

# Fondul Proprietatea General Shareholders Meeting

26 September 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.



# 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 <sup>1</sup>	RON			USD <sup>2</sup>		
	31 March 2017	31 August 2017	Change (%)	31 March 2017	31 August 2017	Change (%)
NAV	10.69 bn	10.57 bn	(1.12)%	2.51 bn	2.74 bn	9.16%
NAV/Share	1.1943	1.2013	0.59%	0.2803	0.3108	10.88%
Price/Share	0.8880	0.8700	(2.03)%	0.2084	0.2251	8.01%
Price/GDR	44.75	44.07	(1.52)%	10.50	11.40	8.57%
Market Capitalization as at 25 September 2017 <sup>3</sup>		7.43 bn			1.92	
Discount/Share as at 25 September 2017			29.66%			
Discount/GDR as at 25 September 2017			27.57%			
Number of Paid Shares less Treasury Shares <sup>4</sup>			8,788,391,097			

## 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 March 2017 and 31 August 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 22 September 2017.

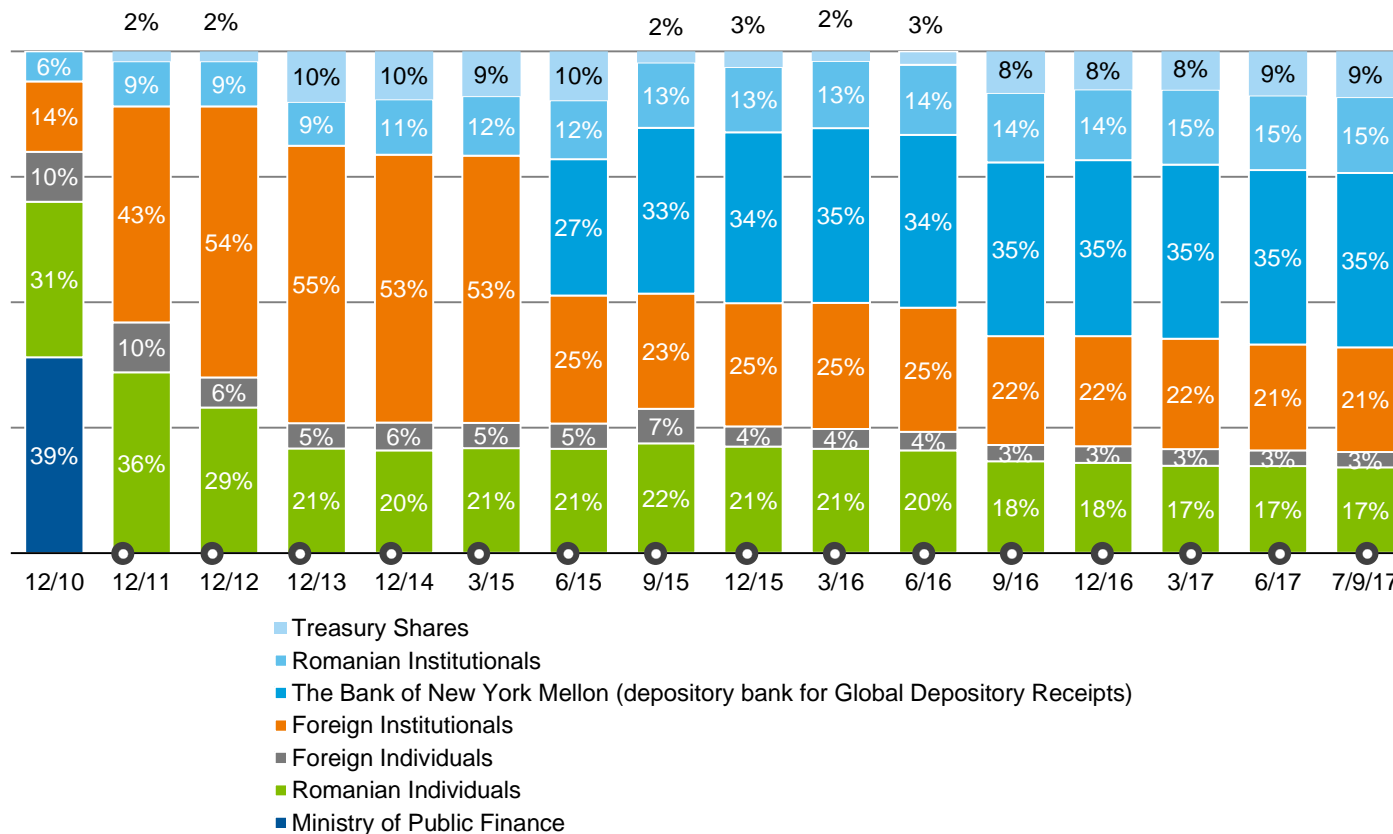
Using the NBR USD/RON FX rate as at 25 September 2017.

