

Fondul Proprietatea General Shareholders Meeting

31 October 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 9,168,314,116.70 and paid up share capital is RON 8,859,073,619.20

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.



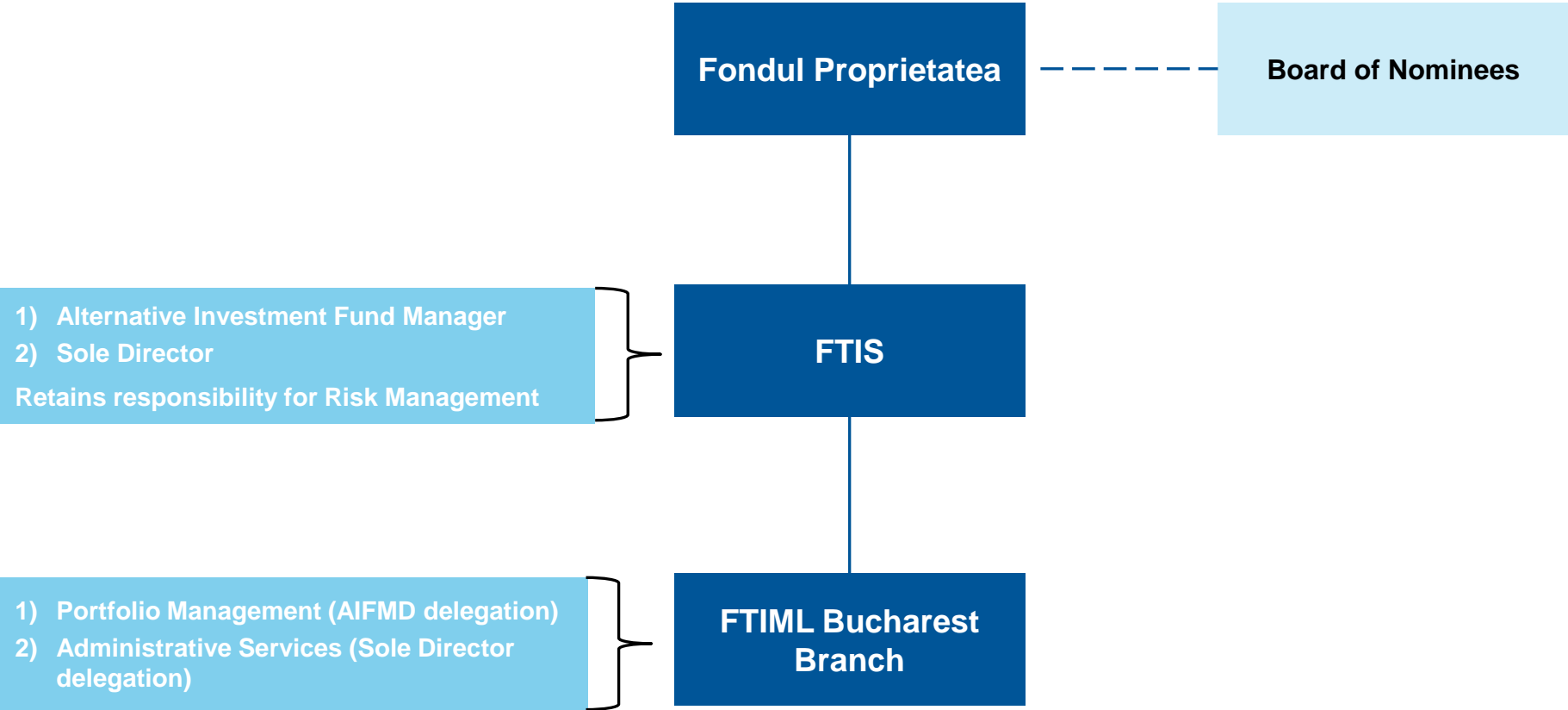
FRANKLIN TEMPLETON
INVESTMENTS

October 2016

Performance Report - Highlights



Fondul Proprietatea Structure – since 1 April 2016



Primary Roles and Responsibilities of FTIS S.à r.l. – Management Company

Responsibilities of the AIFM:

- Risk Management
- Investment Management (Oversight of delegated portfolio management to FTIML Branch)
- Valuation
- Due Diligence on the Depositary (BRD Groupe Societe Generale)
- Reporting obligations - AIFMD Annex IV reporting

Responsibilities of the Sole Director:

- Responsibility to call & chair GSM, implement shareholder decisions
- Prepare Performance report for shareholders.
- Administration oversight (activity delegated back to FTIML Branch)
- Reporting obligations - annual financial statements; the annual activity report; the semi-annual report; the quarterly reports; the performance report.

FTIS interaction with FTIML Bucharest

- Attendance at GSM meetings;
- Participate in BoN meetings
- Participate in weekly Management meetings
- Regular one to one meetings with the Investment Manager
- Regular risk management meetings
- Regular meetings with fund accounting

- FTIS Sarl's primary responsibility is to monitor and highlight any material issues in respect of the risk management of Fondul Proprietatea, the oversight of portfolio management delegated to Franklin Templeton Investment Management Limited, new regulatory developments and any other matter which we believe should be brought to the attention of the Board or Shareholders.
- Since 1 April 2016 we have ensured that policies, controls and procedures in the major area of delegation and service provision – investment management – are adequate and effective.
- We have ensured that policies, controls and procedures in the major areas of risk management of Fondul Proprietatea, including portfolio risks (market, counterparty and issuer risks, etc.), operational risk and liquidity risk, are adequate and effective.
- There are no matters for the period since 1 April 2016 to raise to the attention of the Board of Nominees or to shareholders.

Report on the Discount Objective



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 – 30 June 2016**

- In the period 1 July 2015 – 30 June 2016, discount was higher than 15%, for both shares and GDRs.

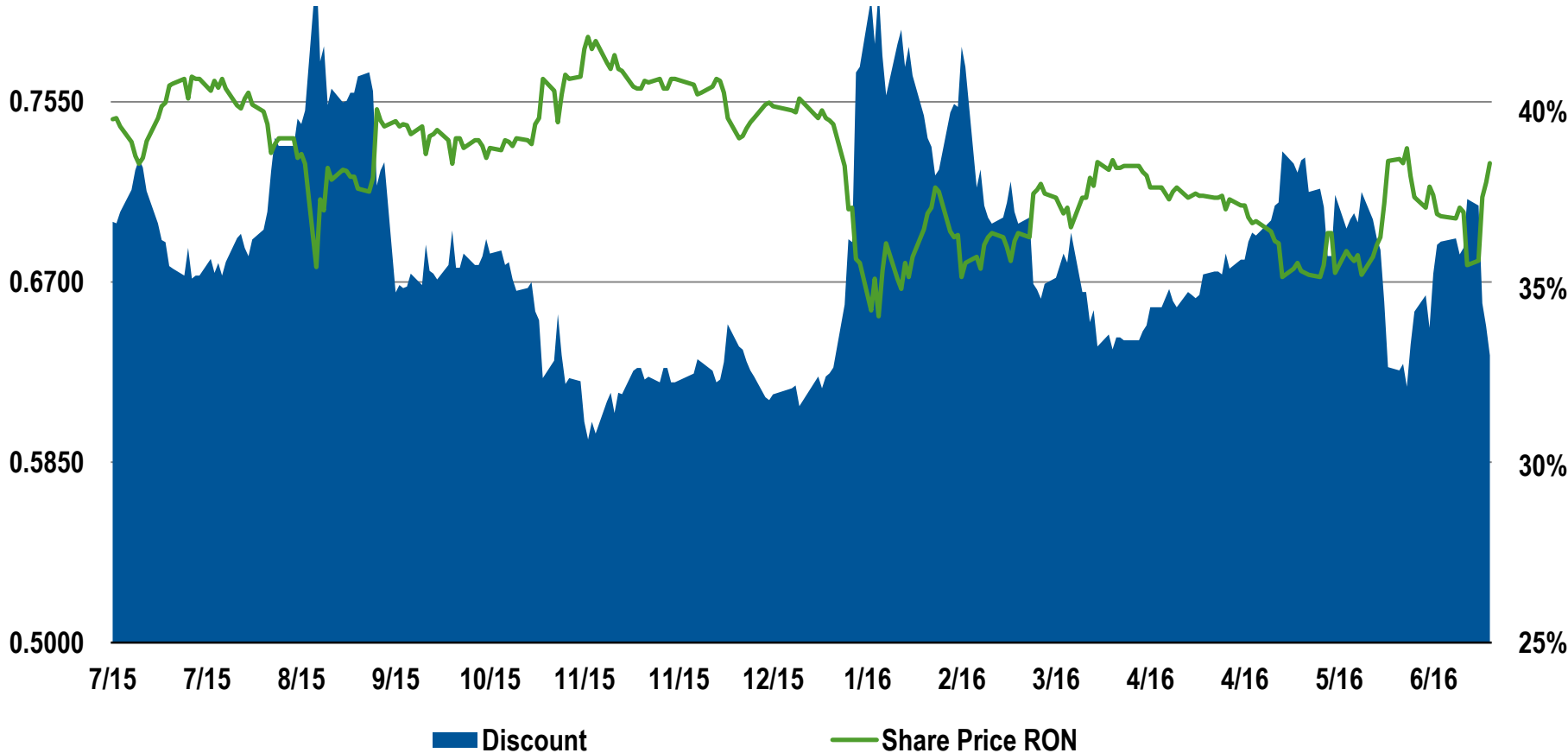
Discount Evolution

Discount at the Start of the Reporting Period – 1 July 2015	Discount as at 30 June 2016	Average for the Reporting Period	Discount Range for the Reporting Period
32.4%	33.1%	31.8%	25.9% - 40.1%

Source: Fondul Proprietatea Report.

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

Discount Objective – Evolution During the Reporting Period



Source: BVB, for the period 1 July 2015 – 30 June 2016.



Discount Objective – Measures Taken

- Distributed RON 797.0 million to the Fund's shareholders during 1 July 2015 – 30 June 2016 via:
 - Execution of the 5th and 6th buy-back programs to acquire approx. 10% of the outstanding shares, through daily share repurchases of up to 25% of the average daily trading volumes for the last 20 trading sessions
 - Cash distribution to shareholders of RON 0.05 per share – paid starting with 27 June 2016
 - The total amount distributed (including buy-backs and cash distributions) represents 6.30% of the Fund's NAV as at 30 June 2015
- Proactive investor relations program to increase the visibility of the Fund to a broader base of investors

Discount Objective – Creating Liquidity at the Portfolio Level during the Reporting Period¹

	Amount RON
Total Proceeds Collected on Disposals	1,624,115,940
Dividends Received (Collected)	441,607,778
Credit Facility (Committed and Uncommitted)	500,000,000
Total	2,565,723,718

Source: Fund Manager.

