

# Fondul Proprietatea – Analyst and Investor Day

26 June 2014



FRANKLIN TEMPLETON  
INVESTMENTS

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The headquarters of Fondul Proprietatea SA are at 78-80 Buzesti Str, 7th Floor, Bucharest District 1, 011017, Romania. Fondul Proprietatea's Fiscal Identification Code (CIF) is 18253260 and Trade Registry registration no is J40/21901/2005. The subscribed share capital is RON 13,538,087,407 and paid share capital is RON 13,174,101,815. This presentation is issued by Franklin Templeton Investment Management Limited ("FTIML"), registered with ASF under no. PJR09SIIR/400006/18.08.2010, which is authorized and regulated in the UK by the Financial Conduct Authority with Register Number 121779, registered as a foreign equivalent of an investment adviser with the US Securities Exchange Commission, and the Romanian branch is regulated by the Romanian Financial Supervisory Authority.

Date: June 2014.

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# Fund Information

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# The Fund – Key Facts

## Fund Details as at 31 May 2014

Base Currency	RON
Fund Launch Date	28 December 2005
Franklin Templeton Appointment Date	29 September 2010
Listing Date	25 January 2011

Values <sup>1</sup>	RON	EUR
NAV	15.25 bn	3.47 bn <sup>2</sup>
NAV/Share	1.2771	0.2904 <sup>2</sup>
Price/Share <sup>3</sup>	0.8130	0.1848
Discount <sup>3</sup>	36.34%	36.34%
Number of Shares in Issue	13,538,087,407	
Number of Paid Shares	13,174,101,815	
Number of Paid Shares less Treasury Shares <sup>4</sup>	11,886,275,807	

1. As at 31 May 2014, based on local regulator methodology.

2. Computed using the NBR EUR/RON FX rate as at 30 May 2014.

3. As at 30 May 2014. Computed using the NBR EUR/RON FX rate as at 30 May 2014.

4. As at 20 June 2014.

# New Investment Management Agreement – Key terms

## Current Investment Management Agreement

### Fees

- Base Fee: 0.479%
- Consideration: Average quarterly market capitalization of the Fund

### Duration

- Until 29 September 2014

## New Investment Management Agreement

### Fees

- Base Fee: 0.60%
- Consideration: Average quarterly market capitalization of the Fund
- Distribution Fee:
  - 2.00% of total non-dividend distributions (30 September 2014 – 31 October 2015)
  - 1.00% of total non-dividend distributions (1 November 2015 – end of the mandate)
- Consideration: Share buy-backs, public tender buy-backs, reductions of the share capital

### Duration

- 2 years, starting with 30 September 2014
- The Fund Manager will call a GSM each year in October to review the performance of the Fund Manager and shareholders will have the right to vote on the continuation of the mandate of the Fund Manager

### Status:

- Shareholders approved the new IMA at the Annual General Shareholders Meeting on 28 April 2014
- The new IMA is pending endorsement from the FSA

# Fund Management Strategy

## Investment Objective:

Capital appreciation via investments mainly in Romanian equities and equity-linked securities



## Investment Strategy:

- No new investments until the discount narrows significantly
- Active management and engagement with current portfolio companies to increase their value
- Continuing with buy-back programs (share repurchases and / or public tender offers) and cash distributions to shareholders