4. As at 22 September 2017.

# Shareholders structure



## Evolution (% Held)



## Largest Shareholders<sup>1</sup>

Elliott Associates  
**19.89%**

City of London  
Investment Mgmt.  
**5.04%**

NN Group  
**5.02%**

Total Number of  
Shareholders<sup>2</sup>  
**6,587**

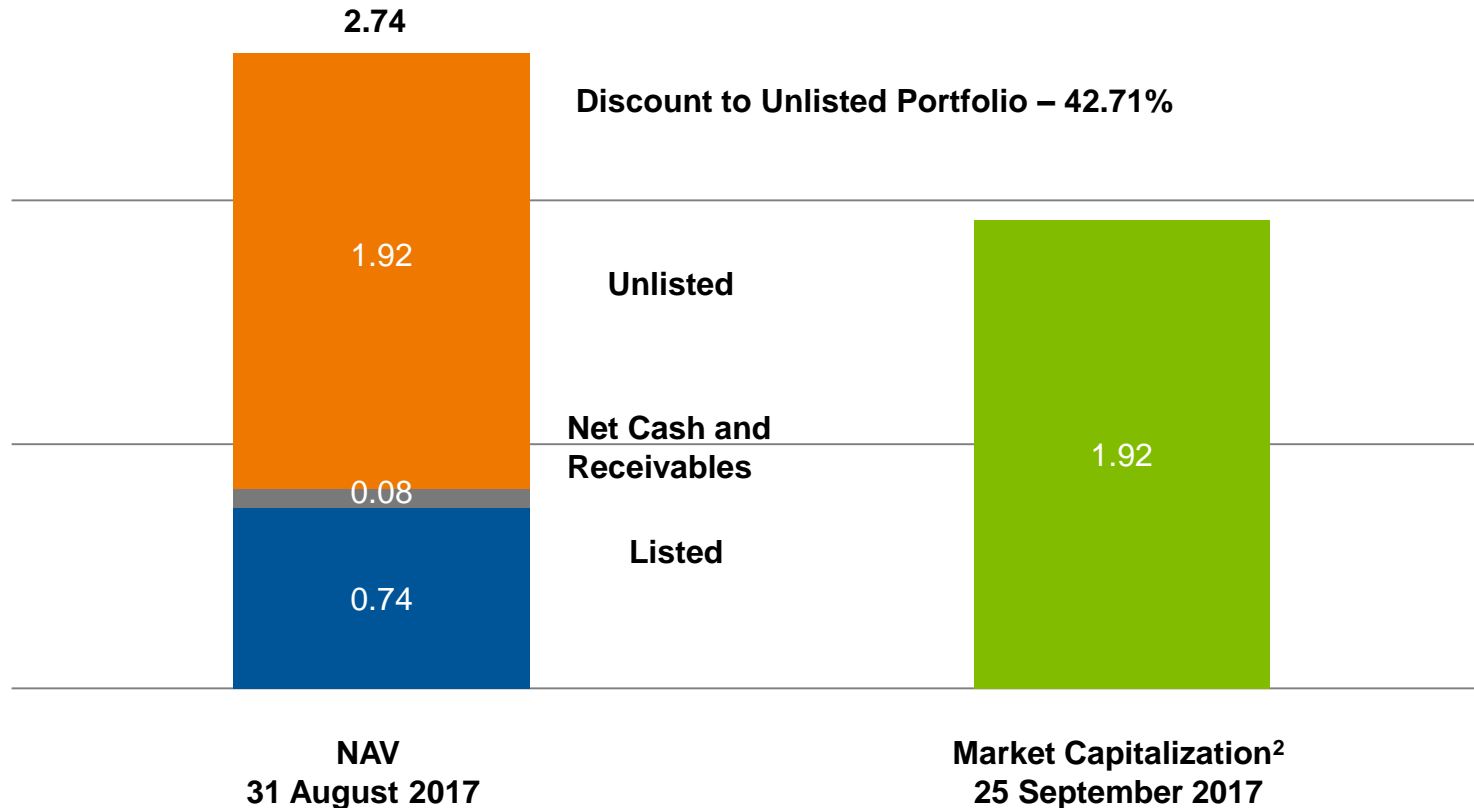
1. Based on the total voting rights. Source: Ownership disclosures submitted by Elliott Associates on 24 May 2017, City of London Investment Management Company Ltd. on 5 April 2016, and NN Group on 27 March 2017.

2. Shareholders structure as at 7 September 2017, considered as the „Reference Date” for the Fund’s GSM to be held on 26 September 2017. Based on paid share capital starting 31 July 2011. Source: Central Depository.





