

Fondul Proprietatea General Shareholders Meeting

28 February 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 8,562,968,634.10 and paid up share capital is RON 8,253,728,136.60.

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



The Fund – Key Facts

Fund Details ¹	RON			USD		
	31 October 2016	31 January 2017	Change	31 October 2016 ²	31 January 2017 ²	Change
NAV	11.05 bn	11.61 bn	5.1%	2.69 bn	2.76 bn	2.6%
NAV/Share	1.1419	1.2082	5.8%	0.2776	0.2872	3.5%
Price/Share	0.8060	0.8870	10.0%	0.1960	0.2108	7.6%
Price/GDR	41.75	44.39	6.3%	10.15	10.55	3.9%
Market Capitalisation ³ as at 27 February 2017	8.79 bn			2.06 bn		
Discount/Share as at 27 February 2017	24.27%					
Discount/GDR as at 27 February 2017	23.14%					
Number of Paid Shares less Treasury Shares ⁴	9,610,869,928					

Investment Objective

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

Source: FP 31 October 2016, and FP 31 January 2017 Factsheets.

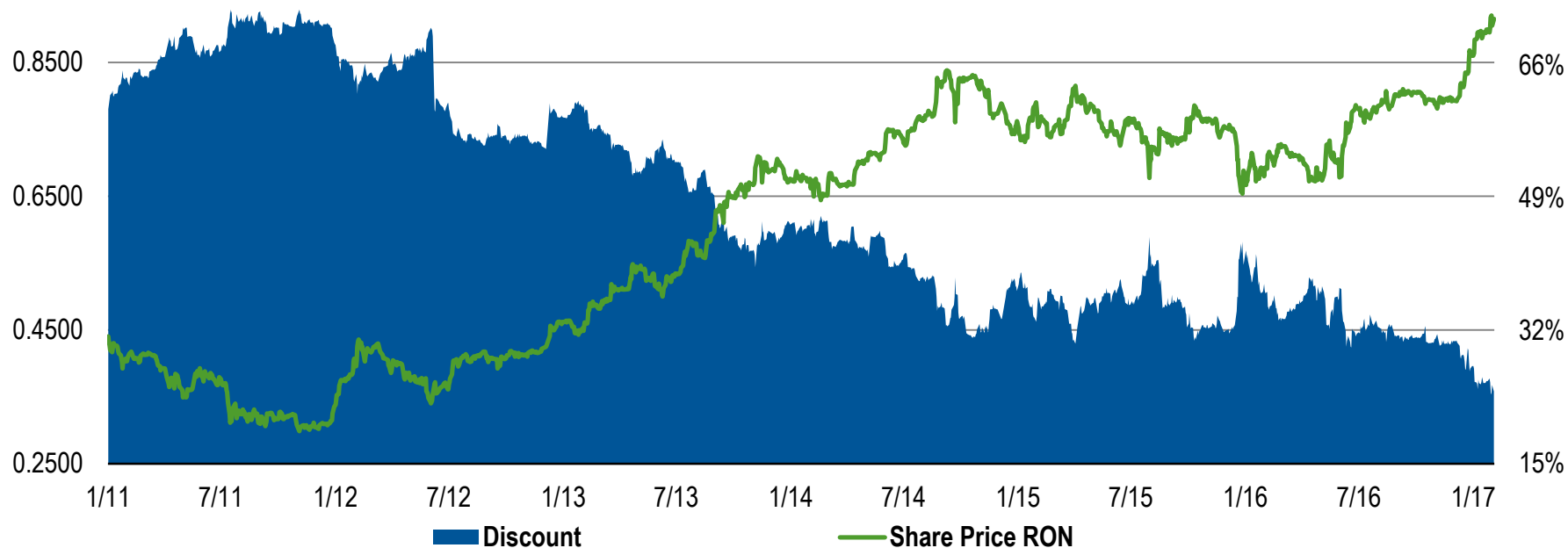
1. Based on local regulator methodology.