## Performance Objectives (IPS):

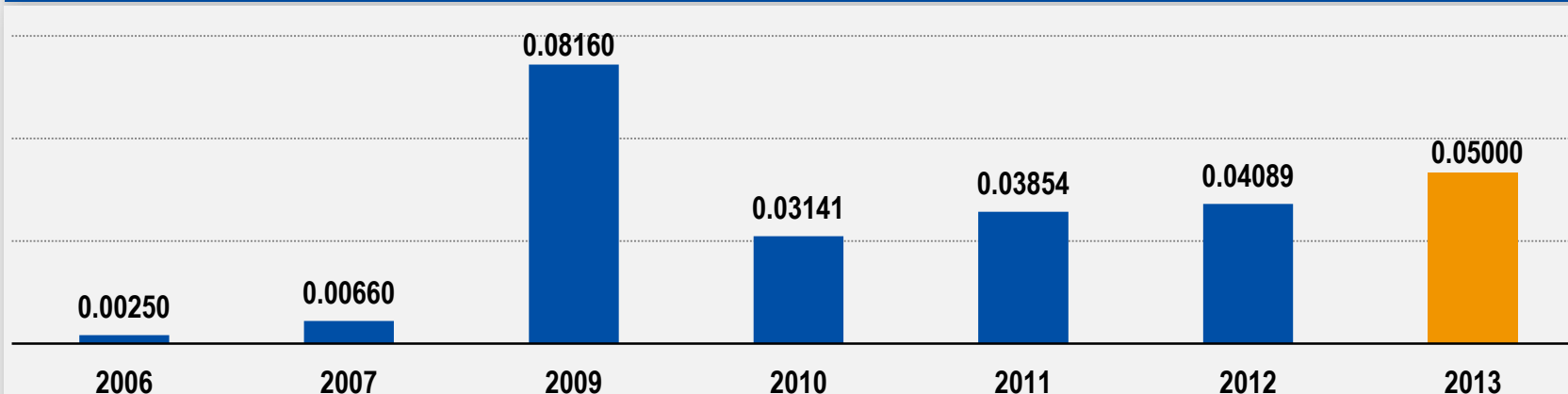
- Discount of 15% or less for at least two thirds of the trading days between 1 October 2014 – 30 June 2015
- Higher adjusted NAV per share than the NAV per share reported as at 30 September 2013<sup>1</sup>



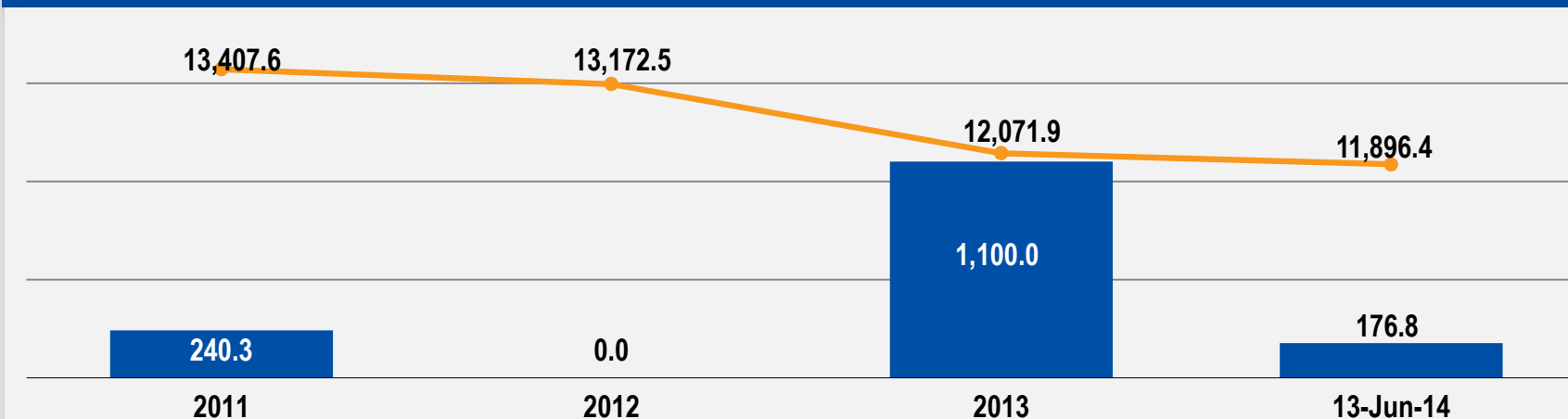
1. The adjusted NAV for a given date will be calculated as the sum of: the reported NAV as at the end of reporting period, any returns to shareholders, following reductions of the share capital (return of nominal) implemented after 30 September 2013, and any Distribution Fees and any transaction costs relating to non-dividend distributions including buy-backs executed after 30 September 2014. 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.