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

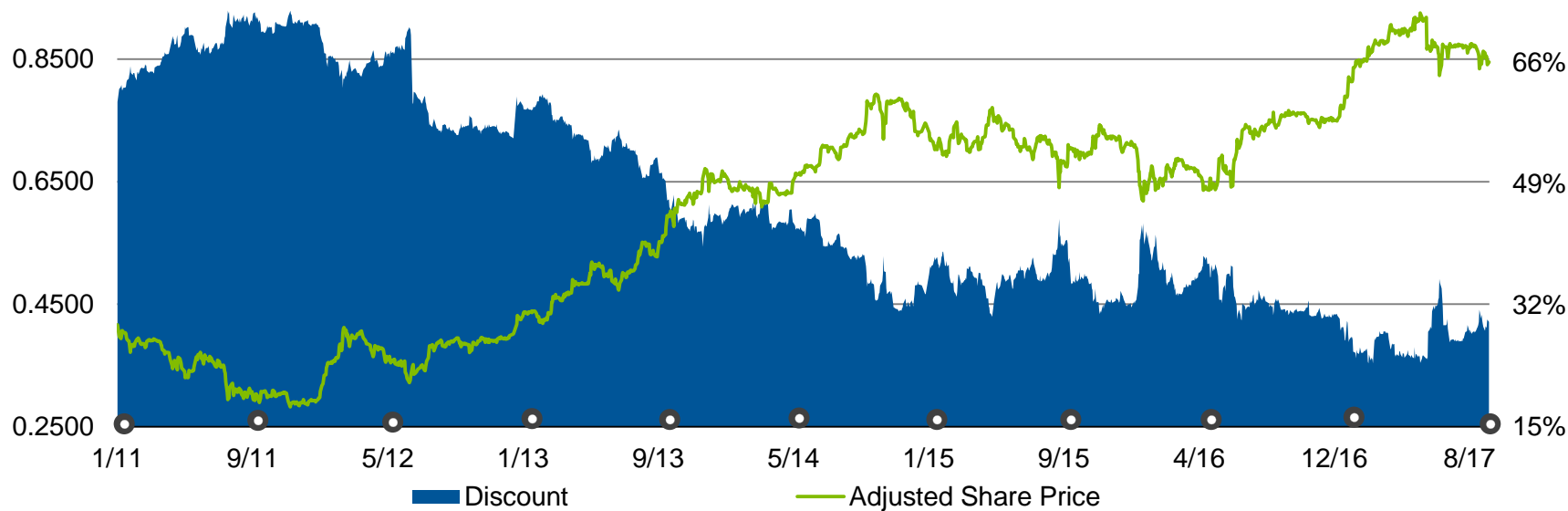


1. Source: BVB, FP NAV as at 31 August 2017.

2. Based on the BVB share price – excluding treasury shares repurchased as at 22 September 2017.



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



	BVB	LSE
Discount <sup>2</sup>	29.66%	27.57%
Average Daily Turnover (USD)	1.81 mn <sup>3</sup>	1.30 mn <sup>4</sup>

1. Source: BVB, Bloomberg, for the period 25 January 2011 – 25 September 2017.

2. As at 25 September 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 September 2017.

4. Source: Bloomberg, for the period 3 January – 25 September 2017.

# NAV, Share price and GDR performance



## Cumulative Performance

	2011	2012	2013	2014	2015	2016	Q2 2017	H1 2017	YTD <sup>1</sup>	Since Performance Inception <sup>1</sup>
NAV (RON)	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	7.33%	4.16%	9.24%	9.79%	45.85%
Ordinary Share Price (RON)	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	4.90%	(1.17)%	16.68%	22.31%	119.19%
GDR (USD)	N/A	N/A	N/A	N/A	N/A	1.15%	4.62%	23.42%	35.29%	25.20%



## Average Annual Discount

	2011	2012	2013	2014	2015	2016	2017 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%	32.08%	27.37%	29.66%	27.57%

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 2017.

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

3. As at 25 September 2017.



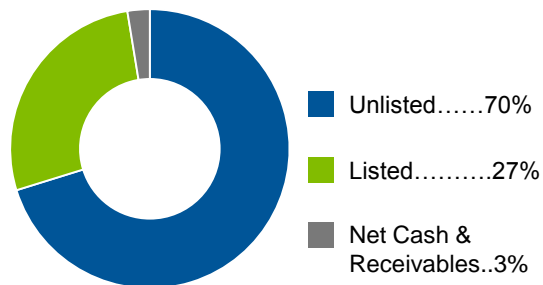
# Portfolio





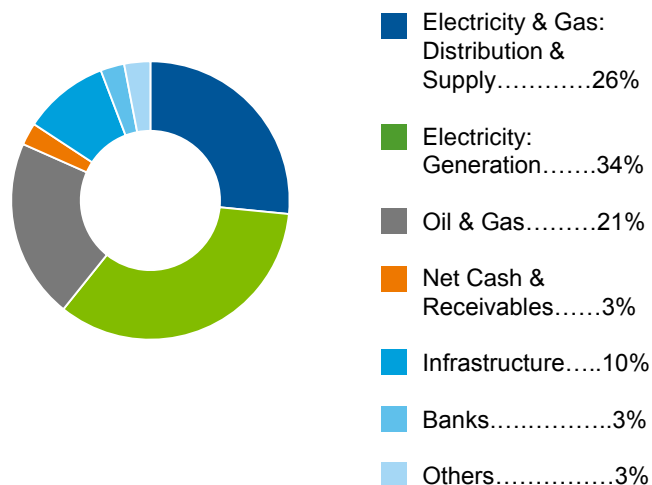
## Listed vs Unlisted

as at 31 August 2017 (% NAV)<sup>1</sup>



## By Sector

as at 31 August 2017 (% NAV)<sup>1</sup>



- As at 31 August 2017, the portfolio included stakes in 43 companies (11 listed and 32 unlisted)
- Net cash and receivables position as at 31 August 2017 was USD 70.6 mn

