

# Fondul Proprietatea – General Shareholders Meeting

28 June 2019



# Fund Information



# The Fund – Key Facts



## Fund Details<sup>1</sup>

|  | RON      | USD                  |
|--|----------|----------------------|
| NAV  | 10.25 bn | 2.41 bn <sup>2</sup> |
| NAV/Share  | 1.4404   | 0.3382 <sup>2</sup>  |
| Price/Share  | 1.0350   | 0.2430 <sup>2</sup>  |
| Price/GDR  | 50.26    | 11.80                |
| Market Capitalization as at 27 June 2019 <sup>3</sup>  | 7.49 bn  | 1.80 bn <sup>3</sup> |
| Discount/Share as at 27 June 2019  |          | 26.76%               |
| Discount/GDR as at 27 June 2019  |          | 29.09%               |
| Number of Paid Shares less Treasury Shares <sup>4</sup>  |          | 7,103,277,709        |
| <b>Investment Objective</b>  |          |                      |
| 2018 FY Dividend/Share <sup>5</sup>  |          | RON 0.0903           |
| Dividend Yield for 2018 FY <sup>5</sup>  |          | 8.90%                |
| Maximization of returns to shareholders and increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities |          |                      |

Source: BVB, FP Report as at 31 May 2019 report.

1. As at 31 May 2019. Based on local regulator methodology.

2. Computed using the NBR USD/RON FX rate as at 31 May 2019.

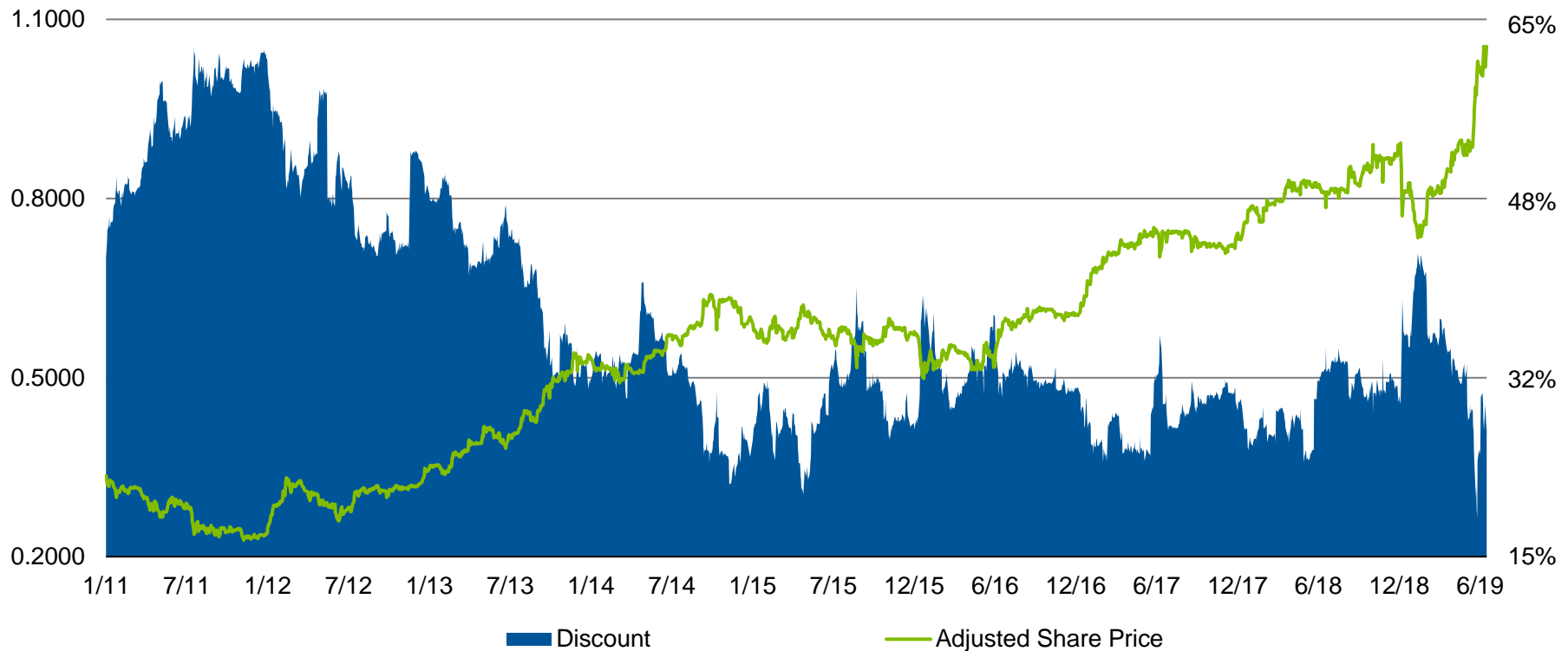
3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 13 June 2019. Computed using the NBR USD/RON FX rate as at 27 June 2019.