1. For the Reporting Period: 1 July 2015 - 30 June 2016.

Discount Objective – Distributions to Shareholders 1 July 2015 – 30 June 2016

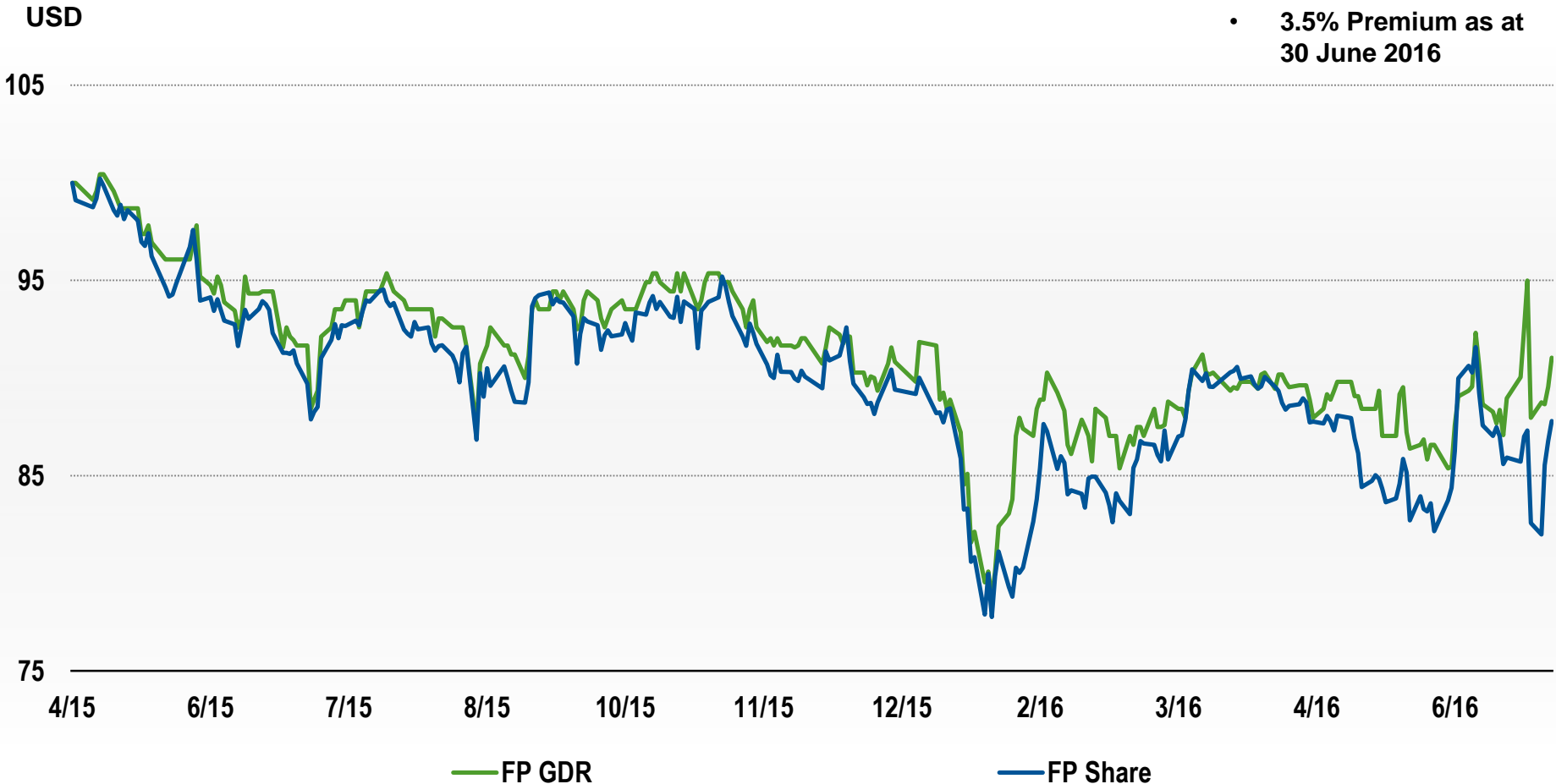
RON	Distributions to shareholders in the period 1 July 2015 - 30 June 2016 (excluding related costs)	Expenses related to distributions recorded in the period 1 July 2015 - 30 June 2016	Total	% from the NAV as at 30 June 2015	% of the average share price during the period
Buyback program 5	55,219,927	65,436	55,285,363	0.43%	0.67%
Buyback program 6 (through shares acquisitions on the BSE and GDRs acquisitions on LSE)	224,885,534	251,530	225,137,064	1.78%	2.73%
Return of capital 2016	516,886,344	15,125	516,901,469	4.09%	6.28%
Total	796,991,805	332,091	797,323,896	6.30%	9.68%

Discount Objective – Secondary Listing on the London Stock Exchange

Considerations on the impact of the Fund's listing on the LSE

- The GDR facility of 1/3 of the outstanding shares reached capacity in a relatively short period of time (less than 9 months)
- Large long-only mutual funds, endowments, closed end fund specialist investors, as well as hedge funds have invested in the Fund via the London Stock Exchange. Most of the new investors would have not been able to invest prior to the secondary listing
- New investors were able to absorb the supply of shares available during the period. Without the LSE listing, the Fund's discount to NAV could have been higher
- New research coverage was initiated by Liberum (UK) and InterCapital Securities (Croatia). Renaissance Capital (UK) and Value Investment Principals (US) started covering the Fund ahead of the listing on the LSE
- The GDRs have traded almost constantly at a premium to the local shares (average premium during the Reporting Period was 1.6%)

Discount Objective - Fondul Proprietatea GDR Premium to the Local Shares



Source: Bloomberg, for the period 29 April 2015 – 30 June 2016.

Report on the NAV Objective



NAV Objective

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

NAV Objective	Amount RON	Comments
Total NAV as at 30 June 2016	11,804,505,872	
Costs related to the 2015 and 2016 returns of capital after 30 June 2015, until 30 June 2016	18,718	Fees charged by Central Depositary and Paying Agent for the payments performed after 30 June 2015 (for the 2015 return of capital)
Costs related to buy-backs after 30 June 2015, until 30 June 2016	316,965	Fees related to fifth buy-back programme after 30 June 2015 and sixth buy-back programme up to 30 June 2016
Distribution fees after 30 June 2015, until 30 June 2016	14,800,023	FT distribution fees for distributions to shareholders (buy-backs) after 30 June 2015
2016 Return of capital to shareholders	516,886,344	
Total Adjusted NAV as at 30 June 2016	12,336,527,922	
Number of Fund's paid shares, less treasury shares and GDRs held as at 30 June 2016	10,313,668,344	
Adjusted NAV per share as at 30 June 2016	1.1961	
NAV per share as at 30 June 2015	1.1851	
Difference	0.0110	
%	0.93%	

Source: FP Report.

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.

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Attribution to NAV Performance for the Reporting Period (30 June 2015 – 30 June 2016)¹

TOP PERFORMERS

Company	Status	Weight in total NAV ²	Change in share price or NAV value per share for the period 30.6.2015 – 30.6.2016	Total effect for the period 30.6.2015 – 30.6.2016
Hidroelectrica S.A.	Unlisted	27.7%	50.1%	8.63%
CN Aeroporturi Bucuresti S.A.	Unlisted	5.4%	90.3%	2.37%
CN Administratia Porturilor Maritime S.A.	Unlisted	1.8%	58.9%	0.62%
SN a Sarii SA (Salrom)	Unlisted	1.5%	24.2%	0.27%
Banca Transilvania S.A.	Listed	0.1%	(2.3)%	0.44%

BOTTOM PERFORMERS

Company	Status	Weight in total NAV ²	Change in share price or NAV value per share for the period 30.6.2015 – 30.6.2016	Total effect for the period 30.6.2015 – 30.6.2016
OMV Petrom S.A.	Listed	21.9%	(36.3)%	(11.65)%
Romgaz S.A. ³	Listed	0.0%	N/A ³	(3.21)%
Nuclearelectrica S.A.	Listed	1.2%	(32.9)%	(0.53)%
Complexul Energetic Oltenia S.A.	Unlisted	0.5%	(42.1)%	(0.36)%
BRD Groupe Societe Generale S.A.	Listed	2.1%	(9.1)%	(0.20)%
TOTAL NAV VARIANCE				(3.43)%

1. Due to the strict confidentiality clauses in the sale agreement, the analysis excludes E.ON Distributie Romania SA and E.ON Energie Romania SA

2. Source: Detailed Statement of Investments as at 30 June 2016.

3. Holding disposed of in April 2016.

Report on the Obligations regarding the Discount Control Mechanism



- **According to Article 9 of the Management Agreement under AIFMD, as approved by the Fund's Shareholders on 29 October 2015, which commenced on 1 April 2016:**

“FUND MANAGER PERFORMANCE OBJECTIVES. ANNUAL REPORTING

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

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

Discount Control during Q2 of 2016 (the new IMA into force)

- If the discount stays above 15% for more than half of the trading days in Q2 2016, the Fund Manager will call a Board meeting to discuss the DCM
- The Board meeting took place on 7 June 2016
- First calculation period based on the new IMA:
 - starts on 1 April 2016
 - there are 63 trading days
 - half of Q1 trading days = 31.5, therefore 32 trading days (1 Apr - 17 May 2016)

- **Cash Distributions:** the Fund Manager proposed and shareholders approved the cash distribution for 2016 (to shareholders registered as at 6 June 2016 of RON 0.05/share, proportionally with their participation to the paid-up share capital of Fondul Proprietatea SA; payment started on 27 June 2016.
- **Share Buy-backs:** the 6th buy-back is ongoing. The seventh buy-back is approved by shareholders and ready to commence as soon as the 6th buy-back is completed.
- **Tender offer:** the Fund Manager has resumed on 5 July the public tender of up to 575,000,000 shares in the form of shares and/or GDRs, at a purchase price of RON 0.8420 per share and the USD equivalent of RON 42.10 per GDR.
- **Asset Disposals:**
 - The private placement of Romgaz shares took place in April 2016
 - The sale of the Fund's stake in E.ON companies took place in June 2016
 - Ongoing discussions for selling unlisted stakes and selling of listed stakes of the Fund