1. Source: FP 31 August 2017 Factsheet.  
2. FP 30 June 2017 Detailed Statement of Investments.

# Largest holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake <sup>1</sup>	NAV as at 31 August 2017 (USD mn)	% in NAV as at 31 August 2017
Hidroelectrica SA	Unlisted	Romanian State	19.9%	875.46	<b>32.00</b>
OMV Petrom SA	Listed	OMV	12.6%	552.40	<b>20.19</b>
CN Aeroporturi Bucuresti SA	Unlisted	Romanian State	20.0%	196.87	<b>7.20</b>
E-Distributie Banat SA <sup>2</sup>	Unlisted	Enel Group	24.1%	155.20	<b>5.67</b>
Engie Romania SA	Unlisted	Engie	12.0%	117.30	<b>4.29</b>
E-Distributie Muntenia SA <sup>2</sup>	Unlisted	Enel Group	12.0%	116.26	<b>4.25</b>
E-Distributie Dobrogea SA <sup>2</sup>	Unlisted	Enel Group	24.1%	98.36	<b>3.60</b>
BRD Groupe Societe Generale SA	Listed	Societe Generale Group	3.6%	74.81	<b>2.74</b>
CN Administratia Porturilor Maritime SA	Unlisted	Romanian State	20.0%	55.88	<b>2.04</b>
SDEE Muntenia Nord SA <sup>3</sup>	Unlisted	Electrica	22.0%	54.26	<b>1.98</b>
<b>Top 10 Portfolio Holdings</b>				<b>2,296.80</b>	<b>83.96</b>
<b>NAV</b>				<b>2,735.43</b>	<b>100.00</b>
<b>NAV Per Share (USD)</b>				<b>0.3108</b>	

Note: Values in USD calculated using the USD/RON FX rate as at 31 August 2017.

Source: FP Factsheet as at 31 August 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").

# Electrica transaction – Update

Company	% FP Stake	% FP NAV as at 31 August 2017	FP NAV as at 31 August 2017	2016 FP Dividends RON mn
SDEE Muntenia Nord	22%	1.98%	209.74	19.3
SDEE Transilvania Sud	22%	1.64%	173.50	21.7
SDEE Transilvania Nord	22%	1.91%	201.70	22.1
Electrica Furnizare	22%	1.58%	167.08	34.8
<b>Total</b>		<b>7.11%</b>	<b>752.02</b>	<b>97.9</b>

- On 14 July 2017, Fondul Proprietatea has signed a Memorandum of Understanding with Electrica for the disposal of the Fund's holdings in the subsidiaries.
- The aggregated value of the transaction would amount to RON 752.0 mn. Shares would be acquired by Electrica together with all the rights attached to them under the applicable law, including the right to receive dividends, except for those for the financial year ending on 31 December 2016, which remain to be collected by the Fund.
- On 4 September 2017, the Board of Electrica called an EGM and GSM meeting for 26 October 2017 for the approval of the acquisition of the Fund's participation in the four Electrica companies together with the split of the total transaction price for each subsidiary. The Fund's NAV for 31 August was adjusted for the updated allocation of the transaction value per each company.
- All necessary corporate and shareholding approvals at Electrica and subsidiaries level are planned to be obtained by 31 October 2017.

Source: FP August 2017 NAV report, Electrica SA 26 October 2017 GSM documentation from Electrica website.

Company	% FP Stake	% 30 June 17 NAV	30 June 17 NAV RON mn	2016 Net Cash RON mn	2016 FP Dividends RON mn
E-Distributie Banat (EDB)	24%	5.7%	599.9	1,270.6	8.9
E-Distributie Muntenia (EDM)	12%	4.3%	449.4	2,304.4	-
E-Distributie Dobrogea (EDD)	24%	3.6%	380.2	593.7	6.6
Enel Energie (EE)	12%	0.7%	75.5	538.4	-
Enel Energie Muntenia (EEM)	12%	0.7%	70.3	585.1	-
<b>Total</b>		<b>15.0%</b>	<b>1,575.3</b>	<b>5,292.2</b>	<b>15.5</b>

- In 2012 the state exercised the PUT option and asked for EUR 521 mn from Enel.
- Following the decision of the Internal Court of Arbitrage in Paris, Enel paid EUR 401 mn to the Romanian state for the 13.5% stakes in Enel Distributie Muntenia and Enel Energie Muntenia. FP does not have such a PUT option.
- Efforts to dispose the Fund's stakes in Enel are ongoing.
- The Fund has engaged Ithuba Capital AG as sole financial adviser in connection with the process related to possible sales transactions to be carried out by the Fund concerning its holdings in Enel and Engie.

