

# Fondul Proprietatea Annual General Shareholders Meeting

26 April 2016



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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 9,869,265,720.90 and paid up share capital is RON 9,541,834,605.90.

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.



FRANKLIN TEMPLETON  
INVESTMENTS

April 2016

# Fund Information



# The Fund – Key Facts

## Fund Details as at 31 March 2016<sup>1</sup>

	RON	USD <sup>2</sup>
NAV	11.44 bn	2.91 bn
NAV/Share	1.1004	0.2797
Price/Share	0.7710	0.1959
Price/GDR	38.01	9.66
Market Capitalization as at 22 April 2016 <sup>3</sup>	7.88 bn	1.98 bn
Discount per Share as at 22 April 2016		31.03%
Discount/GDR as at 22 April 2016		31.45%
Number of Shares in Issue <sup>5</sup>		10,965,850,801
Number of Paid Shares <sup>5</sup>		10,602,038,451
Number of Paid Shares less Treasury Shares <sup>4</sup>		10,376,223,364

## Investment Objective

Maximization of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.

Source: BVB, FP 31 March 2016 Factsheet.

1. Based on local regulator methodology.

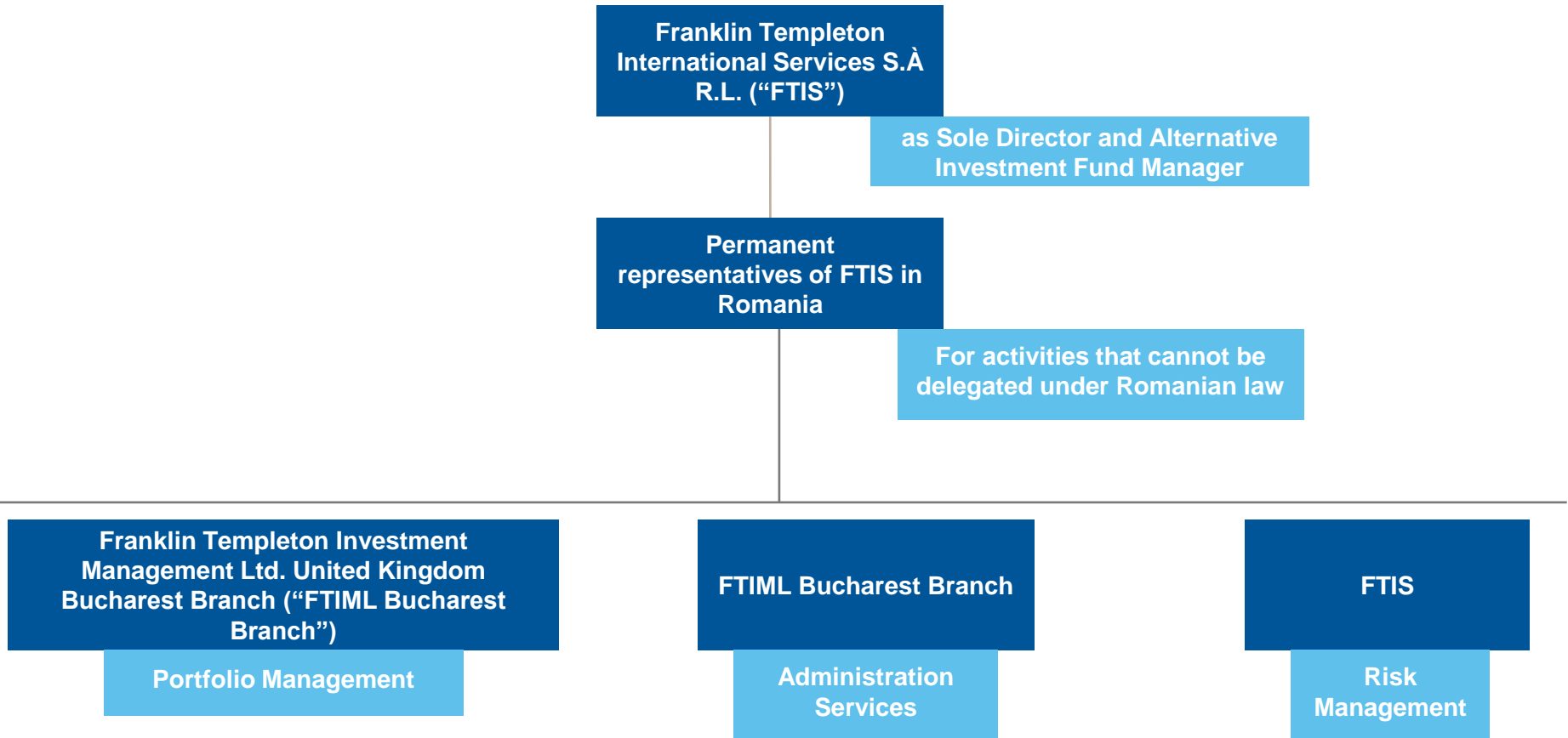
2. Computed using the NBR USD/RON FX rate as at 31 March 2016.

3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 22 April 2016.

4. Treasury shares and the equivalent number of shares corresponding to the GDRs bought back until 22 April 2016.

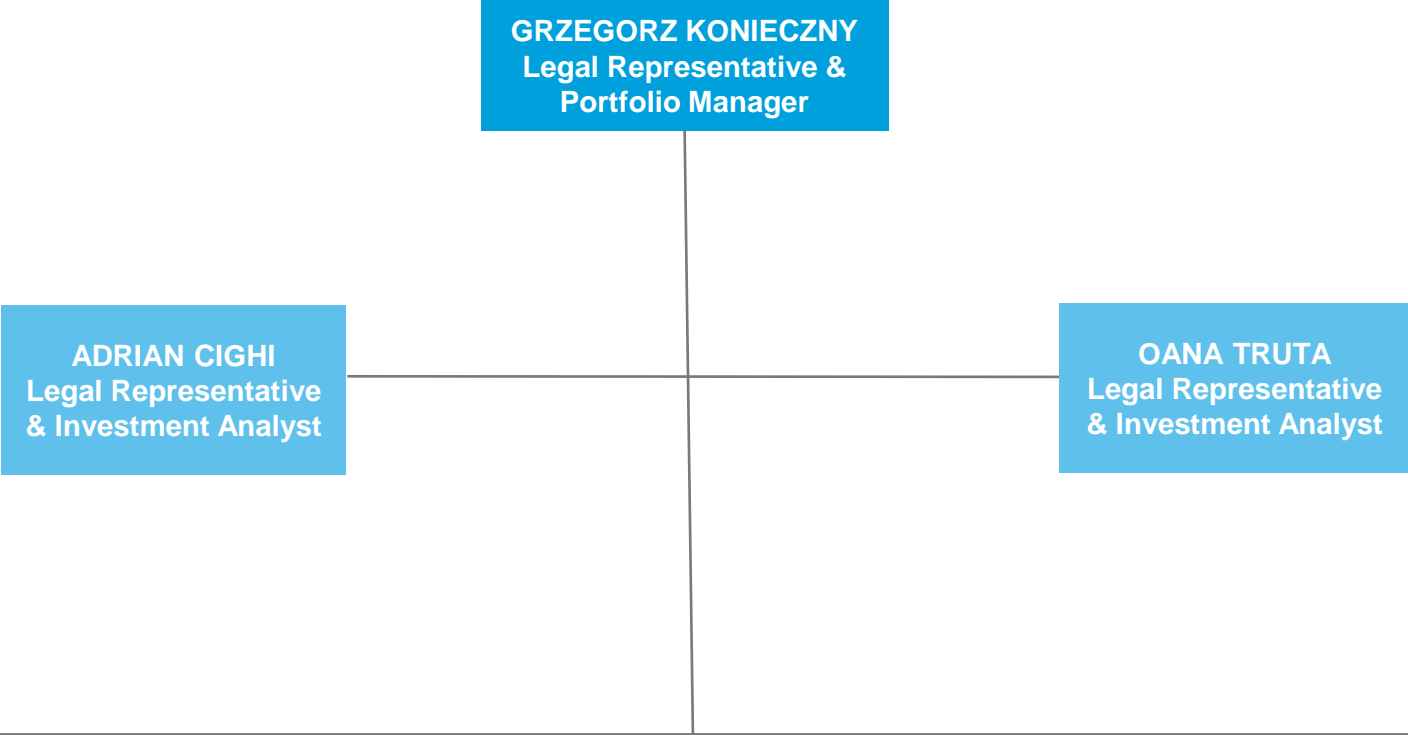
5. As at 22 April 2016.