2. Computed using the NBR EUR/RON FX rates as at the end of the month.

3. Using shares related to the paid-up subscribed share capital, and excluding Treasury and the equivalent number of shares corresponding to the GDRs bought back until 20 January 2017.

4. Treasury shares and the equivalent number of shares corresponding to the GDRs bought back until 20 January 2017.

FP Share Price¹ (RON) and Discount (%)



	BVB	LSE
Discount ²	24.27%	23.14%
Average Daily Turnover (USD)	1.40 mn ³	1.31 mn ⁴

1. Source: BVB, for the period 25 January 2011 – 27 February 2017.

2. As at 27 February 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 – 27 February 2017.

4. Source: LSE, for the period 3 January – 27 February 2017.

NAV, Share Price and GDR Performance

Cumulative Performance

	2011	2012	2013	2014	2015	2016	YTD	Since Performance Inception ¹
NAV (RON)	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	7.33%	1.83%	35.27%
Ordinary Share Price (RON)	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	4.90%	11.57%	99.96%
GDR (USD)	N/A	N/A	N/A	N/A	N/A	1.15%	12.23%	3.87%

Average Annual Discount

2011	2012	2013	2014	2015	2016	YTD ²	Current Share Price Discount ³	Current GDR Price Discount ³
55.67%	50.09%	40.74%	30.87%	29.12%	32.08%	26.55%	24.27%	23.14%

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 January 2017.

2. For the period: 3 January – 27 February 2017.

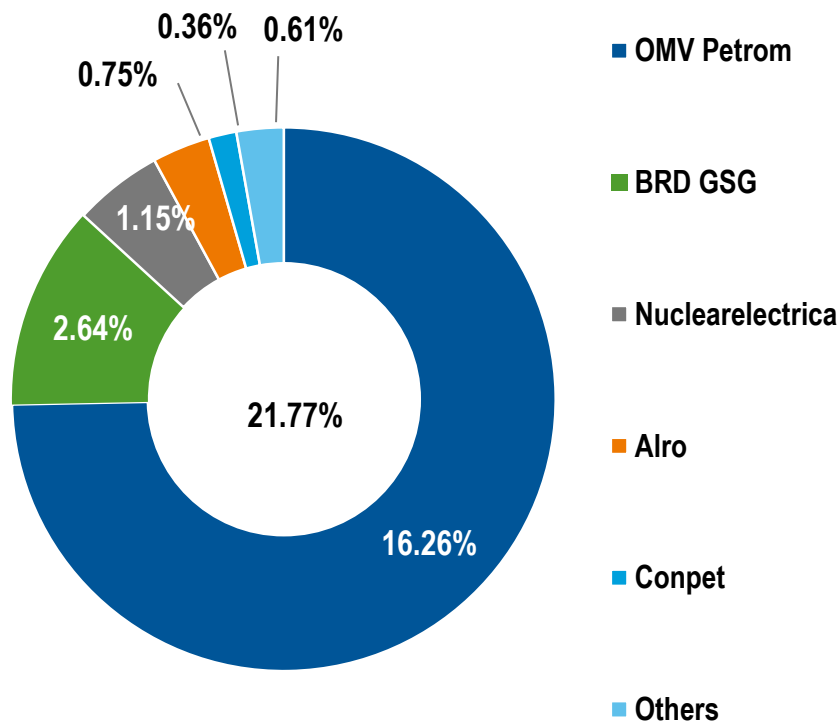
3. As at 27 February 2017.