Source: FP 30 June 2017 Detailed Statement of Investments, Investment Manager calculations.



## 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:

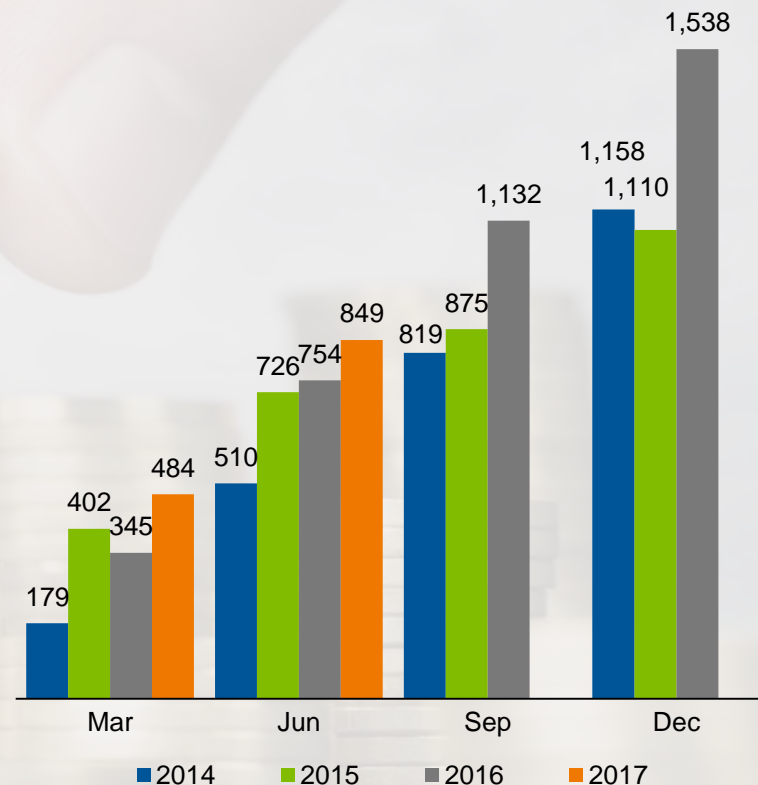
In the shareholders' meeting held on 19 April 2017, the Government approved the appointment of an interim Board with a mandate of 4 months, which has been extended by an additional 4 months. There is no progress in the selection of the Board members based on Law 111/2016.



## 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)





## Transaction Details

	<b>Payment Date</b>
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"> <li>• 2.56% of the company's share capital</li> <li>• 1.454 billion shares</li> <li>• RON 399.85 million / USD 104.47 million</li> </ul>
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"> <li>• Goldman Sachs International,</li> <li>• WOOD &amp; Company Financial Services,A.S.,</li> <li>• Banca Commerciale Romana</li> </ul>

Source: FP current reports.

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

# C.N. Aeroporturi Bucuresti – Update

Financial Performance <sup>1</sup>	2011	2012	2013	2014	2015	2016	% y/y
Operating revenues (mn RON)	501.5	555.5	582.6	672.1	755.6	882.3	17%
Operating profit (mn RON)	88.5	80.9	94.0	124.4	213.5	276.6	30%
Net Income (mn RON)	52.6	53.1	72.0	98.8	178.8	234.5	31%
Number of passengers (mn)	7.45	7.54	7.67	8.32	9.28	10.99	18%



## Passenger Traffic

Increased by 16.6% in the first 6 months of 2017 compared to the same period from 2016, reaching 5.91 million passengers. The number of aircraft movements increased by 9% to 55,739.



## Board and Management

New Interim General Manager was appointed following the expiration of the mandate of the previous General Manager, who had been appointed based on Corporate Governance legislation in 2013. The entire Board is also composed of interim members. The selection process as per Corporate Governance legislation was initiated for the Board. A full mandate General Manager can only be appointed after the appointment of the Board in accordance with the Corporate Governance code.