# Fund Management Services under AIFMD



Important note: FTIS is the appointed Alternative Investment Fund Manager ("AIFM" or "Fund Manager") responsible for Investment Management and Risk Management (as required under AIFMD), with Investment Management being delegated back to FTIML UK Ltd Bucharest Branch ("The Investment Manager"). FTIS is also appointed as the Sole Director, and in this capacity delegates Administration Services back to FTIML UK Ltd Bucharest Branch.

# The Investment Manager

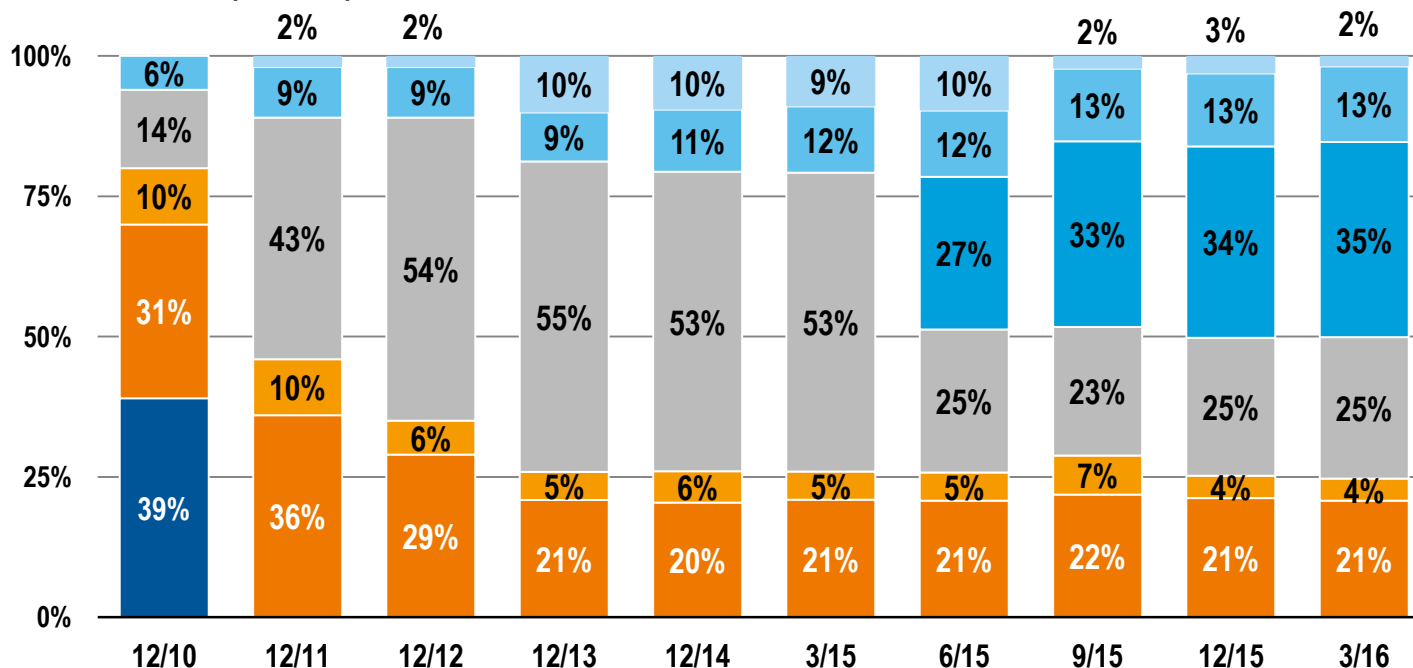


# Board of Nominees – Current Structure

	Current Members	Position in BoN	Current Position	Mandate Until
	Sorin Mindrutescu	Chairman	CEE Cloud Director and Country Leader for Romania, Oracle Romania	30 September 2016
	Mark H. Gitenstein	Member	Special Counsel, Mayer Brown	30 September 2016
	Julian Healy	Member	Independent non-Executive Board Director	5 April 2018
	Piotr Rymaszewski	Member	CEO at Octava Asset Management and Octava SA	5 April 2018
	Steven van Groningen	Member	President and CEO of Raiffeisen Bank SA Romania	14 April 2018

# Shareholders Structure

## Evolution (% Held)



- Treasury Shares
- Romanian Institutionals
- The Bank of New York Mellon (depository bank for Global Depository Receipts)<sup>3</sup>
- Foreign Institutionals
- Foreign Individuals
- Romanian Individuals
- Ministry of Public Finance

## Largest Shareholders

Elliott Associates <sup>1</sup>	21.06%
City of London Investment Mgmt.	5.04%
Total Number of Shareholders <sup>2</sup>	8,061

1. Based on the total voting rights. Source: Ownership disclosures submitted by Elliott Associates on 21 October 2015, and by City of London Investment Management company Ltd. on 5 April 2016.

2. Shareholders structure as at 31 March 2016, based on paid share capital starting 31 July 2011. Source: Central Depository.

3. The Bank of New York Mellon holding includes 3,310,200 shares equivalent of the 66,204 GDRs of the Fund.



# NAV, Share Price and GDR Performance

## Cumulative Performance (RON)

	2011	2012	2013	2014	2015	Q1 2016	Since Performance Inception <sup>1</sup>
NAV	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	(4.84)%	17.78%
Ordinary Share Price	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	(4.81)%	62.62%
GDR	N/A	N/A	N/A	N/A	N/A	(7.95)%	(11.75)%

## Average Annual Discount

2011	2012	2013	2014	2015	YTD <sup>2</sup>	Current Share Price Discount <sup>3</sup>	Current GDR Price Discount <sup>3</sup>
55.67%	50.20%	41.30%	30.71%	28.92%	32.21%	31.03%	31.45%

Source: BVB, LSE, FP NAV reports prepared by the Fund Manager.

1. 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.

2. For the period: 4 January – 22 April 2016.

3. As at 22 April 2016.

# NAV Objective

- **Objective**
  - The Adjusted NAV per share as at 31 March 2016, to be higher than the NAV per share as at 30 June 2015 (RON 1.1851 per share)
- **Monthly Monitoring – 31 March 2016**
  - Adjusted NAV as at 31 March 2016 is lower than the NAV per share as at 30 June 2015

Adjusted NAV per share as at 31 March 2016 <sup>1</sup>	RON 1.1007
NAV per share as at 30 June 2015	RON 1.1851
Difference	RON (0.0844)
Difference (%)	(7.12%)

Source: FP Report prepared by the Fund Manager.

1. The adjusted NAV for a given date will be calculated as the sum of: the reported NAV as at the end of reporting period, any returns to shareholders, following reductions of the share capital (return of nominal) implemented after 30 June 2015, and any Distribution Fees and any transaction costs relating to non-dividend distributions including buy-backs executed after 30 June 2015. The adjusted NAV per share will be equal to the adjusted NAV divided by the total number of the Fund's paid shares, less treasury shares, on the last day of the reporting period.



# 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 2015 – 30 June 2016

- **Monthly Monitoring – 31 March 2016**

- In the period 1 July 2015 – 31 March 2016, discount was higher than 15%, for both shares and GDRs.

## Discount Evolution

Discount at the Start of the Reporting Period – 1 July 2015	Discount as at 31 March 2016	Average for the Reporting Period	Discount Range for the Reporting Period
32.4%	29.3%	31.5%	25.9% - 40.1%

Source: Fondul Proprietatea Report prepared by the Fund Manager.