Portfolio

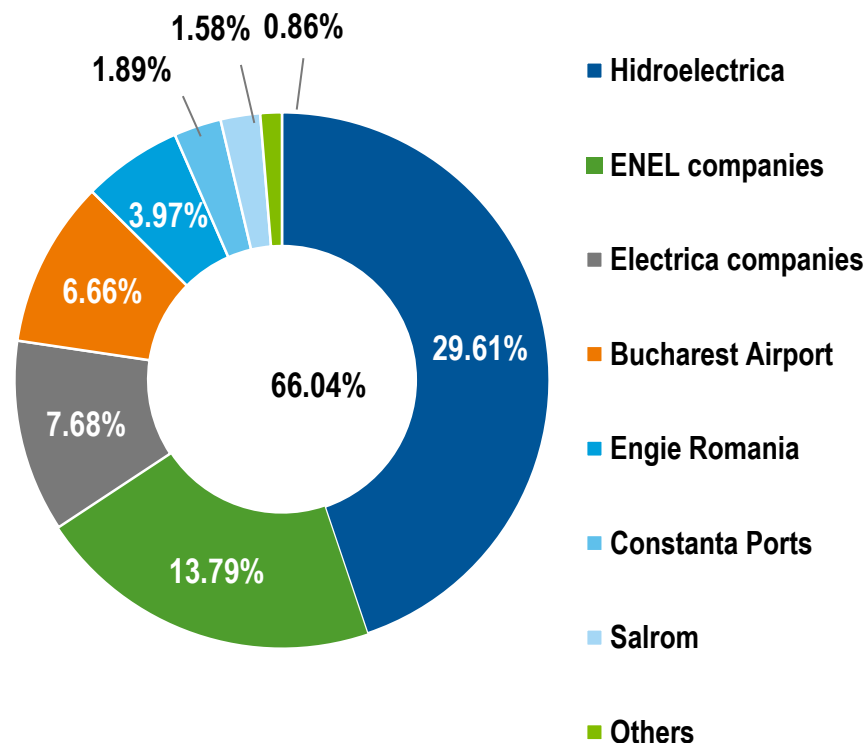


Portfolio Structure – Listed vs. Unlisted

Listed Companies
(% of NAV as at 30 December 2016)



Unlisted Companies
(% of NAV as at 30 December 2016)

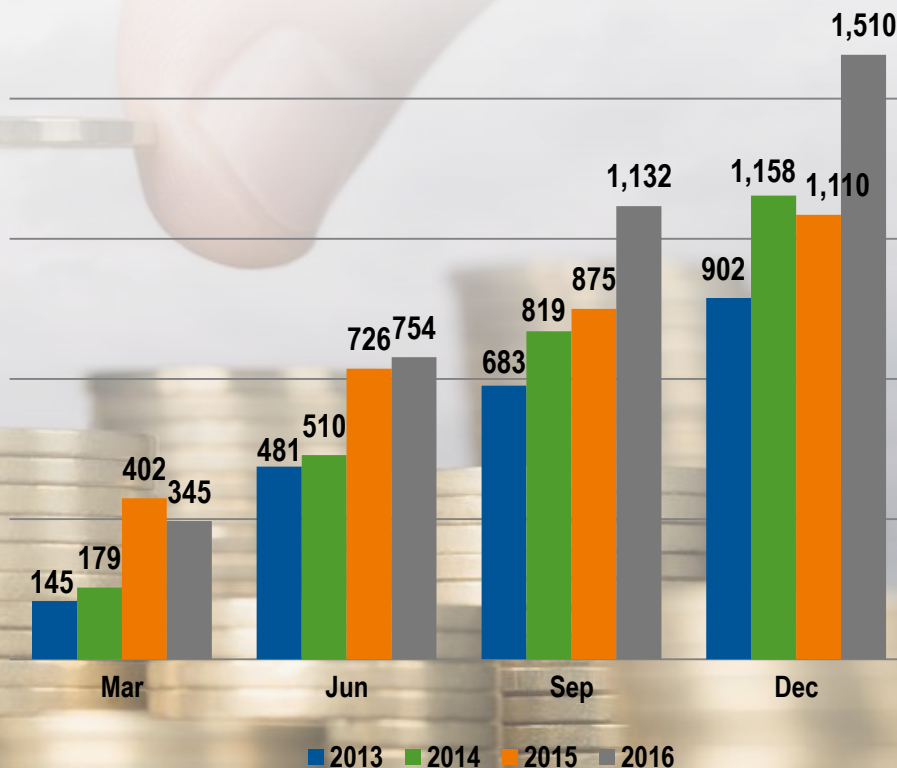


- Net cash and receivables position as at 31 January 2017 was USD 326.1 mn¹.