4. As at 13 June 2019.

5. As at 10 June 2019, the Registration date for the 2018 dividend distribution.



## FP Share Price (RON) and Discount (%)



Source: BVB, Bloomberg, for the period 25 January 2011 – 27 June 2019.

# NAV, Share price and GDR Performance



## Cumulative Performance

|                            | 2011     | 2012   | 2013   | 2014   | 2015    | 2016  | 2017   | 2018    | Q1 2019 | YTD <sup>1</sup> | Since Performance Inception <sup>1</sup> |
|----------------------------|----------|--------|--------|--------|---------|-------|--------|---------|---------|------------------|--|
| NAV (RON)                  | (0.47)%  | 8.91%  | 13.29% | 1.39%  | (0.60)% | 7.33% | 13.10% | 19.94%  | 0.67%   | 9.01%            | 96.44%                                   |
| Ordinary Share Price (RON) | (30.32)% | 38.30% | 61.34% | 14.53% | (4.06)% | 4.90% | 21.46% | 9.90%   | 3.62%   | 17.21%           | 180.41%                                  |
| GDR (USD)                  | N/A      | N/A    | N/A    | N/A    | N/A     | 1.15% | 35.88% | (1.94)% | 2.86%   | 12.38%           | 38.58%                                   |



## Average Annual Discount

| 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 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% | 28.05% | 29.54% | 33.64%           | 26.76%                                    | 29.09%                                  |

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 May 2019.

2. For the period 3 January – 27 June 2019.

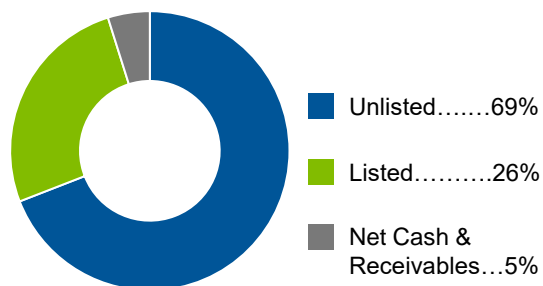
3. As at 27 June 2019.

# Portfolio

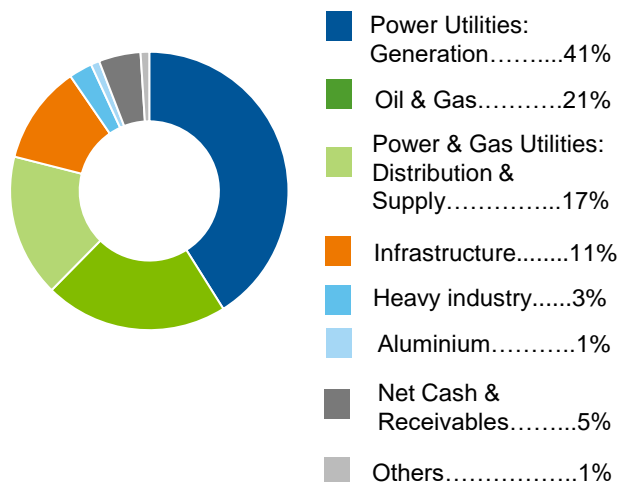




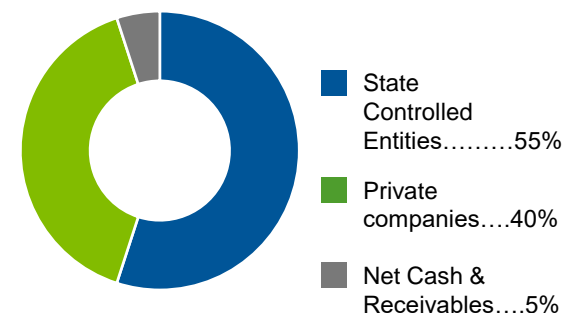
**Listed vs Unlisted**  
as at 31 May 2019 (% NAV)<sup>1</sup>



**By Sector**  
as at 31 May 2019 (% NAV)<sup>1</sup>



**By Controlling Ownership**  
as at 29 March 2019<sup>2</sup>



- As at 31 May 2019, the portfolio included stakes in 35 companies (8 listed and 27 unlisted)
- Net cash and receivables position as at 31 May 2019 was USD 116.8 mn.