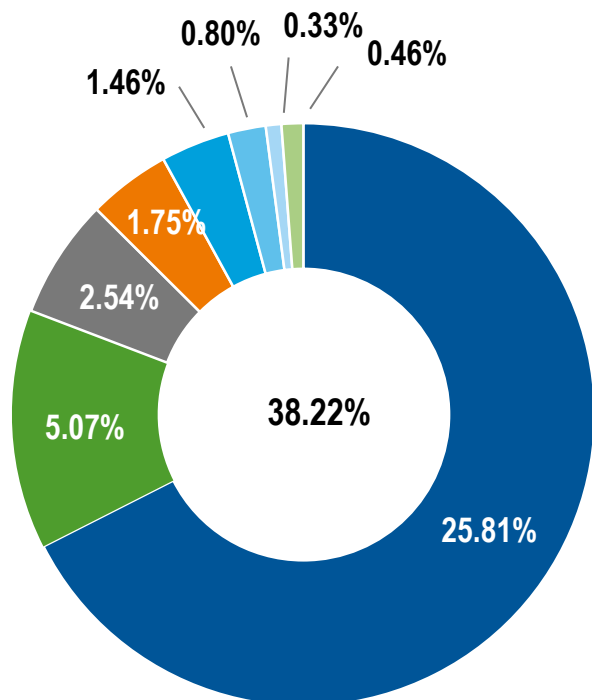
Note: The discount is calculated based on the latest published NAV/share at the date of the calculation.

# Portfolio



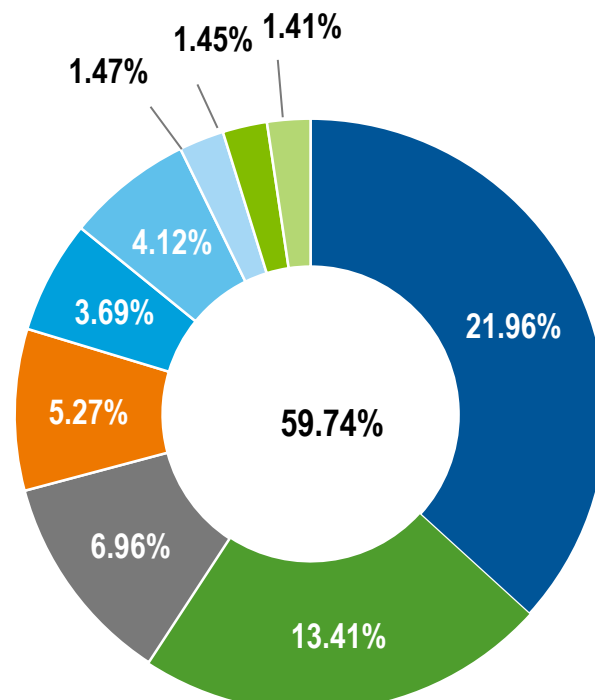
# Portfolio Structure – Listed vs. Unlisted

**Listed Companies**  
(% of NAV as at 31 December 2015)



- OMV Petrom
- Romgaz
- BRD GSG
- Banca Transilvania
- Nuclearelectrica
- Alro
- Conpet
- Others

**Unlisted Companies**  
(% of NAV as at 31 December 2015)



- Hidroelectrica
- ENEL companies
- Electrica companies
- E.ON companies
- Engie Romania<sup>1</sup>
- Bucharest Airport
- Salrom
- Constanta Ports
- Others

Source: FP 31 December 2015 Detailed Statement of Investments.

1. Former GDF Suez Energy Romania.

Company	Offering Size %	Offering Size Value (USD mn)	FP Stake Value (USD mn)	Total Market Cap (USD mn)	Investment Consortium Selected	Status of Required Decision	FP Expected Timing
Hydroelectrica	15.0	583.5 <sup>1</sup>	674.5 <sup>1</sup>	3,382.7 <sup>1</sup>	Morgan Stanley, Raiffeisen	Approved	H2 2016 / 2017
CE Oltenia	12.0/15.3	9.4/12.4 <sup>2</sup>	15.2 <sup>2</sup>	70.3 <sup>2</sup>	BRD Groupe Societe Generale, Swiss Capital	Approved	Suspended
Bucharest Airports	N/A	N/A	126.5 <sup>1</sup>	632.6 <sup>1</sup>	N/A	Not Taken Yet	N/A
Constanta Port	N/A	N/A	42.2 <sup>2</sup>	211.1 <sup>2</sup>	N/A	Not Taken Yet	N/A
Salrom	N/A	N/A	42.8 <sup>2</sup>	87.3 <sup>2</sup>	N/A	Decision Postponed	N/A
Posta Romana	N/A	N/A	14.2 <sup>2</sup>	56.6 <sup>2</sup>	N/A	Not Taken Yet	N/A

1. Source: FP 31 March 2016 Factsheet.

2. Source: FP 31 December 2015 Detailed Statement of Investments.

# Romgaz – Accelerated Bookbuild Offering (I)

## Transaction Details

Type of Offering	Pricing	Offering Size	Offering Structure	Pricing / Settlement
ABO of shares and GDRs	<ul style="list-style-type: none"> <li>• RON 24.00 per share / \$6.09 per GDR</li> <li>• Discount to last closing price: 7.9%</li> </ul>	<ul style="list-style-type: none"> <li>• RON 541 mn / \$137 mn</li> <li>• 22,542,960 shares</li> <li>• 5.85% of share capital representing 24.2% of the free float and 237.3x the 3M ADTV</li> </ul>	<ul style="list-style-type: none"> <li>• 20,286,910 shares and 2,256,050 GDRs</li> <li>• The Fund reduced its stake from 5.85% to 0.00%</li> </ul>	<ul style="list-style-type: none"> <li>• 20 Apr / 25 Apr</li> </ul>

## Transaction Highlights

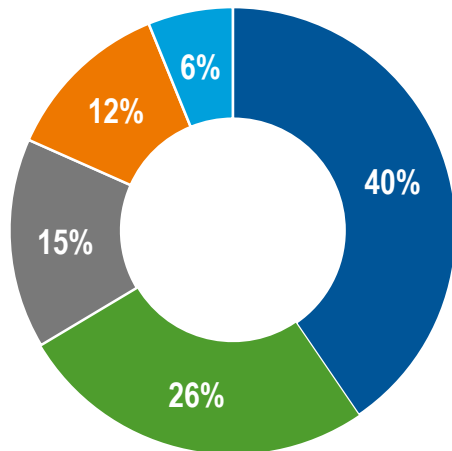
- Second largest Romanian ABO ever, following the \$199 mn Romgaz ABO in June-2014
- First transaction of a Romanian issuer in 2016 YTD
- First CEE transaction in 2016 YTD
- Large offering size of 237.3 days average trading volume - largest CEEMEA ABO for over a year in ADTV terms

Source: Goldman Sachs.