Ongoing DCM Measures (II):

- **Credit facility:** starting with July 2016, there is a new credit facility of RON 1 billion from BRD – Groupe Societe Generale
- **Investor Relations Activities:**
 - In April, we organized the 3rd Romania Investor Day event in New York, where 41 investment professionals participated, representing institutional investment funds with assets under management of over USD 3,500 billion
 - We also participated in several regional and global emerging and frontier market conferences, as well as dedicated conferences for closed-end funds in London, New York, Zurs, Singapore, Warsaw, and Paris
 - Further promotion of the Fund through road-shows to Talinn, Copenhagen, Stockholm, and London, and participation in the most important investor conferences
 - Organizing the 9th Fondul Proprietatea Analyst and Investor Days in Bucharest on 7-9 September

Fund Information



The Fund – Key Facts

Fund Details as at 30 September 2016¹

	RON	USD
NAV	11.36 bn	2.85 bn ²
NAV/Share	1.1698	0.2938 ²
Price/Share	0.8030	0.2016 ²
Price/GDR	41.41	10.40 ²
Market Capitalization as at 28 October 2016 ³	7.80 bn	1.89 bn
Discount per Share as at 28 October 2016		31.18%
Discount per GDR as at 28 October 2016		28.09%
Number of Shares in Issue ⁴		10,786,251,902
Number of Paid Shares ⁴		10,422,439,552
Number of Paid Shares less Treasury Shares ³		9,685,606,850

Investment Objective

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

Source: BVB, FP Report as at 30 September 2016 report.

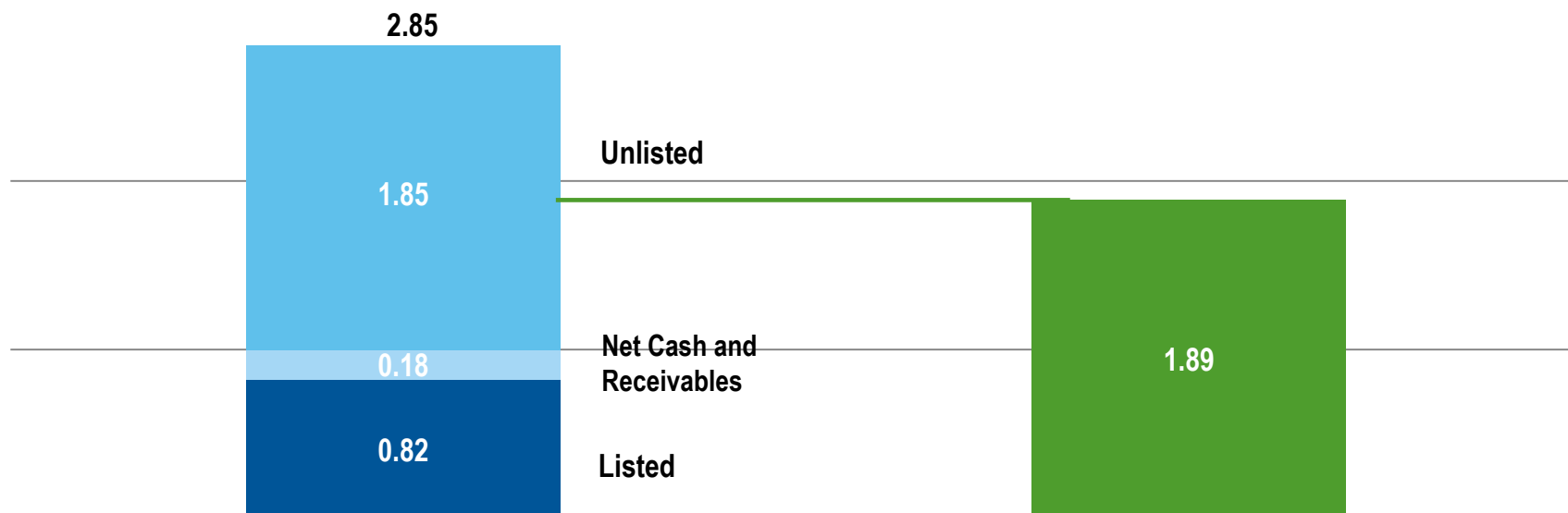
1. Based on local regulator methodology.

2. Computed using the NBR USD/RON FX rate as at 30 September 2016.

3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 24 October 2016.

4. As at 28 October 2016.

NAV vs. Market Capitalization (USD bn)¹



NAV
30 September 2016

Market Capitalization²
28 October 2016

	BVB	LSE
Discount ³	31.18%	28.09%
Average Daily Turnover (USD)	1.74 mn ⁴	1.02 mn ⁵

1. Source: BVB, FP NAV as at 30 September 2016.

2. Based on the BVB share price - excluding treasury shares repurchased as at 24 October 2016.

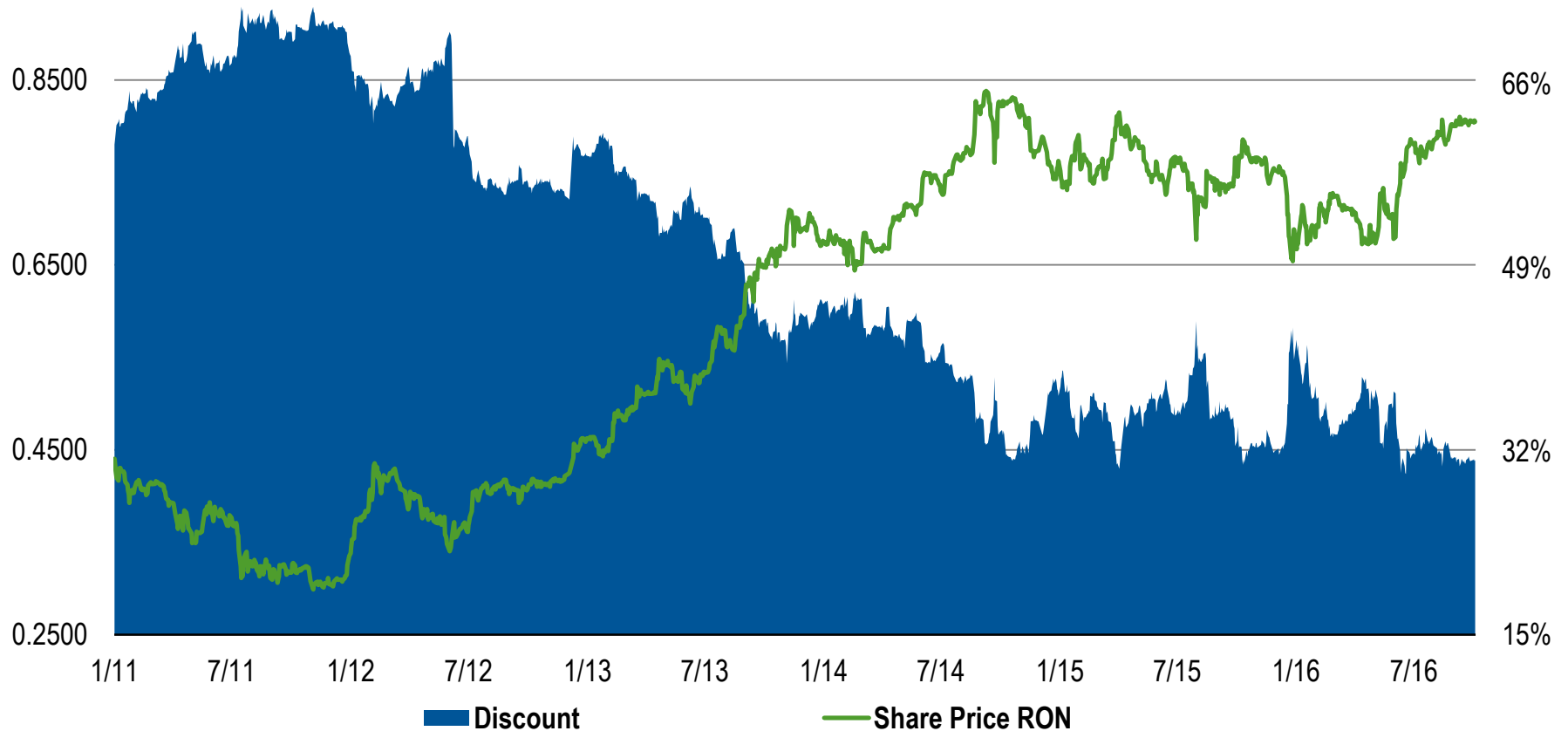
3. As at 28 October 2016. Note: The discount is calculated based on the latest published NAV available for the day of the calculation.

4. Source: BVB, for the period 4 January – 28 October 2016.

5. Source: LSE, for the period 4 January – 28 October 2016.

FP Performance

FP Share Price¹ (RON) and Discount (%)

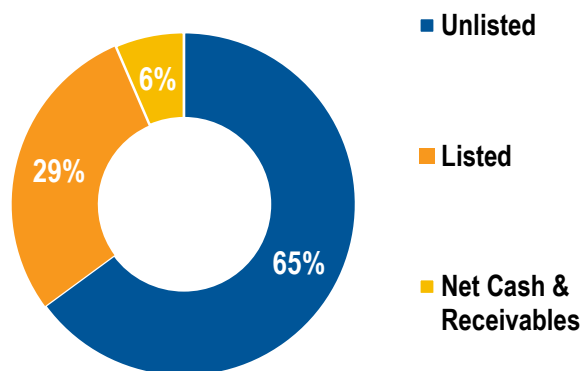


1. Source: BVB, Bloomberg, for the period 25 January 2011 – 28 October 2016.

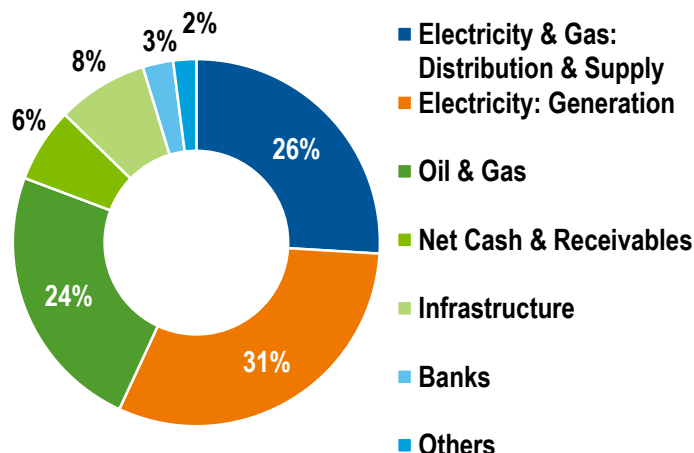
Portfolio



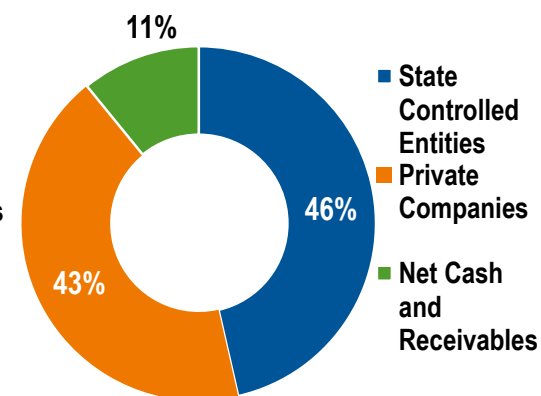
**Listed vs Unlisted
as at 30 September 2016**