1. Source: FP 31 May 2019 Factsheet.

2. Source: FP 29 March 2019 Detailed statement of Investments.

# Largest Holdings by NAV

| Portfolio Company                | Status   | Majority Shareholder | % Stake <sup>1</sup> | NAV as at 31 May 2019 (USD mn) | % in NAV as at 31 May 2019 |
|----------------------------------|----------|----------------------|----------------------|--------------------------------|----------------------------|
| Hidroelectrica                   | Unlisted | Romanian State       | 19.9%                | 928.60                         | <b>38.58</b>               |
| OMV Petrom                       | Listed   | OMV                  | 9.9%                 | 511.29                         | <b>21.24</b>               |
| Bucharest Airports               | Unlisted | Romanian State       | 20.0%                | 202.16                         | <b>8.40</b>                |
| E-Distributie Banat              | Unlisted | Enel Group           | 24.1%                | 110.82                         | <b>4.60</b>                |
| Engie Romania                    | Unlisted | Engie                | 12.0%                | 104.48                         | <b>4.34</b>                |
| E-Distributie Muntenia           | Unlisted | Enel Group           | 12.0%                | 91.33                          | <b>3.79</b>                |
| E-Distributie Dobrogea           | Unlisted | Enel Group           | 24.1%                | 67.62                          | <b>2.81</b>                |
| Salrom                           | Unlisted | Romanian State       | 49.0%                | 58.70                          | <b>2.44</b>                |
| Constanta Port                   | Unlisted | Romanian State       | 20.0%                | 57.29                          | <b>2.38</b>                |
| Nuclearelectrica                 | Listed   | Romanian State       | 7.1%                 | 56.93                          | <b>2.36</b>                |
| <b>Top 10 Portfolio Holdings</b> |          |                      |                      | <b>2,189.22</b>                | <b>90.94</b>               |
| <b>NAV</b>                       |          |                      |                      | <b>2,407.25</b>                | <b>100.00</b>              |
| <b>NAV Per Share (USD)</b>       |          |                      |                      | <b>0.3382</b>                  |                            |

Note: Values in USD calculated using the USD/RON FX rate as at 31 May 2019.

Source: FP 31 May 2019 Factsheet.

1. Based on the FP 31 March 2019 Detailed Statement of Investments.



# Top Portfolio Holdings – Q1 2019 financials

| Company                     | Net profit (RON mn) |                |             |
|-----------------------------|---------------------|----------------|-------------|
|                             | Q1 2018             | Q1 2019        | %yoy        |
| Hidroelectrica              | 485.2               | 497.6          | 2.6%        |
| OMV Petrom                  | 854.1               | 1,151.2        | 34.8%       |
| BRD Groupe Societe Generale | 414.3               | 301.1          | (27.3)%     |
| Alro                        | 124.6               | (9.1)          | (107.3)%    |
| Nuclearelectrica            | 177.0               | 219.3          | 23.9%       |
| <b>Total</b>                | <b>2,055.2</b>      | <b>2,160.1</b> | <b>5.1%</b> |

Source: OMV Petrom, BRD GSG, Alro, Nuclearelectrica Q1 2019 financial statements, Hidroelectrica preliminary unaudited figures presented by the management.