Source: FP 30 December 2016 Detailed Statement of Investments.
1. Source: 31 January 2017 FP Factsheet.

- **Corporate Governance:** Following the exit from insolvency in June 2016, the company is run by an interim Supervisory Board of 7 members, and an interim Directorate of 3 members. Selection of the Supervisory Board and the directorate based on Law 111/2016 is ongoing.
- **Litigations:** 1 litigation out of 75, is still pending in front of the Court of Appeal (final Court). Next hearing is set for 16 March 2017.
- **Financials:** Revenues increased by 4% in 2016 compared with the previous year, and net profit of the company increased by 41% (RON 1,268 mn vs. RON 900 mn).
- **Cash Level:** RON 1.7 bn at the end of 2016.
- **Listing:** preparation is ongoing, led by Morgan Stanley and Raiffeisen.

Pre-tax cumulated profit (RON mn)

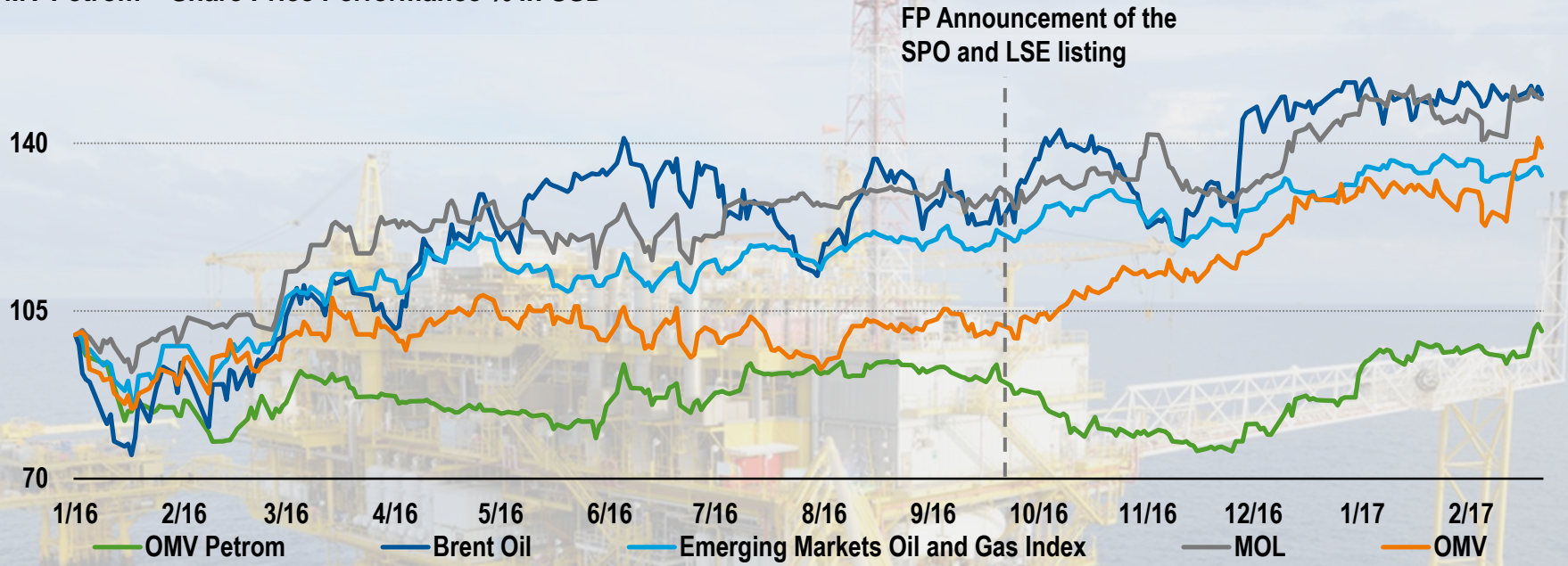


Source: Hidroelectrica 2009 – 2015 Annual reports and financial statements, Hidroelectrica monthly press releases, and reports.