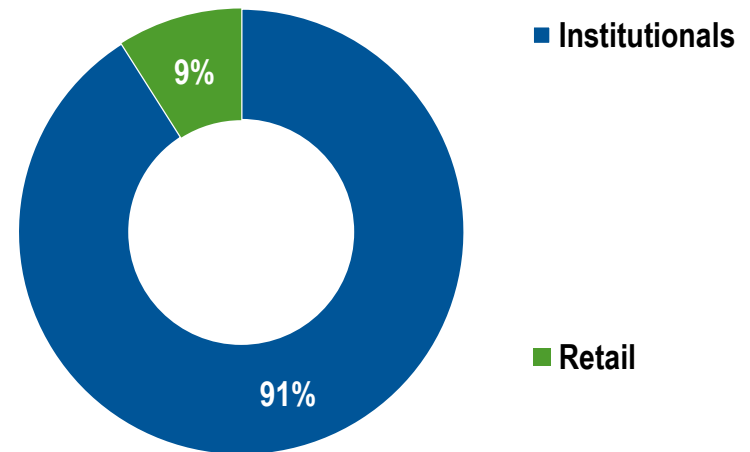


# Romgaz – Accelerated Bookbuild Offering (II)

Total Demand by Location



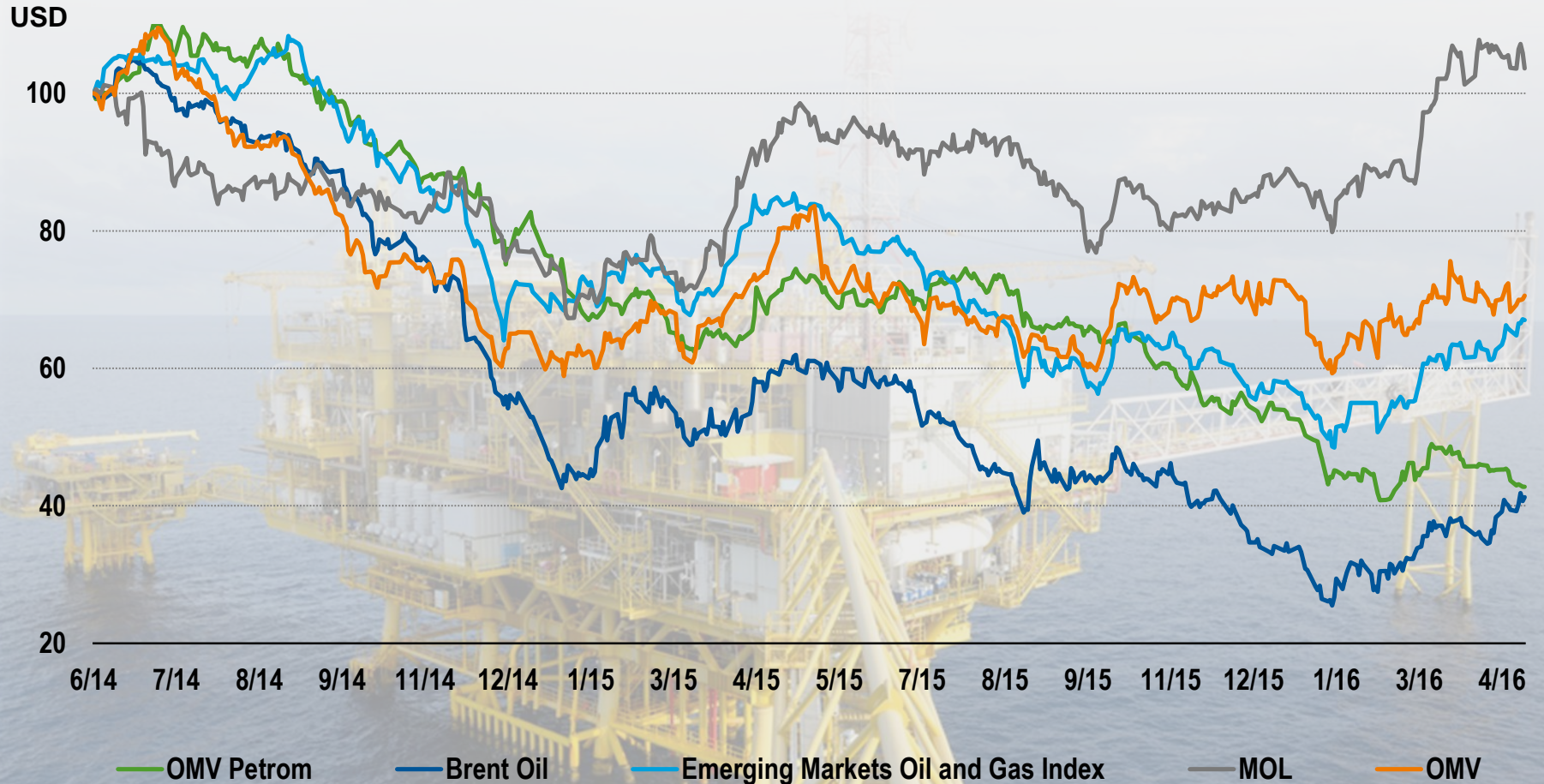
Total Demand by Type



Source: Goldman Sachs.



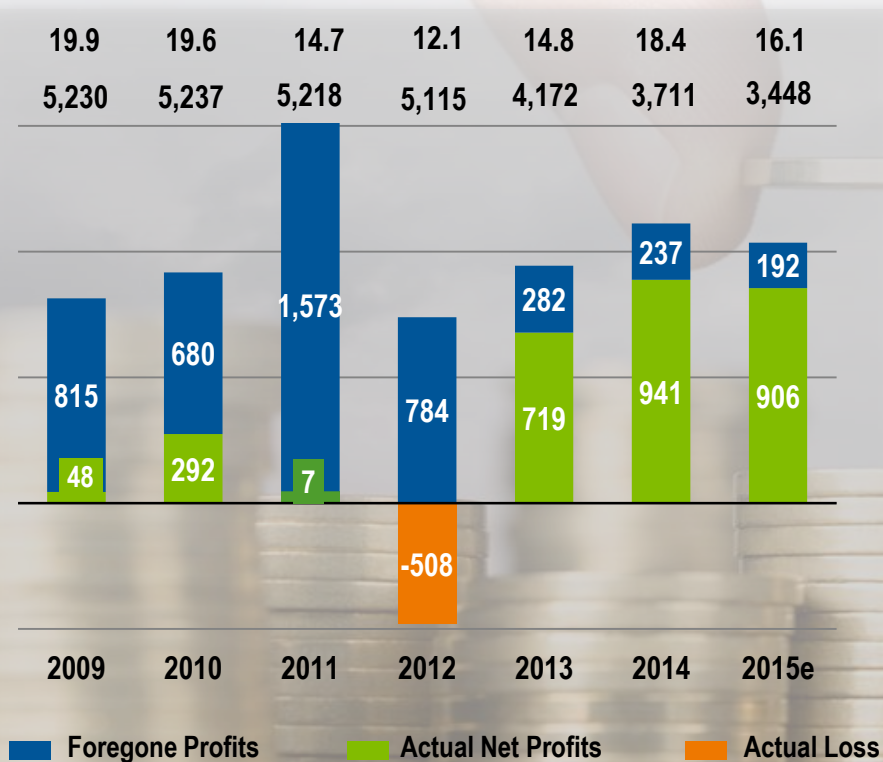
# OMV Petrom – Share Price Performance



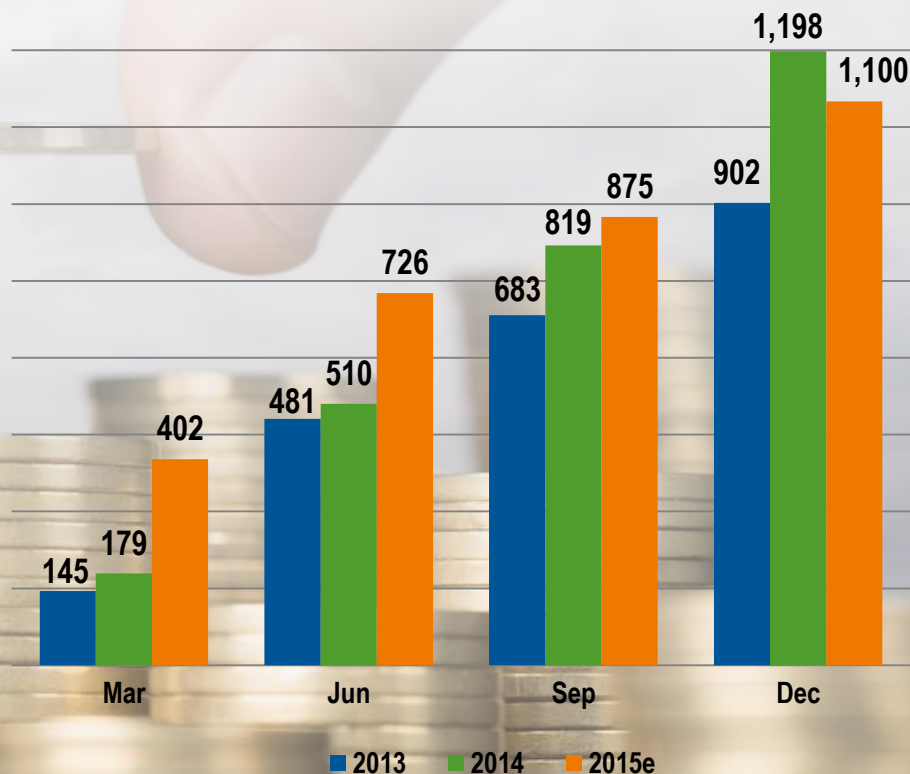
Source: Bloomberg, as at 22 April 2016.