# Top 10 portfolio holdings – Key financials

| Top 10 Holdings <sup>1</sup> | EBITDA (RON mn) |                |                 |                 | Net Profit (RON mn) |                |                |                |
|------------------------------|-----------------|----------------|-----------------|-----------------|---------------------|----------------|----------------|----------------|
|                              | 2015            | 2016           | 2017            | 2018            | 2015                | 2016           | 2017           | 2018           |
| Hidroelectrica               | 2,100.2         | 2,249.9        | 2,257.8         | 2,750.9         | 899.4               | 1,227.7        | 1,314.9        | 1,939.3        |
| OMV Petrom                   | 6,231.1         | 4,949.7        | 6,615.7         | 8,393.1         | (676.0)             | 1,037.7        | 2,489.3        | 4,077.8        |
| Bucharest Airports           | N/A             | 384.8          | 497.1           | 555.5           | N/A                 | 224.7          | 290.7          | 371.8          |
| E-Distributie Banat          | 315.8           | 238.7          | 221.2           | 207.8           | 157.9               | 93.6           | 82.8           | (211.9)        |
| Engie Romania                | 716.1           | 645.8          | 606.0           | 675.7           | 380.5               | 384.9          | 342.6          | 428.7          |
| E-Distributie Muntenia       | 451.4           | 396.6          | 297.5           | 354.1           | 237.9               | 151.7          | 85.9           | (114.9)        |
| E-Distributie Dobrogea       | 252.9           | 195.1          | 169.4           | 190.3           | 114.8               | 73.5           | 49.5           | (143.3)        |
| Salrom                       | 47.7            | 72.1           | 126.8           | 124.1           | 15.8                | 30.1           | 81.1           | 76.4           |
| Constanta Port               | 150.1           | 84.7           | 127.2           | 132.1           | 97.4                | 36.8           | 79.7           | 75.7           |
| Nuclearelectrica             | 652.9           | 629.6          | 923.8           | 1,089.5         | 147.4               | 111.5          | 306.5          | 410.6          |
| <b>Total</b>                 | <b>10,918.2</b> | <b>9,847.1</b> | <b>11,842.5</b> | <b>14,473.1</b> | <b>1,375.1</b>      | <b>3,372.2</b> | <b>5,123.0</b> | <b>6,910.2</b> |

Note: EBITDA = Operational result + Depreciation.

Source: Companies' consolidated financial statements, Hidroelectrica Judicial Administrator's reports, Bucharest Airport IFRS financial statements, Salrom 2018 financial statements submitted for shareholders' approval in the 1 July 2019 GSM.