# Distributions to Shareholders

## Distributions per Share (RON)<sup>1</sup>



## Share Buy-Back Activity (for the 12 Months Ended) Mn Shares

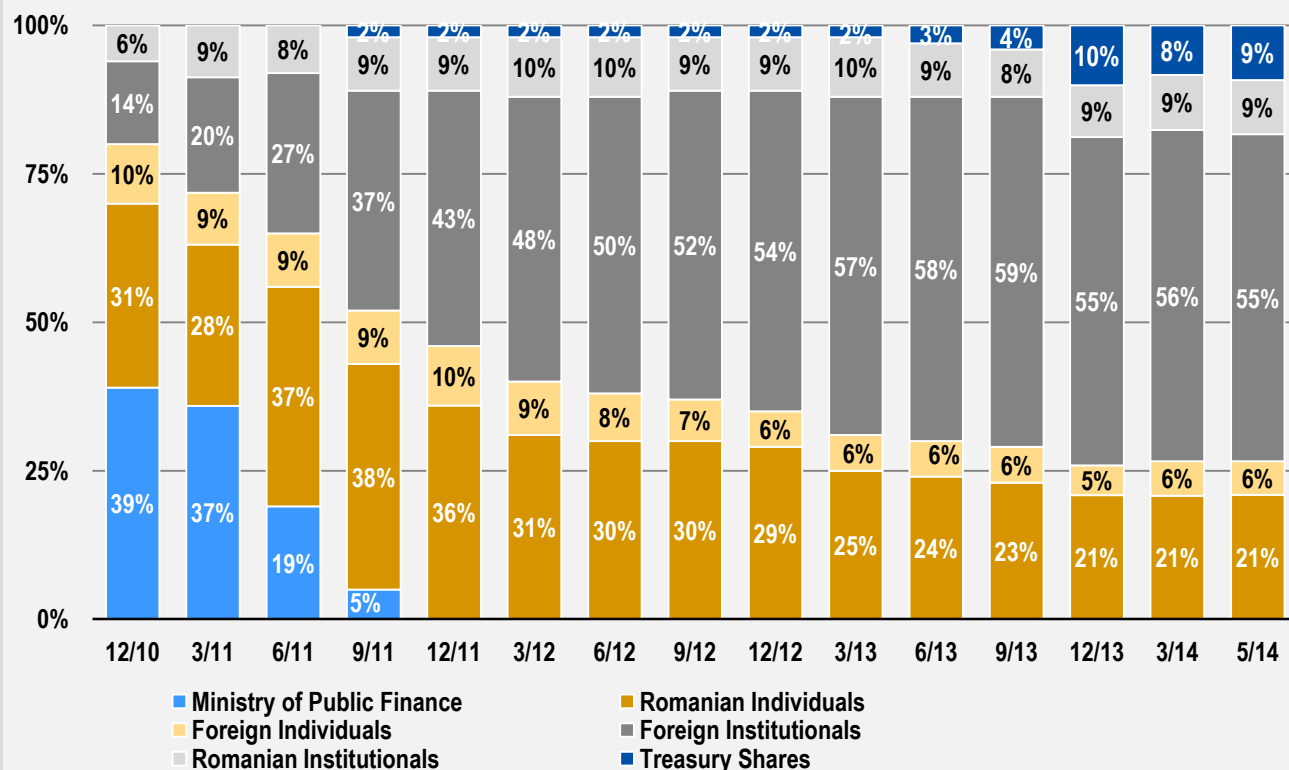


1. The RON 0.08160/share distribution was for 2008 and 2009. The RON 0.05/share return of capital was recommended by the Fund Manager and approved by shareholders during the Extraordinary General Shareholders Meeting on 3 February 2014.