Note: For 2016, the figures presented are preliminary, and do not take into considered any possible adverse effect resulting from potential provisions.

OMV Petrom – Update

OMV Petrom - Share Price Performance % in USD¹



OMV Petrom - Average Daily Trading Value (USD)²

3 MO prior SPO	0.18 mn
3 MO after SPO	1.05 mn

1. Source: Bloomberg, as at 24 February 2017.
2. Bloomberg.

Portfolio Holdings – Preliminary 2016 Results

	EBITDA (RON mn)		Net Profit (RON mn)	
	2015	Preliminary 2016	2015	Preliminary 2016
Hidroelectrica SA	2,100.2	2,166.0	899.4	1,268.0
OMV Petrom SA	6,231.0	4,933.0	(689.7)	1,037.7
Aeroporturi Bucuresti SA (Bucharest Airports)	331.7	387.7	178.8	232.5
BRD Groupe Societe Generale SA	- ¹	- ¹	465.8	757.5
Nuclearelectrica SA	652.9	632.8	147.1	108.7
Alro SA	306.0	n/a	0.0	67.2
Conpet SA	120.6	117.5	63.2	64.4
Salrom SA	47.7	80.7	15.8	44.4
Total	9,791.1	8,317.7	1,082.5	3,580.3
Weighted Total	1,389.7	1,233.7	170.5	499.7

Source: Companies' preliminary 2016 standalone financial statements and reports.

Note 1: EBITDA is calculated as Operational result + Depreciation and Amortization.

Note 2: Weighted for the companies' weight in the Fund's NAV.

1. For banking financial institutions, EBITDA is not a relevant indicator.

Corporate Actions



Fourth Tender Offer¹

Value of the Offer	640,000,000 shares (in the form of shares and GDRs)
Purchase price	RON 0.91 per share and the USD equivalent of RON 45.50 per GDR
Subscription period	15 February – 20 March 2017
Allocation method	Pro-rata
Intermediary	WOOD & Company Financial Services a.s
Dealer managers	Goldman Sachs International and WOOD & Company Financial Services a.s
GDR Tender Agent	The Bank of New York Mellon

Tender Offer	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 (%)²
Third	5 July 2016	0.8420	0.7380	14.09%	26.43%
Fourth	27 January 2017	0.9100	0.8640	5.32%	23.30%
Fourth (adjusted for the Special Cash Distribution)	27 January 2017	0.9100	0.8140	11.79%	19.93%

Source: Investment Manager current reports.

1. Launched for the acceleration of the seventh buy-back programme.

2. 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.

2017 Cash Distributions

Cash Distributions to Shareholders (RON)

	Status	Payment Date ¹	Last Date to Buy FP Shares that Entitles Shareholders to Receive Distributions	Registration Date	Cash Distribution Per Share
Special Distribution – Return of Capital	Approved by shareholders on 11 October 2016	27 March 2017	5 March 2017	7 March 2017	RON 0.05
Annual Distribution	Submitted by the Investment Manager for shareholders' approval on 28 February 2017	30 June 2017	8 June 2017	12 June 2017	RON 0.05
Total					RON 0.10

1. If all legal requirements are fulfilled.

Cash 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 ²	-	2017	0.05000	0.05000	-
Return of Capital ³	-	2017	0.05000	0.05000	-
Total			0.44244	0.41164	

Source: Investment Manager.