**By Sector
as at 30 September 2016**



**By Controlling Ownership as
at 30 June 2016**



- As at 30 September 2016, the portfolio included stakes in 45 companies (13 listed and 32 unlisted)
- Net cash and receivables position as at 30 September 2016 was USD 184.8 mn
- The Fund Manager contracted a revolving credit facility for a maximum committed amount of RON 1 billion from BRD - Groupe Societe Generale SA.. The purpose of this credit facility is for general corporate use, including share buybacks, but excluding investments, and it replaces the previous financing arrangement concluded by the Fund with Citibank Europe Plc, that has been terminated on 8 July 2016.

Source: FP Factsheet as at 30 September 2016, FP 30 June 2016 Detailed Statement of Investments.

Largest Holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake ¹	NAV as at 30 September 2016 (USD mn)	% in NAV as at 30 September 2016
Hidroelectrica SA	Unlisted	Romanian State	19.9%	820.90	28.78
OMV Petrom SA	Listed	OMV	19.0%	659.21	23.11
CN Aeroporturi Bucuresti	Unlisted	Romanian State	20.0%	158.83	5.57
ENEL Distributie Banat	Unlisted	Enel Group	24.1%	156.70	5.49
ENEL Distributie Muntenia	Unlisted	Enel Group	12.0%	114.36	4.01
Engie Romania ²	Unlisted	Engie	12.0%	112.02	3.93
ENEL Distributie Dobrogea	Unlisted	Enel Group	24.1%	100.75	3.53
BRD Groupe Societe Generale	Listed	Societe Generale Group	3.6%	70.06	2.46
Electrica Distributie Muntenia Nord	Unlisted	Electrica Group	22.0%	63.76	2.24
Electrica Distributie Transilvania Sud	Unlisted	Electrica Group	22.0%	55.82	1.96
Top 10 Portfolio Holdings				2,312.41	81.08
NAV				2,851.90	100.00
NAV Per Share (USD)				0.2938	

Note: Values in USD calculated using the USD/RON FX rate as at 30 September 2016.

Source: FP Factsheet as at 30 September 2016.

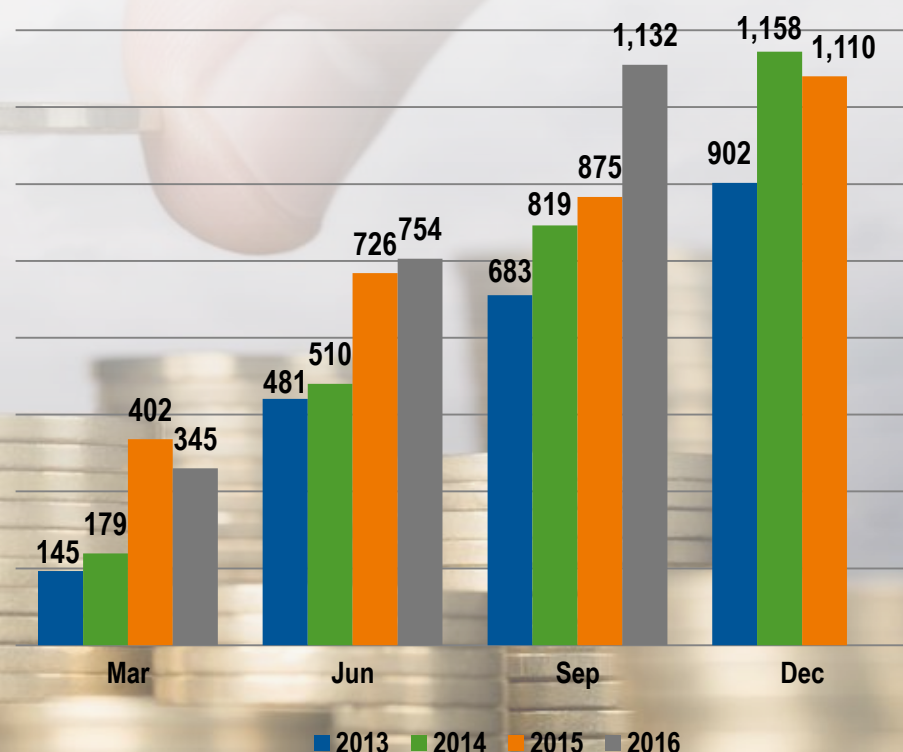
1. Based on the FP 30 June 2016 Detailed Statement of Investments. Values rounded at one decimal.

2. Former GDF Suez Energy Romania.

Hidroelectrica – Financial Performance

- On 21 June 2016 the company exited the insolvency procedure by the decision of the syndic judge.
- The company is run by an interim Supervisory Board composed of 7 members, and an interim Directorate, composed of 3 members.
- Selection of the Supervisory Board and the directorate based on Law 111/2016 will follow.
- Pending litigations are to be settled outside insolvency by the Court of Appeal (as final Court) starting this autumn.
- Listing preparation is ongoing, led by Morgan Stanley and Raiffeisen.
- While the production levels decreased 10% y-o-y in the first half of 2016 (9.2 TWh vs. 10.2 TWh), the pre-tax profits of the company increased 4% (RON 754mn vs. RON 725mn).

Pre-tax cumulated profit (RON mn)



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

OMV Petrom – Partial Sale

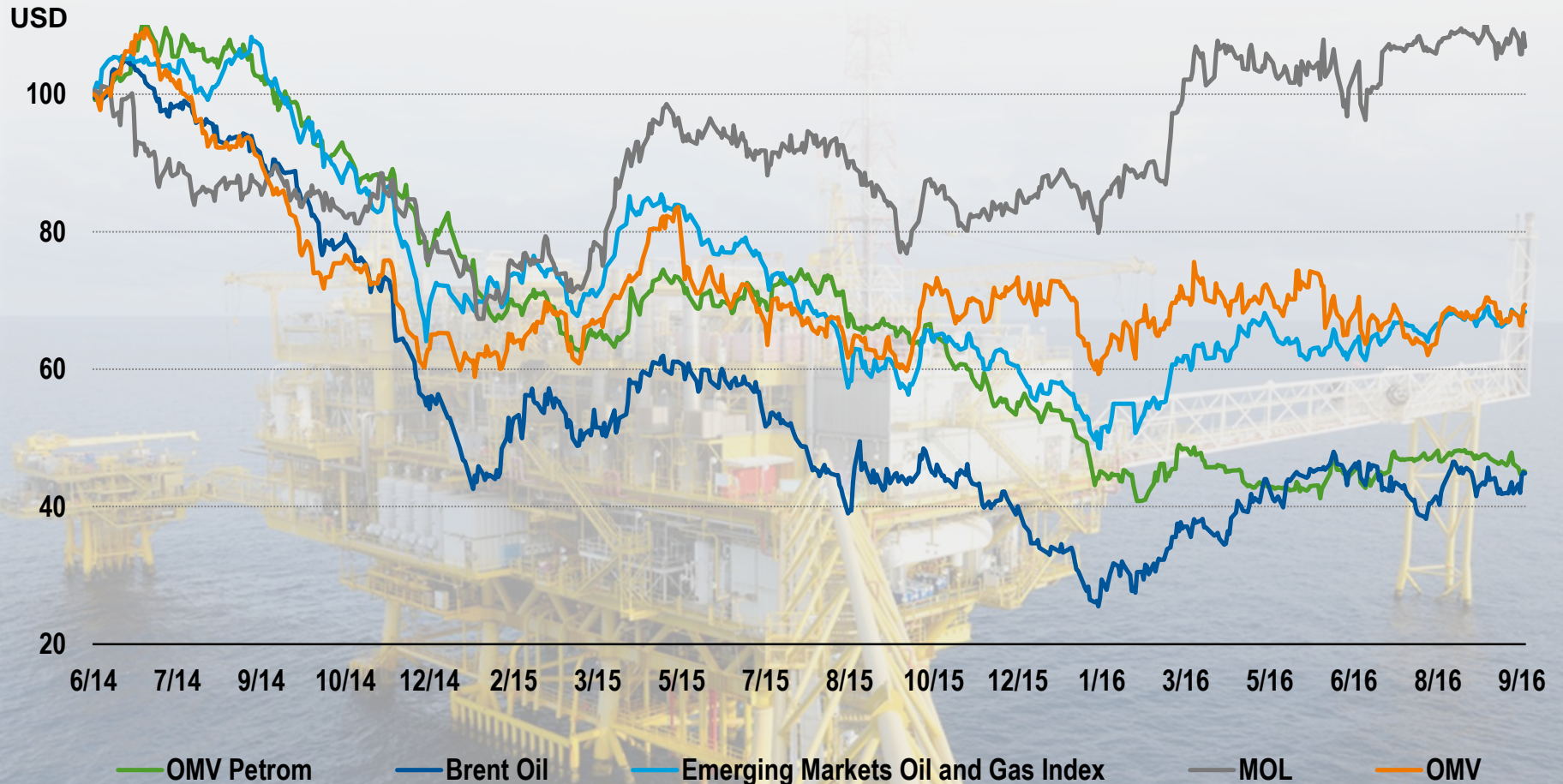
Transaction type	Secondary public offering of both shares and global depositary receipts representing interests in the existing shares of the Company ("GDRs")
Listing venues	BVB for the ordinary shares LSE for GDRs
Offer value	Up to 3,641,100,108 Shares representing 6.43% of the share capital of OMV Petrom in the form of shares and GDRs, with one GDR representing an interest in 150 shares
Maximum Price	RON 0.244 per Share and USD 9.16 per GDR
Subscription period	6 - 13 October 2016
FP holding as at 30 September 2016	18.99% of the issued share capital
% FP NAV as at 30 September 2016	23.11%
Lock-up period	360 days
Dealer managers	Goldman Sachs International as Sole Global Coordinator and Joint Bookrunner Banca Comercială Română, Erste Group and WOOD & Company Joint Bookrunners

Source: Investment Manager current report.