## IPO

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

1. Source: CN Aeroporturi Bucuresti annual financial statements and annual reports.



# Corporate governance code and listing of SOEs

Corporate governance code was approved by GEO 109/2011 on 30 November 2011

Company	% FP Stake <sup>1</sup>	% in Total NAV <sup>1</sup>	NAV USD mn <sup>1</sup>	Listing Status <sup>2</sup>	Independent Board <sup>2</sup>	Professional Management <sup>2</sup>	Overall change <sup>4</sup>
Hidroelectrica	20	32.0	847.8	X	X	X	↓
CN Aeroporturi Bucuresti	20	7.2	190.7	X	X	X	↓
SDEE Muntenia Nord <sup>3</sup>	22	2.4	63.9	X	?	?	↓
SDEE Transilvania Sud <sup>3</sup>	22	2.3	61.7	X	?	?	↓
CN Administratia Porturilor Maritime	20	2.0	54.1	X	X	X	↓
SDEE Transilvania Nord <sup>3</sup>	22	2.0	52.2	X	?	?	↓
SN a Sarii Salrom	49	1.7	45.3	X	✓	✓	-
Nuclearelectrica	9	1.7	43.9	✓	?	?	↓
Electrica Furnizare	22	1.6	42.0	X	?	?	↓
Conpet	6	0.5	12.5	✓	✓	✓	-
Posta Romana	25	0.4	11.3	X	✓	X	↓
Romaero	21	0.3	7.6	✓	X	?	↓
CN Administratia Canalelor Navigabile <sup>5</sup>	20	0.2	4.0	X	X	X	↓
CN Administratia Porturilor Dunarii Fluviale	20	0.0	0.9	X	?	X	↓

**Legend:** ✓ Completed; X Not completed; ? Suspected to be politically influenced ↑ Positive = Stable ↓ Negative

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

2. As at 30 June 2017.

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

4. Overall change of the company's corporate governance in the last 6 months.

5. The administration plan was not approved.

# Corporate governance code and listing of SOEs

Corporate governance code was approved by GEO 109/2011 on 30 November 2011

Company	% FP Stake <sup>1</sup>	% in Total NAV <sup>1</sup>	NAV USD mn <sup>1</sup>	Listing Status <sup>2</sup>	Independent Board <sup>2</sup>	Professional Management <sup>2</sup>	Overall Change <sup>4</sup>
A.I. Timisoara – Traian Vuia	20	0.0	0.9	X	✓	✓	-
Plafar	49	0.0	0.5	X	✓	X	-
AI M. Kogalniceanu – Constanta	20	0.0	0.4	X	?	X	-
CN Administratia Porturilor Dunarii Maritime	8	0.0	0.3	X	?	X	-
Complexul Energetic Oltenia	22	0.0	0.0	X	?	?	↓
<b>Total</b>		<b>54.3</b>	<b>1,440.0</b>				

**Legend:** ✓ Completed; X Not completed; ? Suspected to be politically influenced ↑ Positive = Stable ↓ Negative

Total number of companies	Independent Board	Professional Management	Overall Change
✓	5	3	
X	5	9	
?	9	7	
↑			0
-			6
↓			13