# Hidroelectrica – Financial Performance

Net Income and Foregone Profits (RON mn) vs. Annual Production (TWh) and Number of Employees



Pre-tax cumulated profit (RON mn)



Source: Hidroelectrica 2009 – 2014 Annual reports and financial statements, Hidroelectrica monthly press releases.

Note: For the Foregone profit figures assumed selling price were: 150 RON/MWh for 2009 and 2010, 220 RON/MWh in 2011, 217 RON/MWh in 2012, 210 RON/MWh in 2013, RON 164/MWh in 2014, and RON 166.5/MWh in 2015.

e - Based on information from Hidroelectrica. Final FY '15 numbers may differ.

# Negotiations with Electrica

- **Electrica final offer:** RON 684 million, representing an 18% discount to the Fund's NAV of RON 841 million, as at 31 March 2016.

	Electrica Offer (RON 684)	FP NAV (RON 841)	BET- INDEX (excluding FP and Banks)
EV / EBITDA	2.9x	3.6x	8.5x
P/E	6.0x	7.5x	11.1x
Dividend Yield	13.3%	12.6%	5.5%

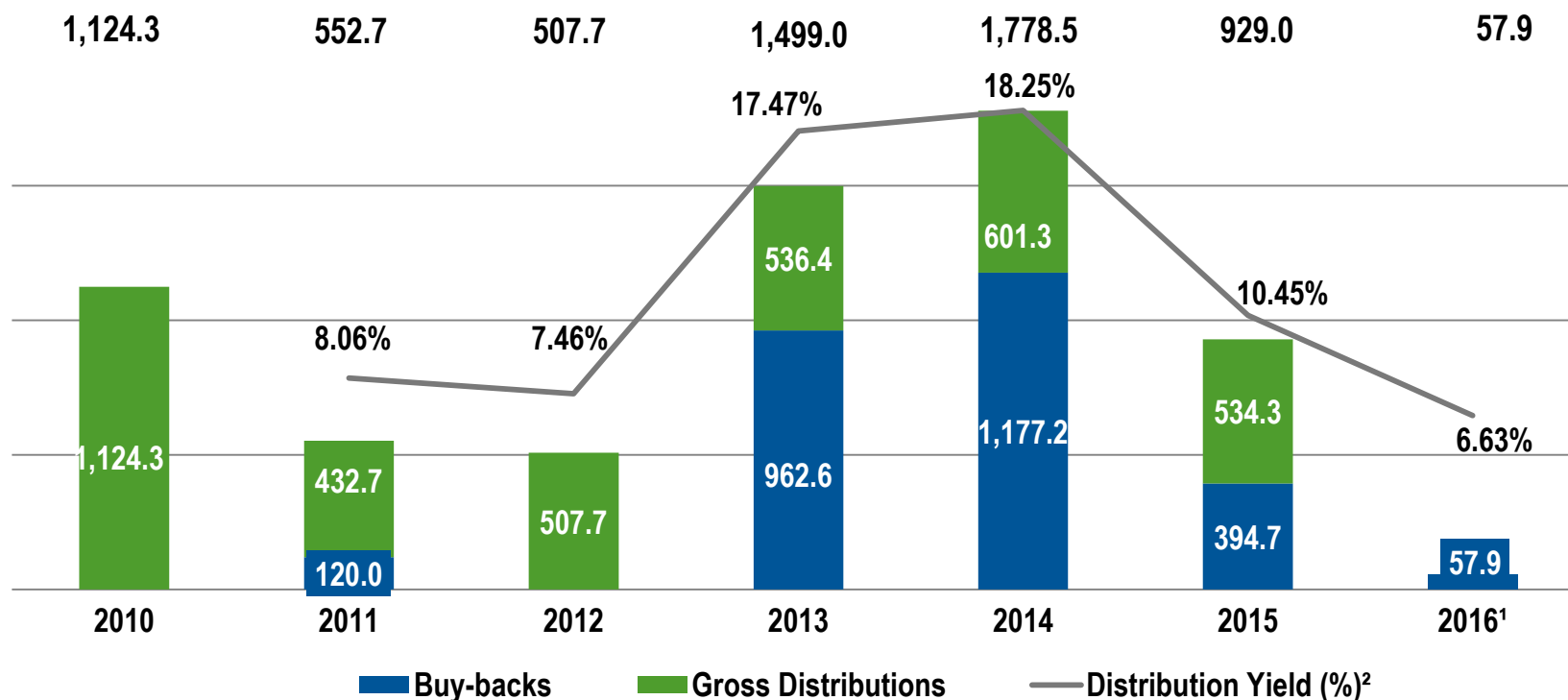
Source: Fund Manager.

# Corporate Actions



# Distributions to Shareholders (I)

Annual Distributions to Shareholders (mn RON)



- The total distributions through buy-backs and cash amount to RON 6.45 bn / USD 2.04 bn<sup>1</sup>.

Note: USD values based on the NBR average USD/RON FX for each year.

1. As at 22 April 2016.

2. Based on the total annual distributions through buy-backs and cash, and based on the average share price for the respective year.

# Distributions to Shareholders (II)

## Cash Distributions to Shareholders (RON)

	Financial Year	Paid In	Gross Cash Distribution Per Share	Net Cash Distribution Per Share	% 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 <sup>1</sup>		2016	0.05000	0.05000	-
<b>Total</b>			<b>0.34244</b>	<b>0.31164</b>	

Source: Fund Manager.

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. Moreover, based on our current understanding of Romanian tax law, no Romanian tax arose for the Fund or its shareholders on the RON 0.05/share return of capital.

1. Return of capital approved by the Fund's shareholders on 27 January 2016, payable starting 27 June 2016.

# 2016 Return of Capital

- The 2016 Return of Capital of RON 0.05 per share was approved by the Fund's shareholders on 21 January 2016
- The payment will be made to the Fund's shareholders registered as such at the **Registration Date (6 June 2016)** , proportionally with their participation to the paid-up share capital of Fondul Proprietatea SA.
- The payment will start on the **Payment Date: 27 June 2016**

Source: Fund Manager.

# Dividend Income – Top 20 Portfolio Companies

	FP NET DIVIDEND (RON mn)					
	2011	2012	2013	2014	2015	2016 <sup>9</sup>
<b>Total Top 20 Holdings (RON mn)</b>	429.2	534.2	582.2	650.8	557.1	154.2
<b>Total Dividends from Listed Companies (RON mn)</b>	304.0	450.1	373.9	538.6	251.5	48.5
<b>Total Dividends from Unlisted Companies (RON mn)</b>	215.1	168.9	275.8 <sup>2</sup>	143.5	315.9	105.7
<b>Total Dividend Income (RON mn)</b>	519.1	619.0	649.7	682.1	567.4	162.3
<b>Total Dividend Income per Share (RON)<sup>1</sup></b>	0.05959	0.04699	0.04954	0.05674	0.05310	0.01564
<b>Dividend / Distribution per Share (RON)</b>	0.03854	0.04089	0.05000 <sup>4</sup>	0.05000 <sup>3</sup>	0.05000 <sup>9</sup>	
<b>Share Price (RON)</b>	0.5550 <sup>5</sup>	0.6600 <sup>6</sup>	0.7640 <sup>7</sup>	0.8130 <sup>8</sup>	0.7590 <sup>10</sup>	
<b>Yield</b>	6.94%	6.20%	6.54%	5.84% <sup>8</sup>	6.63% <sup>10</sup>	
<b>Yield for Romanian companies (BET)</b>	4.21%	5.09%	5.10%	3.50%		

Note: Calculations based on the companies' annual financial statements. 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. For 2016, calculation based on the number of paid shares excluding treasury shares acquired as at 24 April 2016.