OMV Petrom Partial Sale – Rationale

- Large exposure to OMV Petrom (23% of NAV, as at 30 September 2016)
- Low market liquidity of OMV Petrom shares on the BVB
- Cash requirements driven by the IPS
- Earlier announcement regarding potential decrease of FP' holding in OMV Petrom below 15%
- Supportive market conditions with limited market volatility

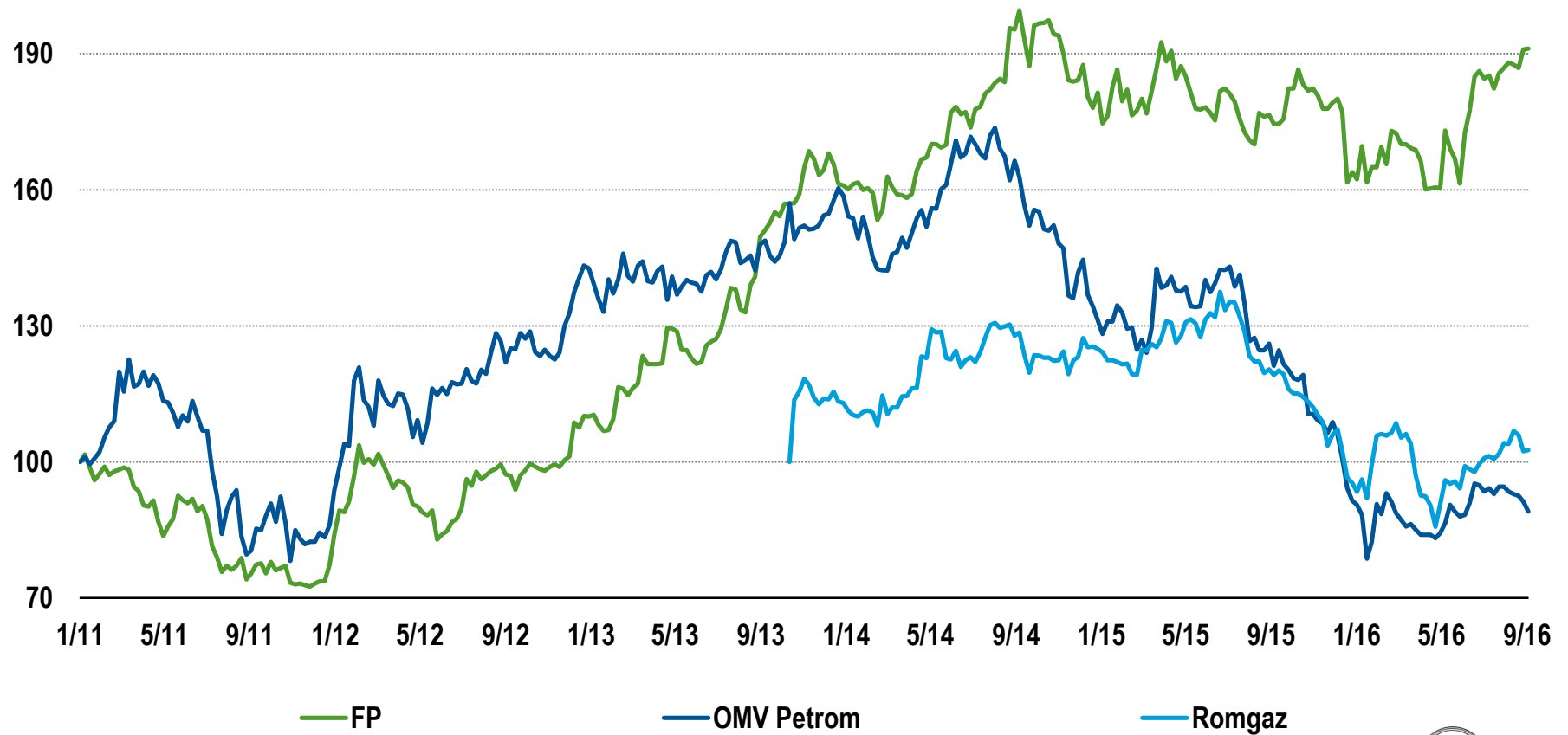
OMV Petrom – Share Price Performance



Source: Bloomberg, as at 30 September 2016.

FP Share Price Evolution vs. OMV Petrom and Romgaz

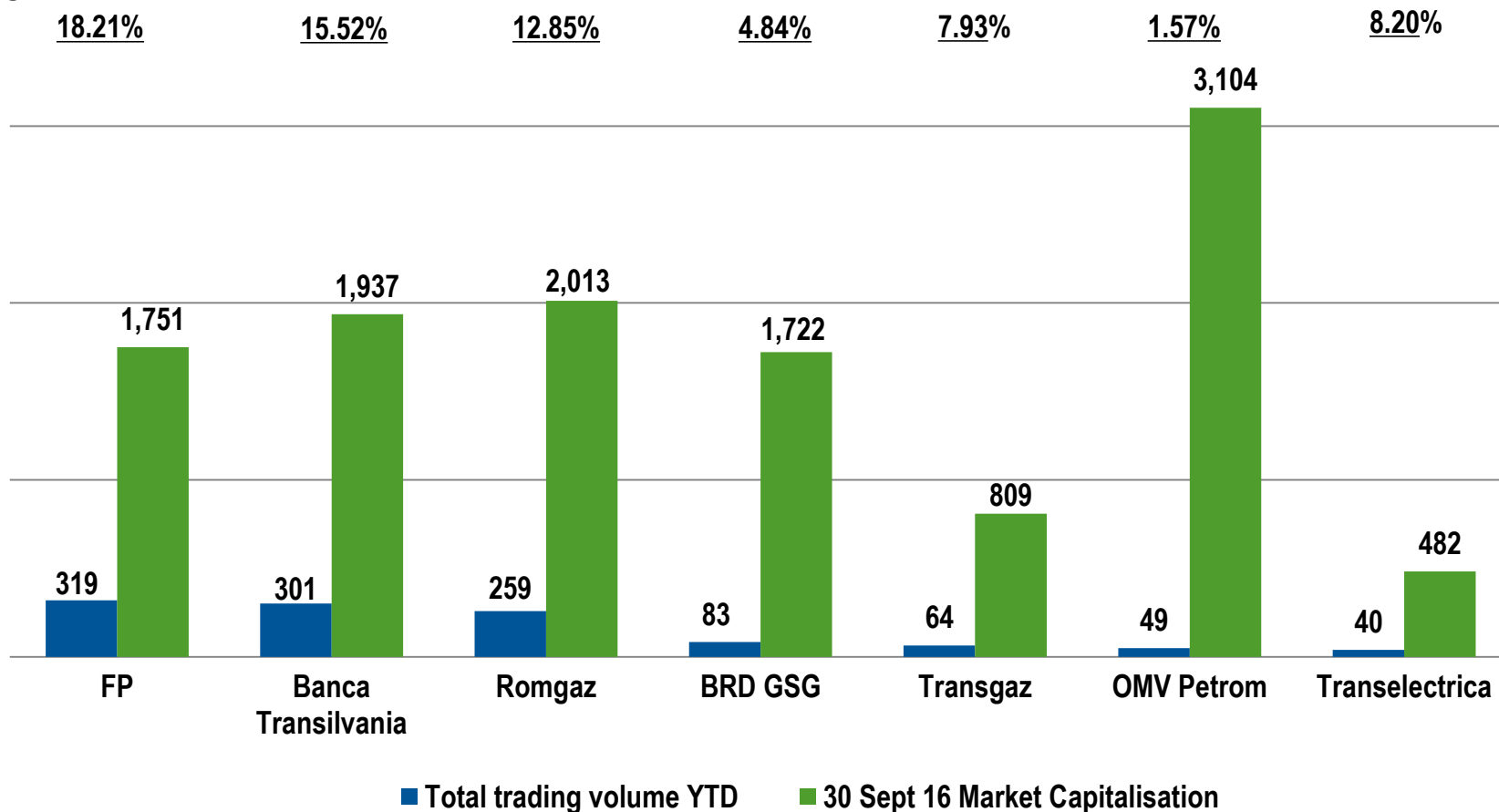
USD



Source: Bloomberg, as at 30 September 2016.

OMV Petrom – Very Low Liquidity vs. Market Capitalisation

mn EUR



Source: BVB, computed using the NBR EUR/RON FX as at 30 September 2016.

OMV Petrom Partial Sale – Transaction Details (I)

Type of Offering	Pricing	Offering Size	Offering Structure	Pricing / Settlement
<ul style="list-style-type: none"> • SPO of shares and • GDRs listing 	<ul style="list-style-type: none"> • RON 0.21 per share / \$7.70 per GDR • Discount to last closing price: 13.9% 	<ul style="list-style-type: none"> • RON 682 mn and \$19 mn • 3,641,100,108 shares • 6.4% of share capital representing 68.7% of the free float and 1,675.2x the 3M ADTV 	<ul style="list-style-type: none"> • 3,267,250,908 shares and 2,492,328 GDRs • 1 GDR = 150 shares • The Fund reduced its stake from 18.99% to 12.57% 	<ul style="list-style-type: none"> • 14 Oct / 19 Oct for shares, respectively 20 Oct for GDRs

Transaction Highlights

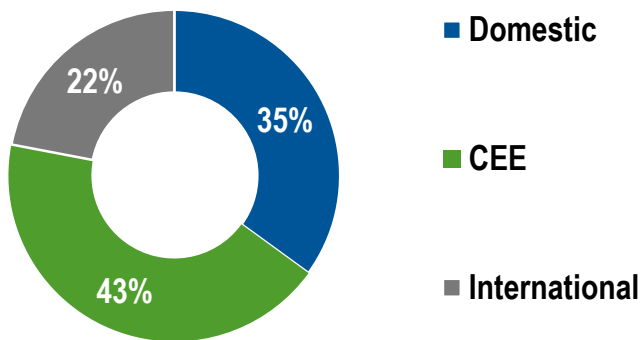
- Largest ever fully marketed follow-on offering in Romania
- Largest equity transaction in Romania since June 2014
- Largest EM EMEA Oil and Gas transaction in 2016 Year-to-date
- Following the offering, OMV Petrom's free float will increase by 69% (from 9.4% to 15.8%)
- Large deal size: 1,342 days trading volume (equivalent to over 5.8 years' trading volumes)

Source: Goldman Sachs International, Banca Comercială Română SA, Erste Group Bank AG and WOOD & Company Financial Services.

