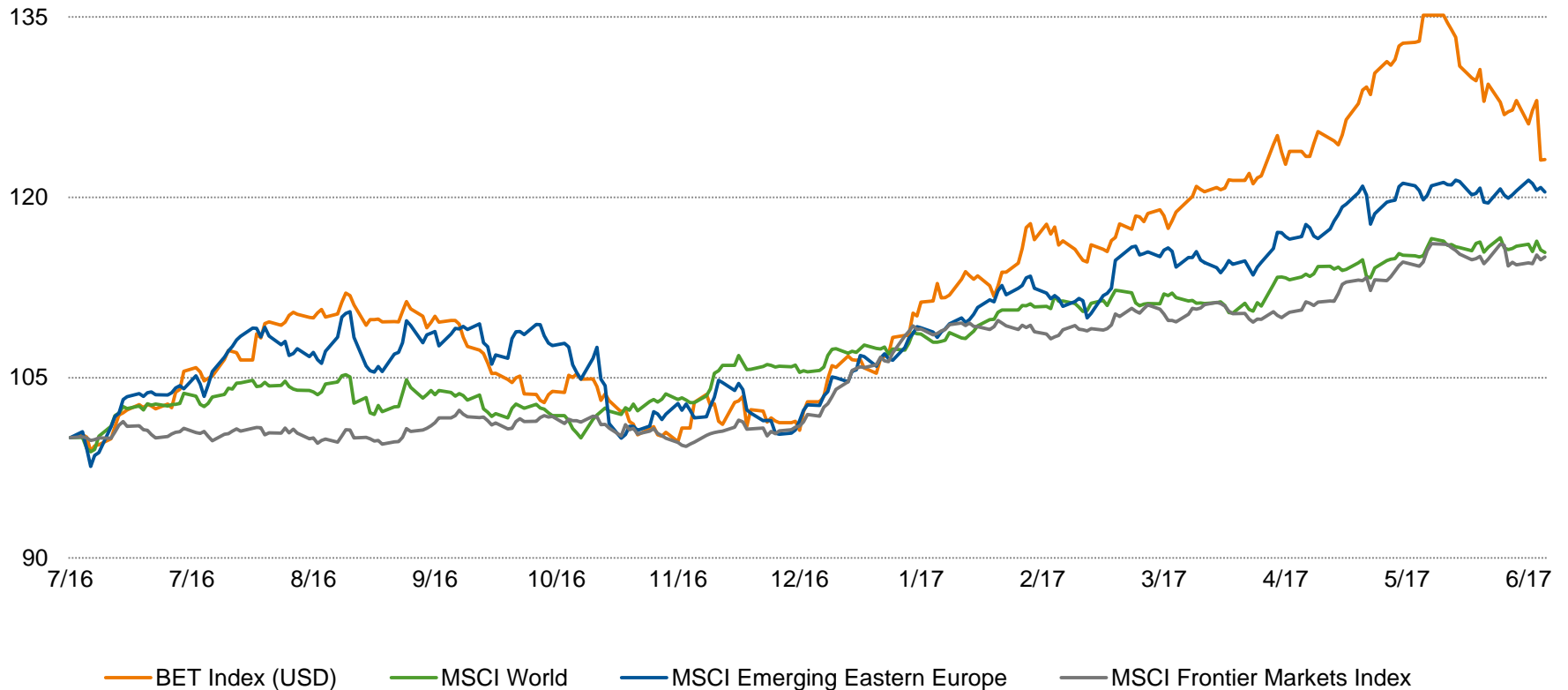


Source: Hidroelectrica, Bloomberg, as at 30 June 2017.

Note: Base load prices.

Romania vs. MSCI Eastern Europe vs. Frontier Markets vs. World

USD



Source: Bloomberg, for the period 1 July 2016 – 30 June 2017.

Other Developments during the Reporting Period





Delay of a potential transaction with OMV Petrom shares

- The significant decrease in the oil prices globally led to a delay in the transaction with OMV Petrom shares
- The transaction was completed in October 2016



Hidroelectrica's IPO

- After the prolonged insolvency, the company exited only in June 2016
- The IPO has been postponed due to delays in key decisions to be taken by the Romanian Government as the majority shareholder of the company: independent Board, professional management
- As a result, it is expected that the IPO could take place only in H1 2018



Delay in the IPO of Salrom and other SOEs

- Although the Fund Manager has been in constant discussions with the Government to support further listings of SOEs in which the Fund is a minority shareholder, there has been no formal Government decision with regards to the IPOs of several companies in the Fund's portfolio
- The prime candidates for an IPO discussed with the Government were: Bucharest Airports, Constanta Port, and Salrom
- The majority shareholder of Salrom has delayed our proposal to IPO the Company through an offering of the Fund's stake in the company



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