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

2. As at 30 June 2017.

3. Overall change of the company's corporate governance in the last 6 months.

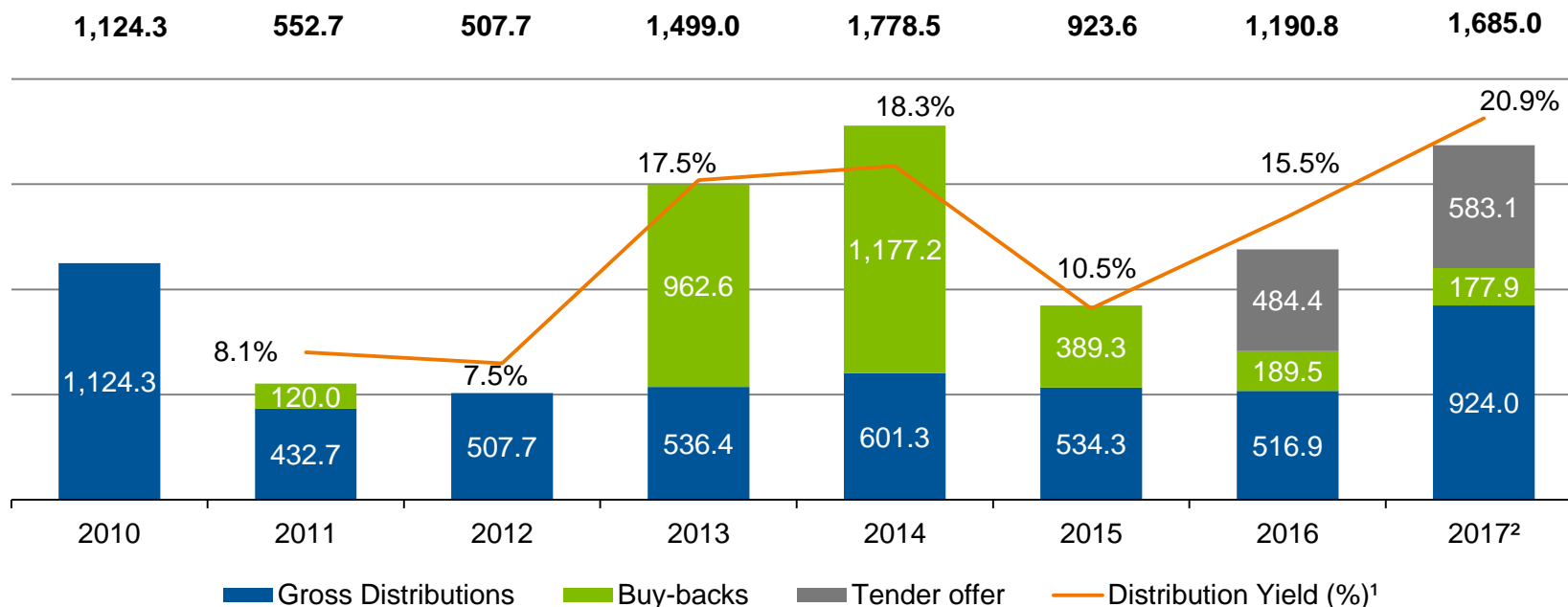
# Corporate Actions



# Distributions to shareholders (I)



## Annual Distributions to Shareholders (mn RON)



The total distributions through buy-backs and cash would amount to RON 9.26 bn/USD 2.60 bn<sup>2</sup>

Note: Values exclude related acquisition fees. USD values based on the NBR average USD/RON FX for each year. For 2017, average USD/RON FX as at 25 September.

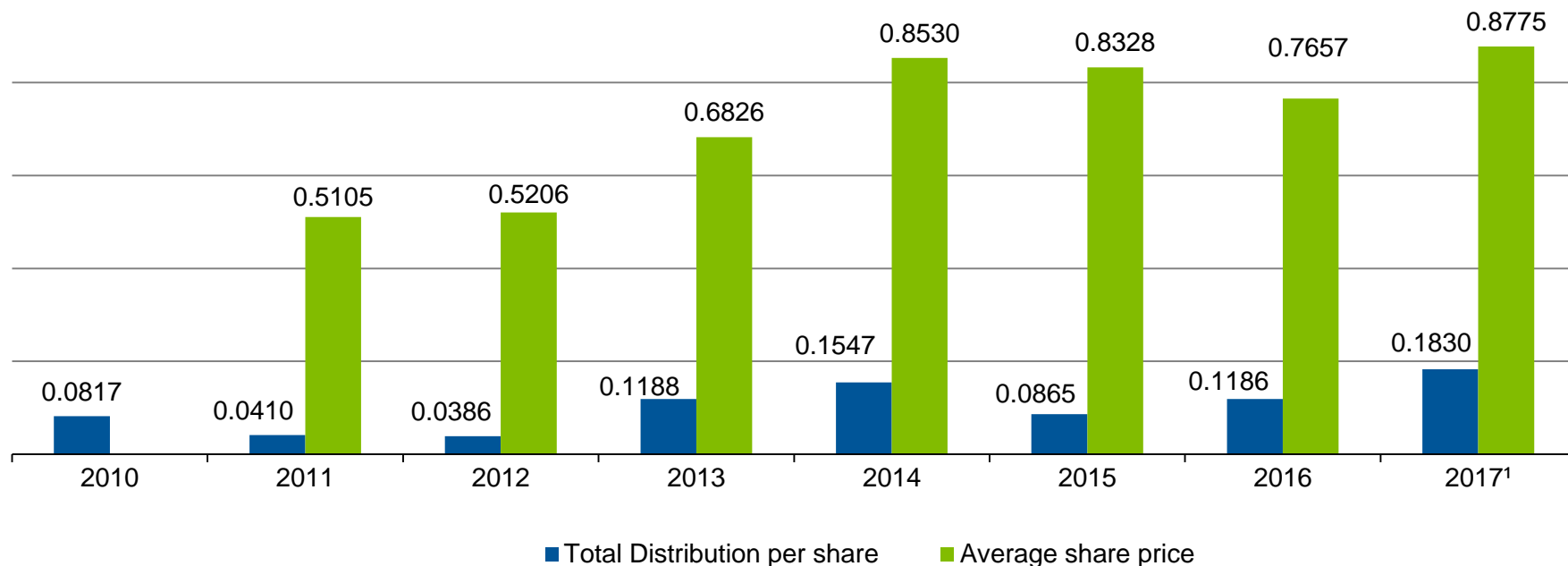
1. 1. Based on the total annual distributions through buy-backs and cash, based on the average closing share price on BVB for the respective year and the average number of paid shares, excluding Treasury shares. For 2017, average closing share price as at 25 September.

2. For buy-backs, the values are as at 22 September 2017, i.e. include the seventh and the eighth buy-back programmes. The gross distributions figure includes the March and June distributions.

# Distributions to shareholders (II)



## Annual Distributions to Shareholders per Share (RON)



The total distributions through buy-backs and cash amount to RON 0.8228 per share/USD 0.2276 per share<sup>2</sup>.

Note: Values exclude related acquisition fees. USD values based on the NBR average USD/RON FX for each year. For 2017, average USD/RON FX as at 25 September.

1. Average annual closing share price as at 25 September. For buy-backs, the values are as at 22 September 2017, i.e. include the seventh and the eighth buy-back programmes. The gross distributions figure includes the March and June distributions.