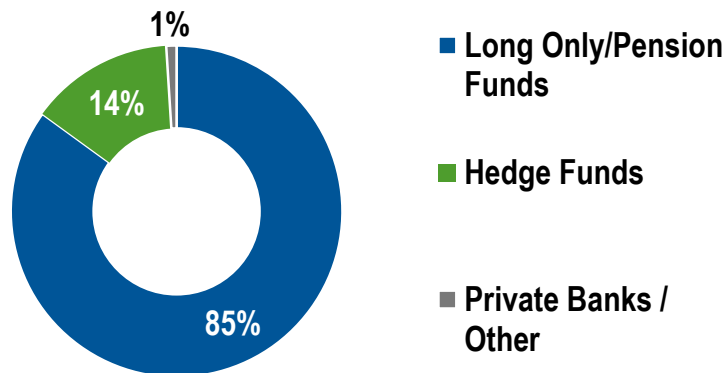


OMV Petrom Partial Sale – Transaction Details (II) **FONDUL PROPRIETATEA**

Total Allocation by Region



Total Allocation by Type



Transaction Highlights

- Higher aftermarket liquidity
- Broadened shareholder base (80% of the transaction went to high quality institutional investors)
- Increased capital market profile among domestic retail investors
- GDRs will allow accessing international investors through the London listing and USD GDR price and further help diversify OMV Petrom's shareholder base
- GDR allow future traction among European and US institutional investors
- GDRs will increase the visibility of OMV Petrom as well as Romania

Source: Goldman Sachs International, Banca Comercială Română SA, Erste Group Bank AG and WOOD & Company Financial Services.

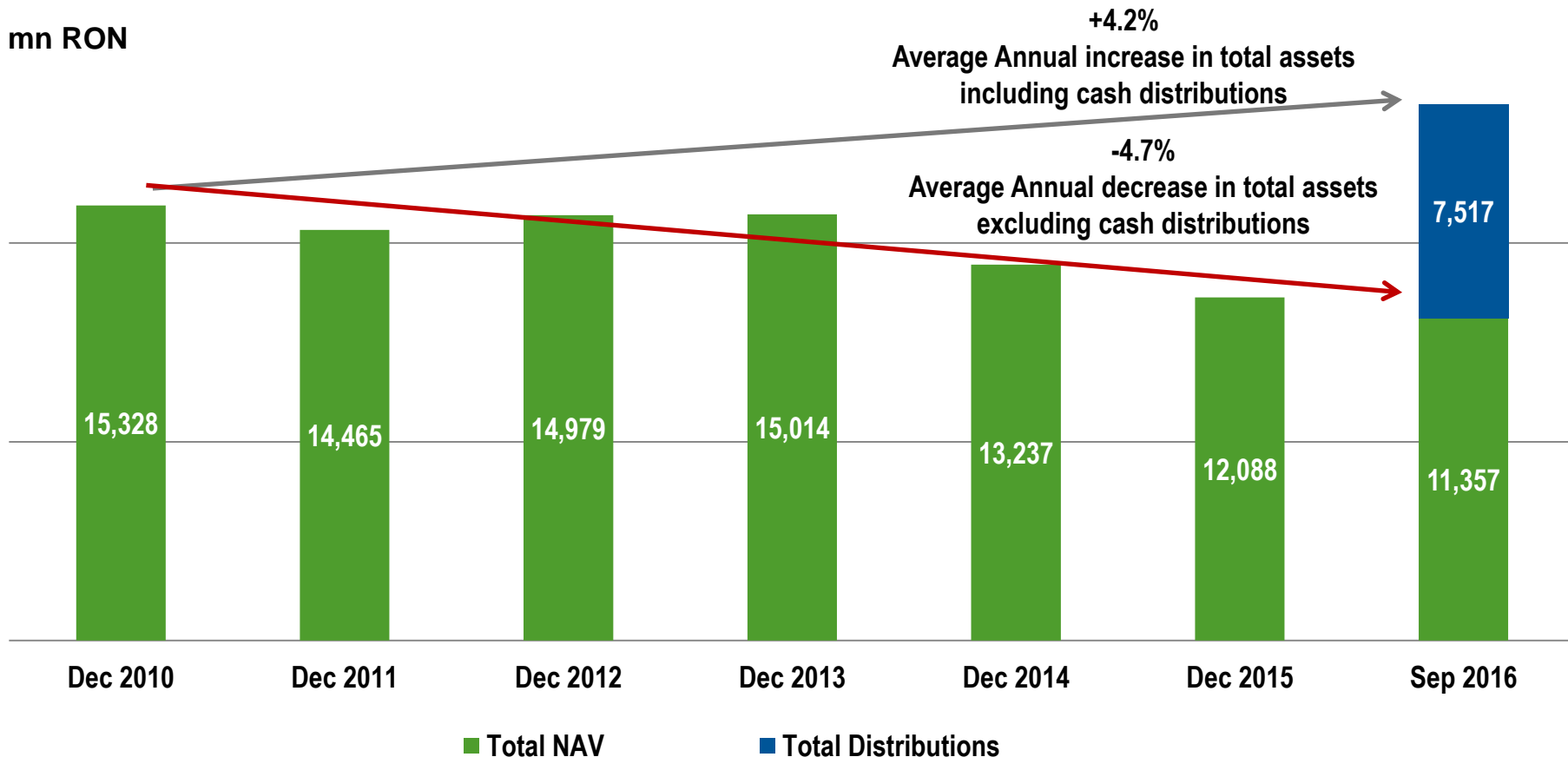


Corporate Actions



Annual Decrease in Total Assets: 4.7%.

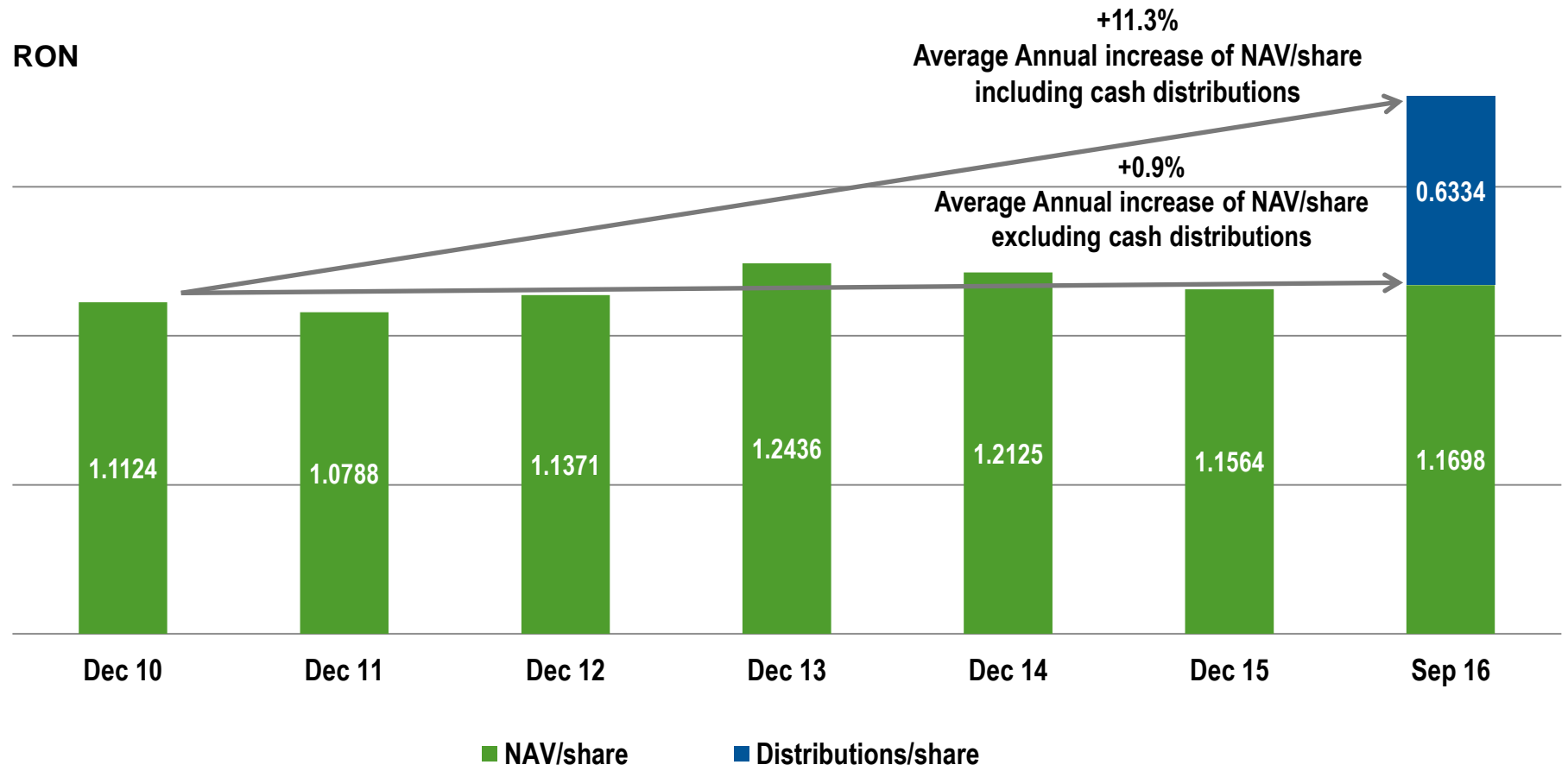
Total Distributions Account for almost 50% of December 2010 NAV



Note: Average annual decline in total assets of 5% includes the total distributions made by the Investment Manager through buy-backs and cash distributions of RON 7.52 bn. Assuming that this amount would have stayed with the Fund, the average total assets would have increased by 4% annually.