1. Based on FP 29 March 2019 Detailed statement of investments.

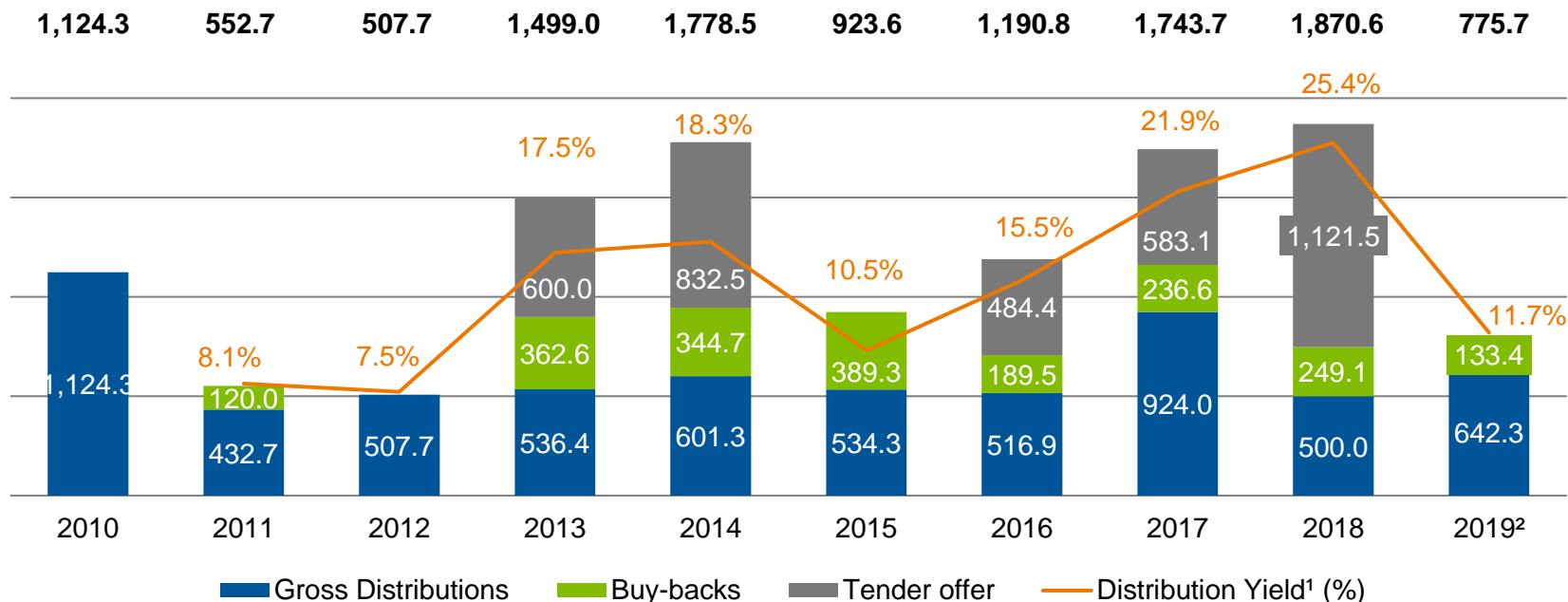
# Corporate Actions



# Distributions to shareholders



## Annual Distributions to Shareholders (RON mn)



The total distributions through buy-backs and cash would amount to RON 11.97 bn/USD 3.28 bn<sup>3</sup>

Note: Values exclude related acquisition fees. USD values based on the NBR average USD/RON FX for each year. For 2019, average USD/RON FX as at 24 June.

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 2019, average closing share price as at 24 June.

2. Source: Buy-backs as at 13 June and Gross dividend distribution distribution estimated based on the RON 0.0903 gross dividend per share and calculated as at 10 June, the Record date for the 2018 FY dividend distribution.

3. As at 13 June 2019.

# Buy-back programs

| Program                      | Period                    | Status    | No. of shares to be repurchased/<br>% of the Fund's issued share capital | Average share price (RON/share) | Broker                             | Cancellation of shares <sup>1</sup>  |
|------------------------------|---------------------------|-----------|--|---------------------------------|------------------------------------|--|
| Ninth                        | 14 Nov 2017 – 31 Dec 2018 | Finalized | 1,488.0 mn/16.3%   | 0.9319                          | Wood & Co.,<br>Jefferies Internat. | Cancellation of shares approved during the 4 April 2019 Annual GSM           |
| Tenth                        | 1 Jan – 31 Dec 2019       | Ongoing   | 750 mn/8.2%  | 0.9084 <sup>2</sup>             | Auerbach Grayson,<br>BCR           | The cancellation of shares will be subject to shareholders' approval in 2020 |
| <b>All buy-back programs</b> |                           |           | <b>6,311.30 mn/45.8%<sup>3</sup></b>                                     |                                 |                                    | <b>4,676.4 mn cancelled shares</b>   |

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

2. As at 13 June 2019. Estimated value based on the 146,880,638 shares repurchased (120,402,738 ordinary shares and 26,477,900 equivalent shares of the GDRs repurchased).

3. Refers to all 9 buy-back programs executed by the Fund during the 2011 – 2018 period, and the 10<sup>th</sup> ongoing buy-back program as at 13 June 2019. Based on the Fund's issued share capital as at 31 January 2011.

# Sixth Tender Offer

|                          |  |
|--------------------------|--|
| <b>Size of the Offer</b> | 150,000,000 shares, in the form of shares and GDRs |
|--------------------------|--|

|                                   |   |
|-----------------------------------|---|
| <b>Shares Intermediary Agents</b> | Banca Comerciala Romana S.A. and Auerbach Grayson |
|-----------------------------------|---|

|                         |                             |
|-------------------------|-----------------------------|
| <b>GDR Tender Agent</b> | The Bank of New York Mellon |
|-------------------------|-----------------------------|

- It is expected that full details of the tender offer, including pricing, to be announced if and when the tender offer is implemented and approval is received from the FSA, which is expected to occur within 10 business days according to the regulations in force.