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

3. 2015 Return of capital following the decrease of the nominal value of the Fund's share from RON 0.95 to 0.90.

4. Paid as a return of capital in June 2014, following the decrease of the nominal value of the Fund's share from RON 1 to RON 0.95

5. As at 14 May 2012.

6. As at 15 May 2013.

7. As at 30 April 2014.

8. As at 29 May 2015.

9. Based on the management proposals, submitted for shareholders' approval in the Annual GSMs. Does not include Romgaz proposed dividends.

10. As at 22 April 2016.

11. Considering number of paid shares excluding treasury shares acquired as at 8 April 2016.



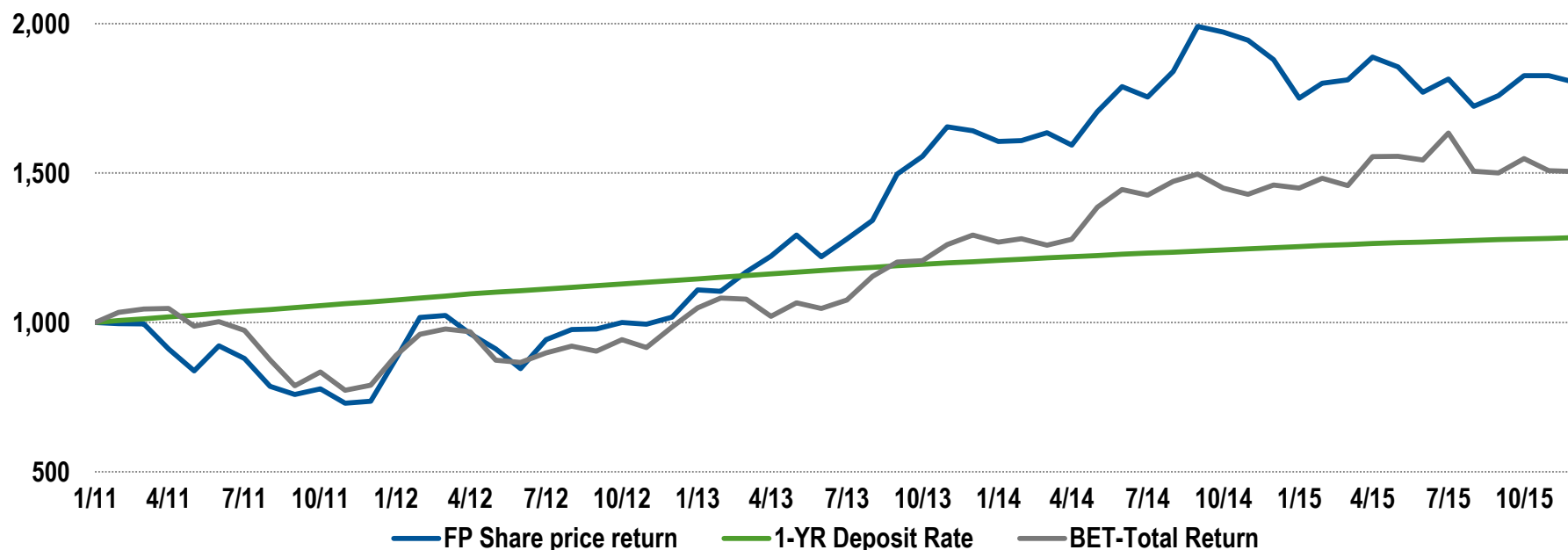
# Buy – Back Programs

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
Fourth	Oct 2014 – Feb 2015	Completed	991.0 mn/7.32%	1.0557 <sup>1</sup>	Raiffeisen	Cancelled on 14 Aug 2015
Fifth	Feb – Jul 2015	Completed	227.6 mn/1.89%	0.8501 <sup>2</sup>	Wood & Co.	Cancelled on 14 March 2016
Sixth	Started on 9 Sep 2015	25.32% Completed	891.8 mn/7.54%	0.7937 <sup>3</sup>	Wood & Co., Goldman Sachs Int.	-
Seventh	-	Approved during the GSM on 29 October 2015	Max. 10% of the issued share capital at the relevant time	-	-	-

1. Including the 750mn shares Tender Offer.
2. As at 29 July 2015, based on the 227,572,250 shares repurchased.
3. As at 22 April 2016. Estimated value based on the 225,815,087 shares repurchased (179,031,187 ordinary shares and 46,783,900 equivalent shares of the GDRs repurchased).

# FP Share Price Returns Since Listing

	FP Share price return (RON)	1-Yr Deposit rate return (RON)	BET Total return (RON)
Returns on RON 1,000 Annual Investment <sup>1</sup>	1,804	1,284	1,505
% Return	80.4%	28.4%	50.5%



1. Note: Based on an investment of RON 1,000 made on 31 January 2011, dividends reinvested and 1 year deposits rolled over.  
 Source: Bloomberg, Fund Manager.

# Research Analyst Target Prices

Broker	Report	Report Date	Report type	Target Price / Share
Ieba Trust	Company Update	March 2016	Update	RON 0.9500
InterCapital Securities Ltd.	Proxy for Romania	March 2016	Initiation	RON 0.9900
BRD - GSG	All about corporate actions	March 2016	Initiation	RON 0.9580
Ipopema Securities	A safer Romanian boat	February 2016	Update	RON 0.9000
Raiffeisen Bank	A stock for volatile times	January 2016	Update	RON 0.8300
Liberum	The biggest CEF you've never heard of	December 2015	Initiation	USD 11.24
Alpha Finance	Company Update	September 2015	Update	RON 0.94
Jefferies International Ltd.	Company Profile	September 2015	Initiation	N/A
NBG Securities	Cash necessities to prompt discount narrowing	June 2015	Update	RON 1.02

Source: Fund Manager.

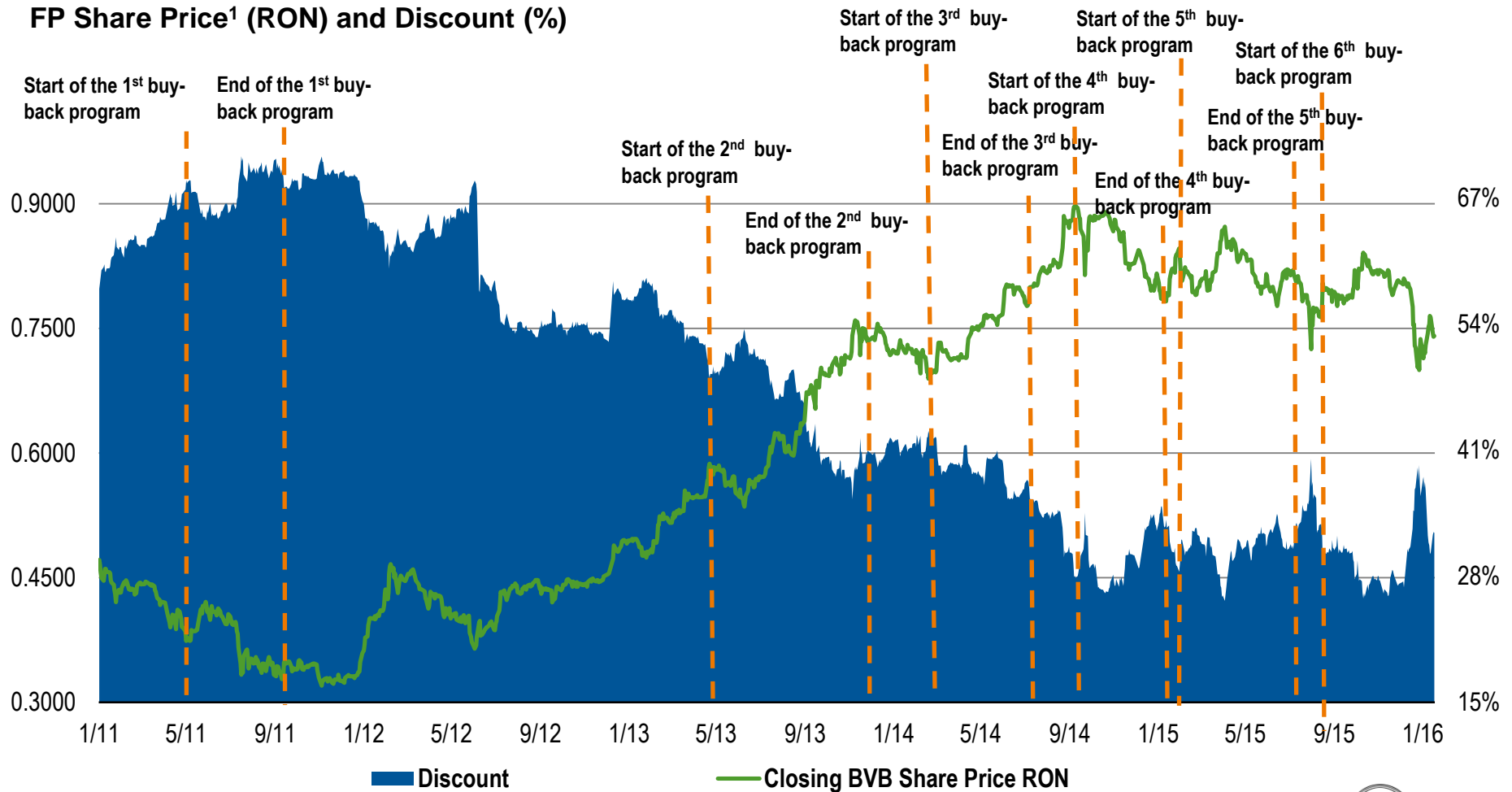
# Impact of Share Buy-backs and Return of Capital on the Discount Level and Alternative Investment Strategies