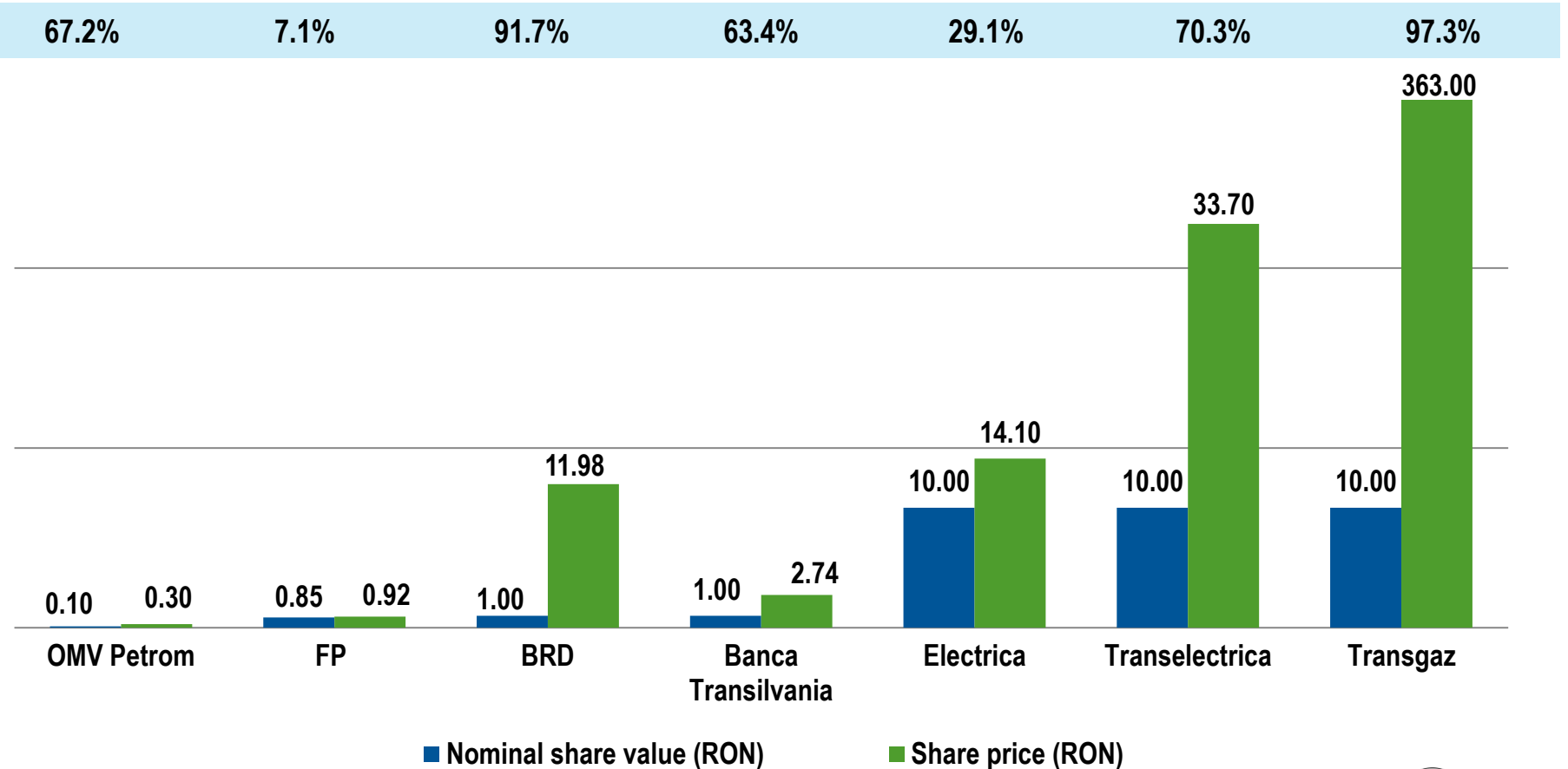
1. Note: Values resulted after applying the 16% Romanian Dividend Withholding Tax to the Gross Distribution per Share value. In case the shareholder provided a fiscal residence certificate from a jurisdiction where the tax on dividends was lower than 16%, the lower withholding rate was applied. Tax exemption 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.