Source: FP NAV reports, FP Annual reports.

Positive Evolution of the NAV/Share including Cash Distributions: +62.1%



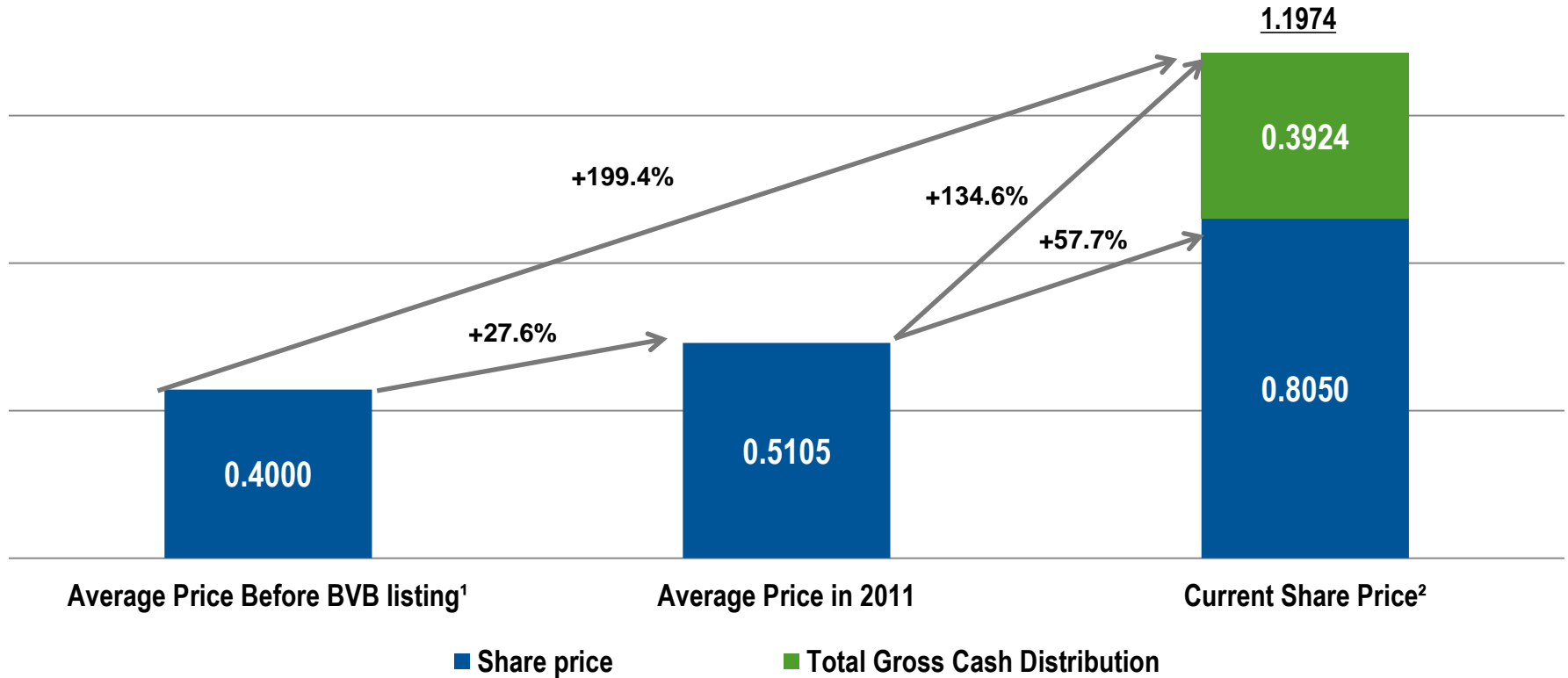
Note: Average annual increase of 0.9% excludes cash distributions made by the Investment Manager. Including the cash distributions, the average annual increase of the NAV/share was 11.3%

Source: FP NAV reports, and FP annual reports.



Shareholder Returns

RON



Source: BVB.

1. Source: Intercapital Invest January 2011 report, and press articles.

2. As at 28 October 2016.

NAV, Share Price and GDR Performance

Cumulative Performance (RON)

	2011	2012	2013	2014	2015	H1 2016	YTD ¹	Since Performance Inception ¹
NAV	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	3.53%	5.82%	30.97%
Ordinary Share Price	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	(4.21)%	5.95%	81.02%
GDR	N/A	N/A	N/A	N/A	N/A	(3.05)%	6.69%	2.29%

Average Annual Discount

2011	2012	2013	2014	2015	YTD ²	Current Share Price Discount ³	Current GDR Price Discount ³
55.67%	50.09%	40.74%	30.87%	29.12%	32.39%	31.186%	28.04%

Source: BVB, LSE, Bloomberg, FP NAV reports, FP Monthly Factsheets.

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 30 September 2016.

2. For the period: 4 January – 14 October 2016.

3. As at 14 October 2016.

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	Net Cash Distribution Per Share if the Fund were to pay Dividends
Dividend	2008-2009 (aggregate)	2010	0.08160	0.06854	-	0.06854
Dividend	2010	2011	0.03141	0.02638	-	0.02638
Dividend	2011	2012	0.03854	0.03237	+22.71%	0.03237
Dividend	2012	2013	0.04089	0.03435	+6.12%	0.03435
Return of Capital	-	2014	0.05000	0.05000	+45.56%	0.04200
Return of Capital	-	2015	0.05000	0.05000	-	0.04200
Return of Capital	-	2016	0.05000	0.05000	-	0.04750
Special Distribution ²	-	2017	0.05000	0.05000	-	0.04475 ³
Total			0.39244	0.36164		0.33789

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. Based on our current understanding of Romanian tax law, no Romanian withholding tax will apply on the return of capital distribution. Due to the uncertainty of Romanian tax law, we cannot guarantee that the tax treatment will not change in the future.

2. Submitted for shareholders approval during the 31 October 2016 GSM.

3. Applicable to only individual shareholders.



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Updated Annual Cash Distribution Policy

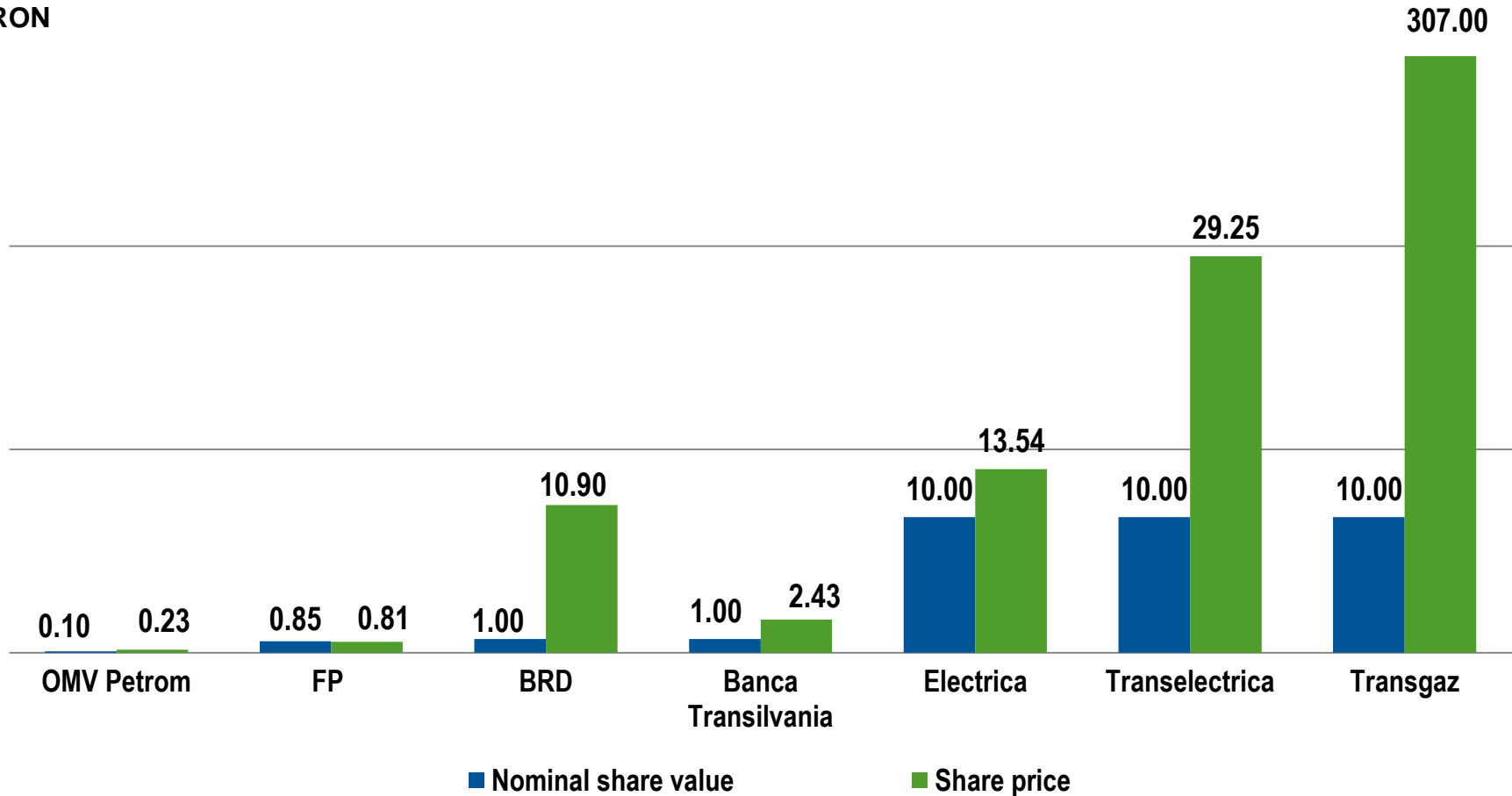
- In the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations and subject to available funding, the Investment Manager intends to recommend a cash distribution related to each financial year equivalent to: 100% of the sum of the Fund's dividend income from portfolio companies, plus interest on cash balances, less expenses and taxation and less compulsory allocations to reserves according to the regulations in force, in each case for that year, but not less than **RON 0.05 per share**.
- The cash distributions would be paid to shareholders in the form of a return of capital (by decreasing the nominal value per share) and / or in the form of dividends, in each case subject to any restrictions under Romanian legal or tax regulations.
- In the case of dividend distributions (where permitted by applicable law), the distributable amount will be assessed based on audited financial information.
- In the case of a return of capital, the distributable amount will be based on a best estimate according to the latest management accounts at the time of proposing the resolution.
- Unpaid and treasury shares will not be entitled to receive cash distributions.
- The Annual Cash Distribution Policy does not limit additional cash returns and share buy-backs that can be recommended by the Investment Manager separately, subject to available funding and depending on the discount level, in accordance with the Investment Policy Statement.