- According to FSA Endorsement no. 1 issued on 7 January 2016, the Fund Manager was requested to present to the Fund's shareholders the following:
  - Effects of the share buy-backs and return of capital on the discount level
  - Alternative investment strategies

# Effects of the Share Buy-backs on the Discount (I) **FONDUL PROPRIETATEA**

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



1. Note: Distribution adjusted share price. Source: Bloomberg, for the period 25 January 2011 – 12 February 2016.

2. As at 12 February 2016.

3. Source: BVB, for the period 5 January 2011 – 12 February 2016.

4. Source: Bloomberg, for the period 29 April – 12 February 2016.



# Effects of the Share Buy-backs on the Discount (II)

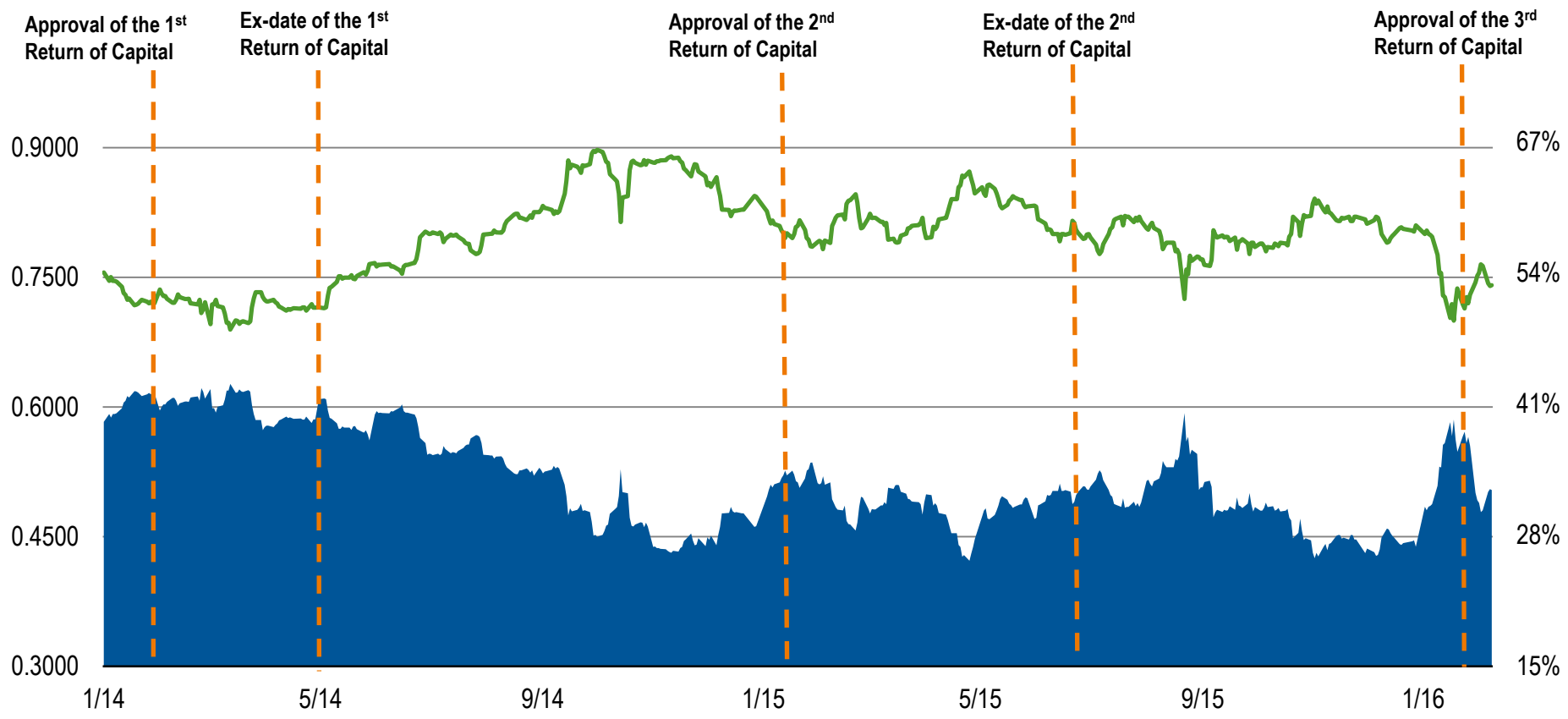
Buy-Back Programs	Period of the Buyback	Average Discount - 3 months before the start of the Program	Average Discount during the Program	Change in Discount
<b>First</b>	11 May 2011 – 30 September 2011	<b>63.3%</b>	<b>67.8%</b>	<b>+4.5%</b>
<b>Second</b>	27 May 2013 – 18 December 2012	<b>53.4%</b>	<b>45.6%</b>	<b>-7.8%</b>
<b>Third</b>	27 March 2014 – 24 July 2014	<b>41.4%</b>	<b>38.8%</b>	<b>-2.6%</b>
<b>Fourth</b>	30 September 2014 – 4 February 2015	<b>34.8%</b>	<b>30.0%</b>	<b>-4.8%</b>
<b>Fifth</b>	9 February 2015 – 31 July 2015	<b>30.5%</b>	<b>31.0%</b>	<b>+0.5%</b>
<b>Sixth I</b>	8 September 2015 – 12 January 2016	<b>33.1%</b>	<b>29.0%</b>	<b>-4.1%</b>
<b>Sixth II</b>	28 January – 12 February 2016	<b>37.5%<sup>1</sup></b>	<b>33.0%</b>	<b>-4.5%</b>
<b>Average</b>		<b>42.0%</b>	<b>39.3%</b>	<b>-2.7%</b>

Source: FP

1. For the period 13 – 27 January 2016,

# Effects of the Return of Capital on the Discount (I) **FONDUL PROPRIETATEA**

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



■ Discount — Closing BVB Share Price RON

1. Note: Distribution adjusted share price. Source: Bloomberg, for the period 25 January 2011 – 12 February 2016.  
 2. As at 12 February 2016.  
 3. Source: BVB, for the period 5 January 2011 – 12 February 2016.  
 4. Source: Bloomberg, for the period 29 April – 12 February 2016.