2. If all legal requirements are fulfilled.

3. Submitted for shareholders approval during the 28 February 2017 GSM.

Nominal Share Value vs. Share Price

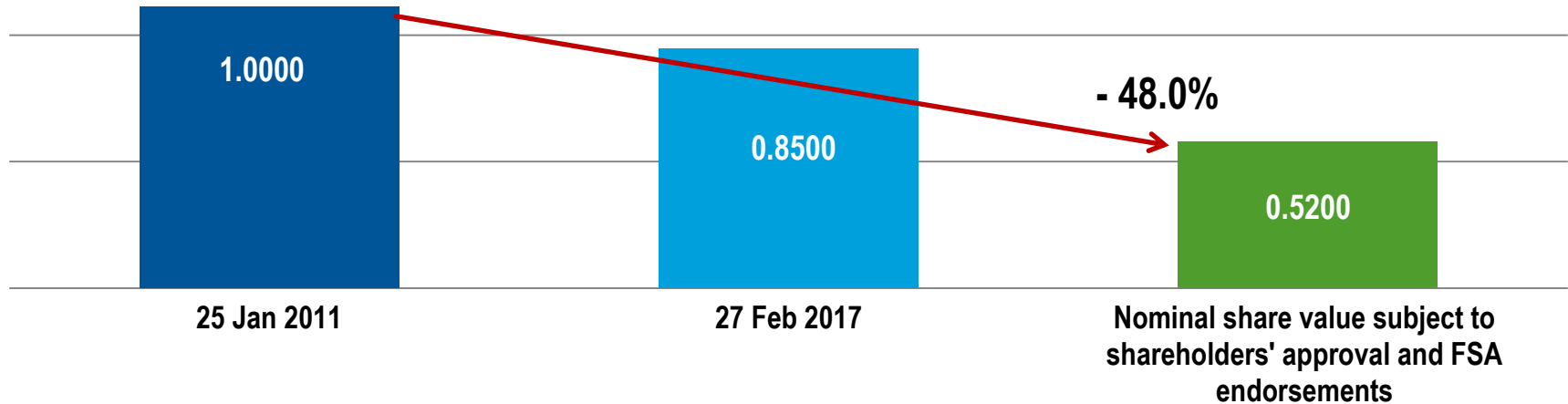
Difference between Nominal Value & Share Price



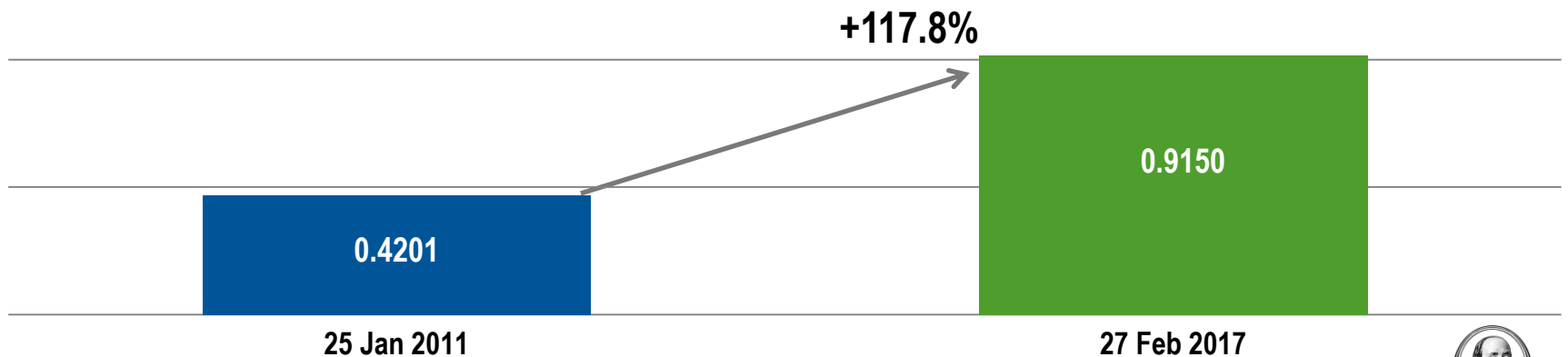
Source: BVB. As at 27 February 2017. Fund Manager calculations

FP Nominal Share Value vs. FP Share Price

FP Nominal Share Value (RON)