Special Cash Distribution

- In accordance with the Investment Policy Statement, the Investment Manager submitted for shareholders' approval during the GSM to be held on 31 October 2016, the approval of a **special distribution of RON 0.05 per share, in addition to the annual cash distribution.**
- If approved by shareholders, **the special distribution will be paid to shareholders starting with 27 March 2017.**
- The Investment Manager intends to recommend to shareholders an annual cash distribution of at least RON 0.05/share to be approved in early 2017 and paid in June 2017, subject to available funding and necessary approvals, in the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations.
- The proposal for the special distribution is part of the Investment Manager's commitment to continue to reduce the discount to NAV, and is in accordance with the Fund's Cash Distribution Policy.

Nominal Share Value vs. Share Price (I)

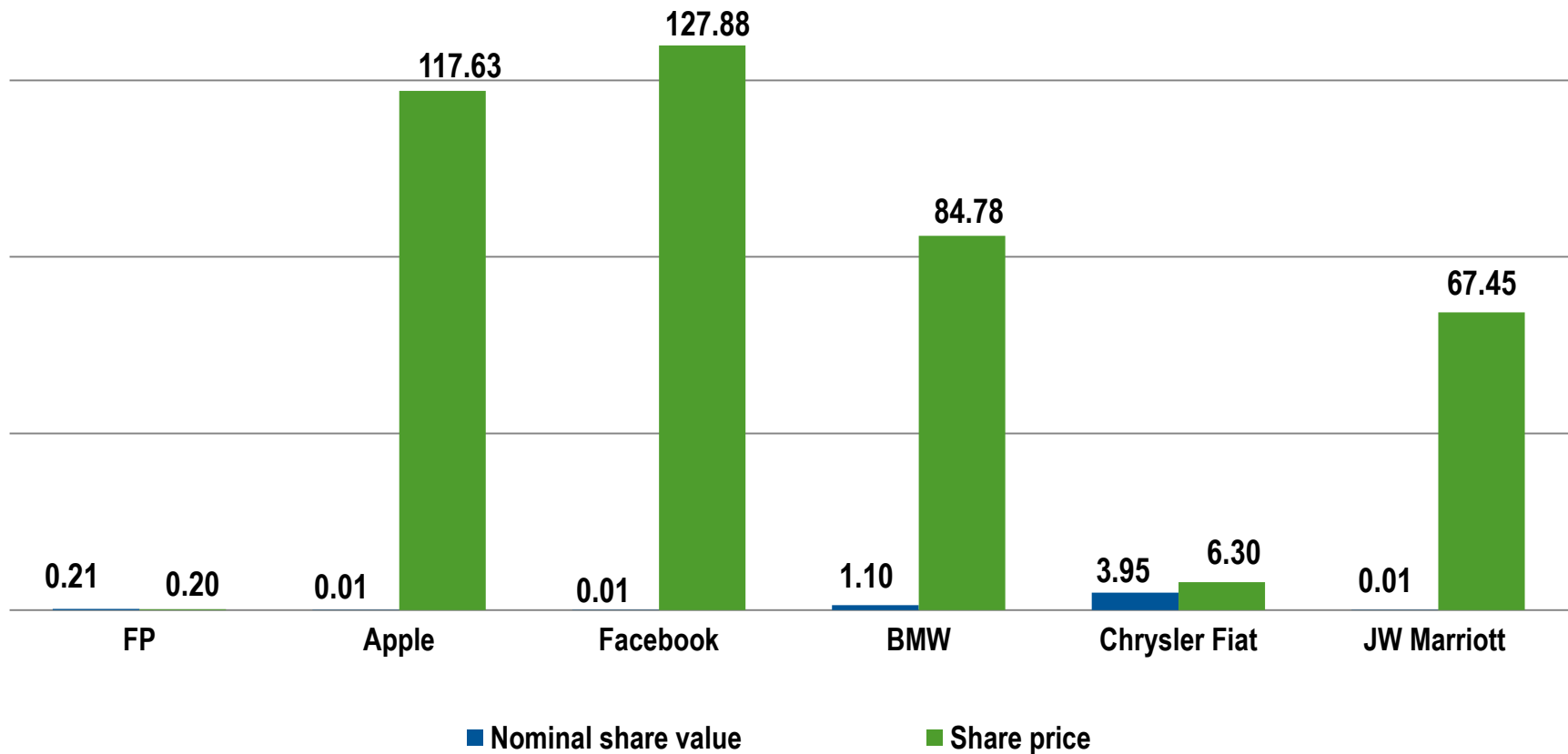
RON



Source: BVB. As at 14 October 2016.

Nominal Share Value vs. Share Price (II)

USD



Source: Bloomberg, Nasdaq, SEC, Trading Economics, as at 14 October 2016.

Simulation: Dividend Distribution vs Return of Capital Distribution

- This is a simulation, and not the Investment Manager proposal, realized in order to show the impact on total equity of distributions through Dividend, or Return on capital
- Assumption for distributions: RON 0.05 / share
- Total shares eligible for distribution as at 30 June 2016: 10,313,668,344⁵
- Value of the cash distribution: RON 515,683,417

RON	Value as at 30 June 2016 ¹	Scenario 1		Scenario 2	
		Dividend distribution ⁴	Adjusted balances as at 30 June 2016 ³	Return of capital ⁴	Adjusted balances as at 30 June 2016 ³
Share capital	9,320,973,181		9,320,973,181	(515,683,417)	8,805,289,764
Fair value reserve on available for sale financial assets	4,043,719,790		4,043,719,790		4,043,719,790
Other reserves	545,671,056		545,671,056		545,671,056
Treasury shares	(211,921,485)		(211,921,485)		(211,921,485)
Profit for the period	540,746,514	(515,683,417)	25,063,097		540,746,514
Retained earnings / (Accumulated losses) ²	(2,473,157,472)		(2,473,157,472)		(2,473,157,472)
Total equity	11,766,031,584	(515,683,417)	11,250,348,167	(515,683,417)	11,250,348,167

1. As reported in the unaudited IFRS interim financial statements as at 30 June 2016. Note: Dividends cannot be distributed based on unaudited financial, or not approved by shareholders financial statements.

2. This simulation does not reflect the effect of the accounting losses coverage proposed by the Fund Manager in the agenda for the GSM scheduled for 31 October 2016.

3. Simulation based on the latest unaudited IFRS financial statements. The actual accounting entries and effect on equity is reflected only once all relevant approvals specific to each scenario are obtained. Also, the accounting entries above are related only to the shares eligible for distribution.

4. The distributable amount is based on the eligible shares as at 30 June 2016 and does not consider the potential effect of any subsequent changes that may occur before shareholders' approval for such distributions.

5. Calculated as Total number of issued share - Un-paid shares - Treasury shares.

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
Sixth	Sep 2015 – Sep 2016	Finalized	891.8 mn/8.13%	0.8208	Wood & Co., Goldman Sachs Int.	Approval on 26 April 2016 of the cancellation of 179.6 mn shares; Shareholders approved the cancellation of the rest of the shares during the 11 Oct 2016 GSM
Seventh	Started on 29 Sep 2016	12.04% Completed	204.8 mn/ 1.87%	0.8047 ¹	Wood & Co., Goldman Sachs Int.	-
Eight	-	Approved by shareholders during the 11 Oct 2016 GSM	Max. 10% of the issued share capital at the relevant time	-	-	-

1. As at 24 October 2016. Estimated value based on the 24,661,546 shares repurchased (24,661,546 ordinary shares and 0 equivalent shares of the GDRs repurchased).

- The approval of the decrease of the subscribed share capital of Fondul Proprietatea S.A. from RON 8,562,968,634.10 to RON 5,742,226,025.22 through the reduction of the par value of the shares of Fondul Proprietatea S.A. from RON 0.85 to RON 0.57, following two operations:
 - The coverage of the accumulated accounting losses as reflected in Fondul Proprietatea S.A. financial statements as at 31 December 2015 in amount of RON 2,473,157,471.66 through the decrease of the subscribed share capital of Fondul Proprietatea S.A. from RON 8,562,968,634.10 to RON 6,245,930,062.52 by reducing the par value of the shares of Fondul Proprietatea S.A. from RON 0.85 to RON 0.62;
 - The decrease of the subscribed share capital of Fondul Proprietatea SA from RON 6,245,930,062.52 to RON 5,742,226,025.22 through the reduction of the par value of the shares of Fondul Proprietatea S.A. from RON 0.62 to RON 0.57, and distributions to shareholders of a part of their contributions, proportionally with their participation to the paid-up share capital of Fondul Proprietatea SA.
- The approval of several amendments of the Constitutive Act of Fondul Proprietatea S.A.
- The authorization of the sole administrator to execute any acts over any holdings in the portfolio companies of Fondul Proprietatea S.A., which either individually or cumulatively during 2017 financial year, exceed 20% of the total value of the non-current assets, less receivables.
- The ratification and the approval of all EGM 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 30 October 2016
- The approval of:
 - 6 March 2017 as the Ex – Date
 - 7 March 2017 as the Registration Date
 - 27 March 2017 as the Payment Date

31 October OGM Agenda

- The Alternative Investment Fund Manager's presentation of the Performance Report for the period 1 July 2015 – 30 June 2016.
- Board of Nominees' presentation of the Review Report in relation to the Performance Report prepared by the Alternative Investment Fund Manager for the period 1 July 2015 – 30 June 2016.
- The continuation or not of the mandate of Franklin Templeton International Services S.à r.l. as Fondul Proprietatea's alternative investment fund manager and sole director.
- The approval of the 2017 budget of Fondul Proprietatea SA, in accordance with the supporting materials.
- The appointment of DELOITTE AUDIT S.R.L. as the financial auditor of Fondul Proprietatea SA
- 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 30 October 2016
- The approval of:
 - 6 March 2017 as the Ex – Date
 - 7 March 2017 as the Registration Date
 - 27 March 2017 as the Payment Date

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