2. As at 25 September 2017.

# 2017 Cash distributions



## Cash Distributions to Shareholders (RON)

	Status	Payment Date	Ex-Date	Cash Distribution Per Share
Special Distribution – Return of Capital	Paid <sup>1</sup>	27 March 2017	6 March 2017	RON 0.05
Annual Distribution	Paid <sup>2</sup>	30 June 2017	9 June 2017	RON 0.05
<b>Total</b>				<b>RON 0.10</b>

1. As at 31 August 2017, over 98% of the cash distribution payment was completed.

2. As at 31 August 2017, over 97% of the cash distribution payment was completed.

# 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
Seventh	29 Sep 16 – 26 May 17	Finalized	830.2 mn/8.2%	0.8967	Wood & Co., Goldman Sachs Int.	Partial cancellation approved by shareholders during the 3 May '17 EGM <sup>2</sup>
Eight	Started on 30 May 2017	51.72% Completed	177.2 mn/1.8%	0.8709 <sup>1</sup>	Wood & Co., Jefferies Internat.	Partial cancellation of 158.5 mn shares submitted for shareholders' approval during the 26 Sep '17 EGM
Ninth	-	Submitted for shareholders' approval during the 26 Oct '17 GSM	Up to 20% of the issued share capital at the relevant time	-	-	-

1. As at 22 September 2017. Estimated value based on the 91,629,680 shares repurchased (56,508,380 ordinary shares and 35,121,300 equivalent shares of the GDRs repurchased).

2. To be effective, the FSA endorsement is legally required. The remaining part is subject to shareholders' approval during the 26 September 2017 EGM.

# Dividend income

	FP Net Dividend (RON mn)					
	2012	2013	2014	2015	2016	2017
Total Top 20 Holdings (RON mn)	400.2	401.8	511.1	445.7	332.6	547.5
Total Dividends from Listed Companies (RON mn)	450.1	373.9	538.6	251.5	36.0	148.1
Total Dividends from Unlisted Companies (RON mn)	168.9	275.8 <sup>2</sup>	143.5	315.9	313.5	403.8
<b>Total Dividend Income (RON mn)</b>	<b>619.0</b>	<b>649.7</b>	<b>682.1</b>	<b>567.4</b>	<b>349.5</b>	<b>551.9</b>
<b>Total Dividend Income per Share (RON)<sup>1</sup></b>	<b>0.04699</b>	<b>0.04954</b>	<b>0.05674</b>	<b>0.05310</b>	<b>0.0339</b>	<b>0.0626</b>
Dividend/Distribution per Share (RON)	0.04089	0.05000	0.05000	0.05000	0.05000	
Share Price (RON)	0.6600 <sup>3</sup>	0.7640 <sup>4</sup>	0.8130 <sup>5</sup>	0.7200 <sup>6</sup>	0.9180 <sup>7</sup>	
Yield	6.20%	6.54%	5.84%	6.94%	5.45%	
Yield for Romanian companies (BET)	5.09%	5.10%	3.50%	4.56%		

Note: Dividends are distributed based on individual financial statements.

1. Calculation based on the number of paid shares at the registration date for each year excluding treasury shares at the same date.

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

3. As at 15 May 2013.

4. As at 30 April 2014.

5. As at 29 May 2015.

6. As at 9 June 2016.

7. As at 6 June 2017.



# 2017 Special dividends from SOEs

Portfolio company	RON mn
Hidroelectrica SA	130.6 <sup>1</sup>
Bucharest Airports SA	40.0 <sup>1</sup>
Conpet SA	5.2 <sup>2</sup>
Nuclearelectrica SA	10.0 <sup>3</sup>
<b>Total</b>	<b>185.8</b>

1. Source: GSM decisions approved by the companies shareholders'.
2. Submitted for shareholders' approval during the 25 October 2017 GSM.
3. Submitted for shareholders' approval during the 28 September 2017 GSM.



- The approval of the decrease of the subscribed share capital of Fondul Proprietatea S.A. from RON 4,854,034,784.56 to RON 4,771,610,196.08 pursuant to the cancellation of 158,508,824 own shares acquired by Fondul Proprietatea S.A. during the seventh and eight buy-back programme



**The renewal 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. for another two (2) years term starting with 1 April 2018 (“New Mandate”), conditional upon:**

- Shareholders approve the key commercial terms of the New Mandate; and
- Franklin Templeton International Services S.À R.L. and Fondul Proprietatea S.A. execute until 1 March 2018 a management agreement covering the New Mandate (which is to include the said key commercial terms)



- The approval of the key commercial terms of the New Mandate



The appointment of an alternative investment fund manager of Fondul Proprietatea S.A. for a mandate of two (2) years starting with 1 April 2018, in accordance with the legal provisions in force. The empowerment of the Board of Nominees to negotiate and execute the relevant investment management agreement with the selected candidate and fulfil all relevant formalities for the authorization and legal completion of such appointment.

## 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

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