FP Share Price (RON)

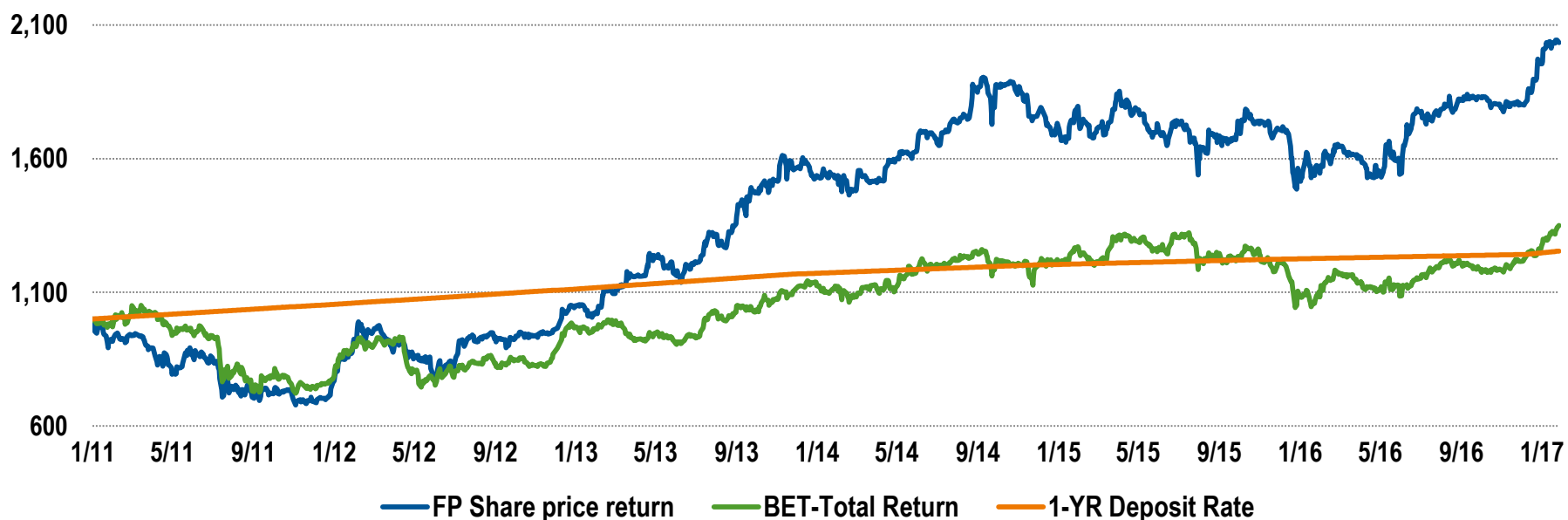


Source: Bloomberg, BVB, Investment Manager reports.

Note: The 25 January 2011 FP share price is adjusted with distributions.

FP Share Price Returns Since Listing

	FP Share price return (RON) ²	BET Total return (RON)	1-Yr Deposit rate return (RON)
Returns on RON 1,000 Investment ¹	2,034	1,350	1,254
Total Return	103%	35%	25%



Source: Bloomberg, Fund Manager calculations.

1. Based on an investment of RON 1,000 made on 25 January 2011 and 1 year deposits rolled over.

2. The FP Share Price Total Return is calculated in RON by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS.



EGM Agenda



28 February EGM Agenda

- The approval of the decrease of the subscribed share capital of Fondul Proprietatea S.A. from RON 5,742,226,025.22 to RON 5,238,521,987.92 through the reduction of the par value of the shares of Fondul Proprietatea S.A. from RON 0.57 to RON 0.52.
- The ratification and the approval of all OEGM resolutions and of all legal acts concluded, adopted and issued in the name of Fondul Proprietatea S.A. through its sole administrator and/or its alternative investment fund manager between 6 September 2010 and 28 February 2017
- The approval of:
 - 9 June 2017 as the Ex – Date
 - 12 June 2017 as the Registration Date
 - 30 June 2017 as the Payment Date

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