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# Shareholders Structure<sup>1</sup>

## Evolution (% Held)



## Largest Shareholders<sup>2</sup>

Elliott Associates	15.22%
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Total Number of Shareholders <sup>1</sup>	8,200
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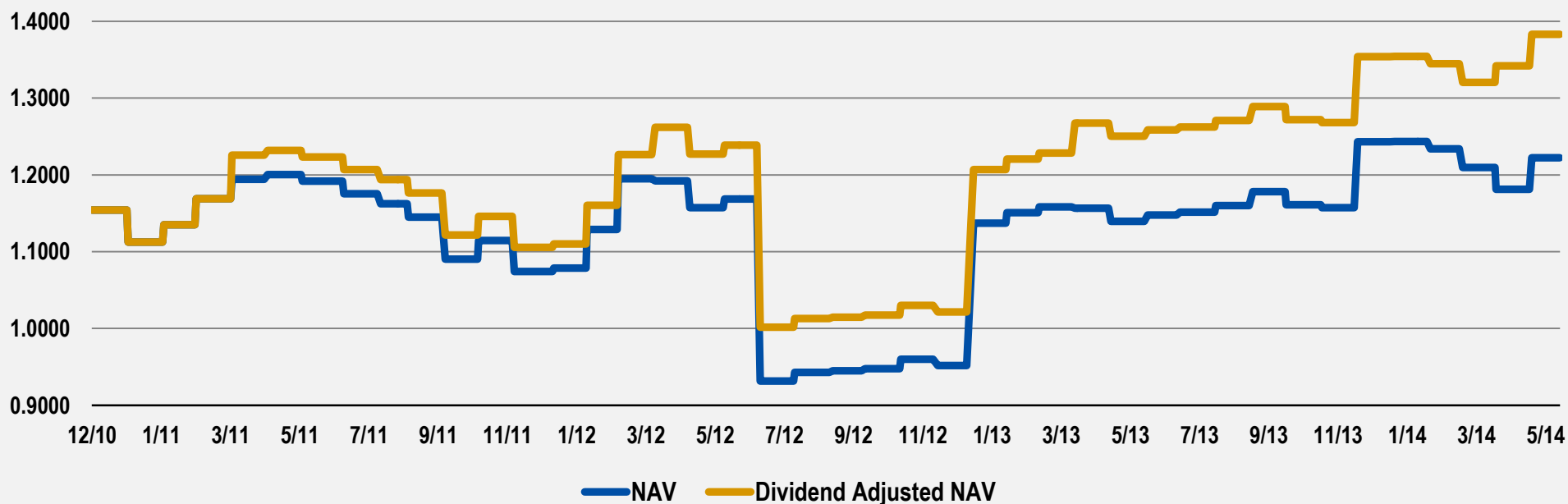
1. Shareholders structure as at 31 May 2014, based on paid share capital starting 31 July 2011. Source: Central Depository.