# Annual dividend income – Top 10 portfolio companies

| Top 10 Holdings <sup>1</sup>          | Dividend Payout (%) |                |                |                 | FP Net Dividend (RON mn) |                |                |                |                   |
|---------------------------------------|---------------------|----------------|----------------|-----------------|--------------------------|----------------|----------------|----------------|-------------------|
|                                       | 2015                | 2016           | 2017           | 2018            | 2015                     | 2016           | 2017           | 2018           | 2019              |
| Hydroelectrica                        | 80                  | 90             | 90             | 90 <sup>2</sup> | 128.9                    | 134.6          | 206.6          | 226.2          | 358.7             |
| OMV Petrom                            | - <sup>2</sup>      | 94             | 46             | N/A             | 120.5                    | - <sup>2</sup> | 106.8          | 107.6          | 145.3             |
| Bucharest Airports                    | 75                  | 90             | 90             | 90 <sup>2</sup> | 10.2                     | 27.4           | 41.2           | 61.2           | 68.0              |
| E-Distributie Banat                   | 44                  | 40             | 39             | - <sup>2</sup>  | 20.7                     | 16.8           | 8.9            | 7.7            | - <sup>2</sup>    |
| Engie Romania                         | - <sup>2</sup>      | 30             | 50             | N/A             | 24.0                     | - <sup>2</sup> | 13.3           | 20.2           | 16.4              |
| E-Distributie Muntenia                | - <sup>2</sup>      | - <sup>2</sup> | - <sup>2</sup> | - <sup>2</sup>  | - <sup>2</sup>           | - <sup>2</sup> | - <sup>2</sup> | - <sup>2</sup> | - <sup>2</sup>    |
| E-Distributie Dobrogea                | 44                  | 37             | 36             | - <sup>2</sup>  | 10.5                     | 12.0           | 6.6            | 4.3            | - <sup>2</sup>    |
| Salrom                                | - <sup>2</sup>      | 90             | 100            | 90 <sup>2</sup> | 10.2                     | - <sup>3</sup> | 13.8           | 42.3           | 37.4 <sup>3</sup> |
| Constanta Port                        | 75                  | 90             | 25             | N/A             | 6.5                      | 14.1           | 11.0           | 4.1            | 3.7               |
| Nuclearelectrica                      | 70                  | 88             | 93             | 90              | 6.9                      | 8.6            | 8.6            | 18.5           | 25.4              |
| <b>Total Top 10 Holdings (RON mn)</b> |                     |                |                |                 | <b>338.4</b>             | <b>213.5</b>   | <b>416.8</b>   | <b>492.1</b>   | <b>654.9</b>      |

Note: Annual regular dividends, i.e. excluding special dividends. The annual regular dividends are distributed based on the individual financial statements .

1. Source: 29 March 2019 FP Detailed statement of investments.

2. The company registered losses.

3. As per the company's 2018 Profit allocation proposal submitted for shareholders' approval in the 1 July 2019 GSM.

# Total dividend income from portfolio companies

|  | FP Net Dividend (RON mn) |                     |                     |                     |                     |                     |                    |
|--|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|
|  | 2013                     | 2014                | 2015                | 2016                | 2017                | 2018                | 2019               |
| Total Dividends from Listed Companies (RON mn)             | 373.9                    | 538.6               | 251.5               | 36.0                | 148.1               | 199.6               | 162.9              |
| Total Dividends from Unlisted Companies (RON mn)           | 275.8 <sup>2</sup>       | 143.5               | 315.9               | 315.2               | 404.5               | 366.9               | 485.2 <sup>9</sup> |
| Total Annual Dividend Income (RON mn)                      | 649.7                    | 682.1               | 567.4               | 351.2               | 552.6               | 566.5               | 648.1 <sup>9</sup> |
| Total Special Dividend Income (RON mn)                     | -                        | -                   | -                   | -                   | 185.2               | 199.5               | 34.8 <sup>10</sup> |
| <b>Total Dividends (RON mn)</b>                            | <b>649.7</b>             | <b>682.1</b>        | <b>567.4</b>        | <b>351.2</b>        | <b>737.8</b>        | <b>766.0</b>        | <b>682.9</b>       |
| Total Annual Dividend Income per Share (RON) <sup>1</sup>  | 0.04954                  | 0.05674             | 0.05310             | 0.0331              | 0.0750              | 0.0797              | 0.0961             |
| Total Special Dividend Income per Share (RON) <sup>1</sup> | -                        | -                   | -                   | -                   | 0.0251              | 0.0281              | -                  |
| <b>Dividend/Distribution per Share (RON)</b>               | <b>0.05000</b>           | <b>0.05000</b>      | <b>0.05000</b>      | <b>0.05000</b>      | <b>0.0678</b>       | <b>0.0903</b>       |                    |
| Share Price (RON)  | 0.7640 <sup>3</sup>      | 0.8130 <sup>4</sup> | 0.7200 <sup>5</sup> | 0.9180 <sup>6</sup> | 0.8990 <sup>7</sup> | 1.0150 <sup>8</sup> |                    |
| Yield  | 6.54%                    | 5.84%               | 6.94%               | 8.76%               | 7.54%               | 8.90% <sup>8</sup>  |                    |
| Yield for Romanian companies (BET)                         | 5.10%                    | 3.50%               | 4.56%               | 7.07%               | 8.59%               | 9.17%               |                    |