# Effects of the Return of Capital on the Discount (II)

Return of Capital	Ex-Date	Average Discount - 30 days before the ex-date	Average Discount – 30 days after the ex-date	Change in Discount
First	28 April 2014	40.2%	39.4%	-0.8%
Second	23 June 2015	31.4%	32.1%	+0.7%
Average		35.80%	35.75%	-0.05%

Source: Fondul Proprietatea,

# Investment and Performance Objectives – IPS (I) FONDUL PROPRIETATEA

- **Investment Objective:** the Fund's investment objective is the maximization of returns and per share capital appreciation via investments mainly in Romanian equities and equity-linked securities
- **Performance Objectives:**
  - **Discount Objective:** The discount between the closing price for each Trading Day on the BVB and the latest reported NAV per Share should equal to or lower than 15% in at least two thirds of the Trading Days during the Reporting Period
  - **NAV Objective:** The Fund Manager should achieve a higher Adjusted NAV<sup>1</sup> per Share than the reported NAV as at 30 June 2015 (RON 1.1851 per share)
- **General Principles for Achieving the Objectives:** in the absence of investment opportunities offering better returns for shareholders, or if the discount to NAV per share is wider than 15% for more than 50% of the Trading Days in any 3 month financial quarter, the Fund Manager will use all or a significant portion part of the proceeds from dividends and disposal of portfolio companies to implement measures aimed at maximizing cash returns to shareholders and fulfilling the Performance Objectives.

1. 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.



- **General Principles for Achieving the Objectives:** Discount management techniques to meet the Performance Objectives may include (but are not limited to) the following:
  - Recommendation of buy-back programs of the Fund's shares and GDRs
  - Reduction of the nominal value of shares, accompanied by cash distributions to shareholders
  - Execution of buy-back programs via (i) trading on the regular market and/or (ii) public tender offers, in each case subject to available liquidity, compliance with the Constitutive Act and all applicable legislation and receipt of all necessary regulatory approvals
  - Increasing investor demand for the shares and GDRs, with the aim of increasing the market price, by:
    - Maintaining a transparent cash distribution policy
    - Increasing the share of the listed companies in the portfolio and their transparency
    - Building good communication through active investor relations work
    - Supporting initiatives to make the Romanian capital market more attractive for investors

# Alternative Investment Strategy

- Once the Performance Objectives are met and the discount is reduced below the 15% level, the Fund Manager will consider making new investments if the expected returns from those investments are higher than the returns generated by buying back the Fund's shares
- In accordance with the Fund's Investment Objective, the Fund Manager will focus mainly on Romanian equities and equity linked securities, in both listed and/or pre-IPO transactions
- Given the Fund's current exposure to listed companies, the size of the Fund, and the current liquidity on the BVB, there is a limited scope for new investments through the BVB
- Pre-IPO investments can be a reasonable alternative towards the objective of creating a more liquid portfolio in the medium term
- The table below shows an example of the returns generated by buying back shares at various discount levels. It is hard to find any investments that would beat returns to NAV delivered through buybacks above 15%

Discount for Share Buy-backs	35%	30%	25%	20%	15%	10%
NAV/Share	1.0974	1.0974	1.0974	1.0974	1.0974	1.0974
Price per Share	0.7133	0.7682	0.8231	0.8779	0.9328	0.9877
Shareholder Return	53.85%	42.86%	33.33%	25.00%	17.65%	11.11%

# GSM Agenda



- The approval of the amendments of the Constitutive Act of Fondul Proprietatea S.A., in accordance with the requirements set forth by the Endorsement no. 25/28 January 2016 issued by the Financial Supervisory Authority (“FSA”).
- The approval of the decrease of the subscribed share capital of Fondul Proprietatea S.A. from RON 9,320,973,180.85 to RON 9,168,314,116.70, by cancelling a number of 179,598,899 own shares.
- The ratification and the approval of all EGM resolutions and of all legal acts, facts and operations based on such between 6 September 2010 and 25 April 2016.
- The approval of 23 May 2016 as the Ex – Date, and 24 May 2016 as the Registration Date.
- The approval of the amendment of Article 19 paragraph (3) of the Constitutive Act of Fondul Proprietatea S.A. This point has been introduced on the agenda following the proposal of a shareholder owning more than 5% of the share capital.

Source: Fund Manager.



- Board of Nominees' presentation of its annual report.
- Fund Manager's presentation on, among others, the buy-backs' effect on the discount level, as well as additional investment strategies proposed by the Fund Manager for the management of Fondul Proprietatea S.A., in accordance with the requirements set forth by Article 3 of the FSA's Endorsement no. 1 of 7 January 2016.
- The ratification of the Addendum no. 6 of 2 March 2016 ("Addendum no. 6") to the IMA executed between FTIML UK Bucharest Branch and Fondul Proprietatea S.A. on 29 April 2014.
- The appointment of two members in the Board of Nominees of Fondul Proprietatea S.A. following the expiration of two mandates on 30 September 2016.
- The approval of the Annual Activity Report of the Sole Administrator of Fondul Proprietatea S.A. for the financial year 2015, the approval of the auditor's report and the discharge of FTIML UK Bucharest Branch for any liability for its administration during 2015 financial year, respectively for the period 1 January 2016 – 31 March 2016.
- The approval of the covering of the accounting loss.
- The approval of the additional act no. 1 to the audit contract executed with the financial auditor, DELOITTE AUDIT S.R.L.
- The ratification and the approval of all OGM resolutions and of all legal acts and management / administration measures between 6 September 2010 and 25 April 2016
- The approval of 23 May 2016 as the Ex – Date, and 24 May 2016 as the Registration Date.

Source: Fund Manager.

# Appendix





# Statement of Financial Position

RON million (audited)	31 December 2015	31 December 2014	31 December 2013
Cash and current accounts	0.6	6.9	5.6
Deposits with banks	197.8	109.4	232.1
Treasury bills	20.0	162.8	129.9
Government bonds	59.0	31.7	83.7
Equity investments	11,800.7	12,927.7	14,312.2
Deferred tax assets	-	152.7	0.3
Other assets	29.6	9.5	3.7
<b>Total assets</b>	<b>12,107.7</b>	<b>13,400.7</b>	<b>14,767.5</b>
Total liabilities	54.6	52.8	42.3
Total equity	12,053.1	13,347.9	14,725.2
<b>Total liabilities and equity</b>	<b>12,107.7</b>	<b>13,400.7</b>	<b>14,767.5</b>

Source: FP 2015 Annual Results report.

# Statement of Comprehensive Income

RON million (audited)	2015	2014	2013
Gross dividend income	569.3	687.4	652.4
Net gains / (losses) from equity investments at fair value through profit or loss	(1,240.8)	(604.2)	422.4
Impairment losses on equity investments available for sale	(90.5)	(344.1)	(835.8)
Interest income	3.9	20.9	36.1
Gain on disposal of equity investments available for sale, net	344.8	645.5	115.1
Other items of income, net <sup>1</sup>	19.4	12.7	41.6
<b>Net operating income/ (loss)</b>	<b>(393.9)</b>	<b>418.2</b>	<b>431.8</b>
Operating expenses	(125.1)	(113.6)	(88.4)
Finance costs	(2.5)	-	-
<b>Profit/ (Loss) before income tax</b>	<b>(521.5)</b>	<b>304.6</b>	<b>343.4</b>
Income tax (expense) / benefit	(43.6)	122.6	(382.1)
<b>Profit/ (Loss) for the year</b>	<b>(565.1)</b>	<b>427.2</b>	<b>(38.7)</b>
Other comprehensive income	212.4	7.2	3,883.1
<b>Total comprehensive income for the year</b>	<b>(352.7)</b>	<b>434.4</b>	<b>3,844.4</b>

Source: FP 2015 Annual Results report.

1. Other items of income/ (expense), net included the net foreign exchange gains/ (losses), the reversal of impairment losses on receivables and other income / (expenses).

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