1. Calculation based on the number of paid shares at the registration date for each year excluding treasury shares at the same date. For 2019, the calculation is based on the number of paid shares excluding treasury shares acquired as at 13 June 2019.

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

3. As at 30 April 2014.

4. As at 29 May 2015.

5. As at 9 June 2016.

6. As at 6 June 2017.

7. As at 11 June 2018.

8. As at 10 June 2019.

9. Includes Salrom dividend proposal for the 2018 financial year, submitted for shareholders' approval in the 1 July 2019 GSM.

10. As at 24 June 2019.





## General principles:

- In accordance with the IPS, the Alternative Investment Fund Manager (the “Fund Manager”) may propose cash distributions for shareholders’ approvals. The level of such cash distributions is proposed by the Fund Manager by applying this policy and in correlation with the other on-going Discount Control Mechanism measures (e.g. buy-backs).
- The Fund Manager intends to recommend to shareholders for their approval a cash distribution of **at least RON 0.05 per share in cash, on an annual basis**, subject to applicable law and necessary approvals, to any restrictions under Romanian legal or tax regulations and subject to available financing sources.
- Under exceptional market conditions or circumstances (e.g. events that may significantly impact the discount), the Fund Manager may propose a change of the mix of cash distribution and share buy-backs to allocate more of the distributable cash towards share buy-backs, if it considers this to be in the best interest of the Fund’s shareholders to enhance shareholder value.
- ACDP does not limit additional cash distributions and share buy-backs that can be recommended by the Fund Manager separately, subject to available financing sources, regulatory and corporate approvals and depending on the discount level, in accordance with the IPS and the Discount Control Mechanism



## Cash distributions:

- Under current Romanian legislation and the Constitutive Act, each fully paid share gives its owner the right to receive cash distributions (in the form of dividends or other types of cash distributions, such as return of capital). Unpaid shares and treasury shares will not be entitled to receive cash distributions.
  - Cash distributions are paid to the shareholders on a pro rata basis, proportionately to their participation in the paid share capital of the Fund.
- **Dividend distributions**
- In the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations and subject to available financing sources, in case of dividend distributions (where permitted by applicable law), the distributable amount is calculated by the Fund Manager and proposed for shareholders' approval as sum of the following elements: **the Fund's annual dividend income from portfolio companies, except special cash distributions plus interest on cash balances less expenses and taxation and less compulsory allocations to reserves according to the regulations in force.**
  - The Fund Manager may propose the dividend level up to the amount computed as above, by considering the ongoing measures imposed by Discount Control Mechanism and the available cash.
  - Any dividend distribution will be based on audited financial statements.
- **Return of capital**
- In case of a return of capital, the distributable amount is subject to the restrictions under Romanian legal or tax regulations and to available funding and will be based on the Fund Manager's best estimate according to the latest available financial statements at the time of proposing the respective distribution for the shareholders' approval.

# GSM Agenda





## EGM agenda:

- Approval of an amendment to the Constitutive Act of Fondul Proprietatea

- The approval of the new Investment Policy Statement of Fondul Proprietatea



## OGM agenda:

- The approval of the execution of an Addendum to the Management Agreement between Fondul Proprietatea S.A. and Franklin Templeton International Services S.à r.l. needed in the context of the UK exit from the EU

- The approval of the renewal of the mandate of Franklin Templeton International Services S.à r.l as the alternative investment fund manager of Fondul Proprietatea S.A. for a duration of two years starting with 1 April 2020, **or**
- The approval of the appointment of a new sole director of Fondul Proprietatea S.A. that will act as alternative investment fund manager for a mandate of two years starting with 1 April 2020

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