2. Based on the paid share capital as at 31 May 2014. Source: Ownership disclosures submitted by shareholder.



# Net Asset Value

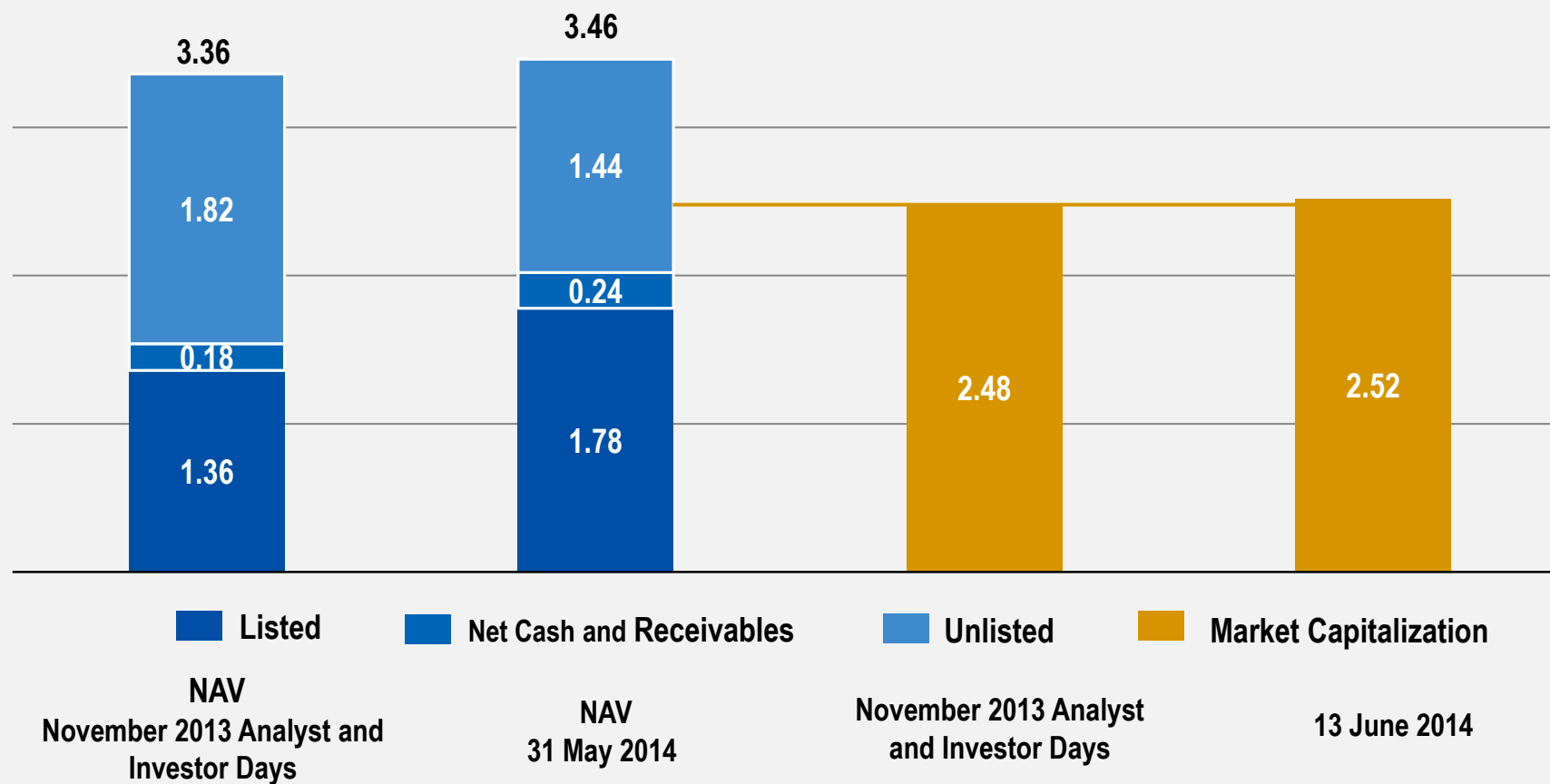
## NAV (RON)/Share



- From June to November 2012, the NAV reflects a zero valuation for Hidroelectrica after the Court admitted the Company's request for insolvency
- Starting December 2012, the NAV reflects the change in the local regulator's valuation methodology which allows companies in insolvency to be valued based on an independent valuation report.
- In February 2014, Hidroelectrica re-entered the insolvency procedure and the Fund's stake has been valued based on an independent valuation report.

# Market Valuation

## FP NAV vs. Market Capitalization (EUR bn)



Note: Fondul Proprietatea's NAV and NAV per share were not adjusted as at 31 May 2014 for the share capital decrease of RON 0.05 / share (for which registration date was 30 April 2014). This share capital decrease will be recorded in Fondul Proprietatea's books, and will be reflected in the Net Asset Value, at the date when it will be endorsed by FSA.

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

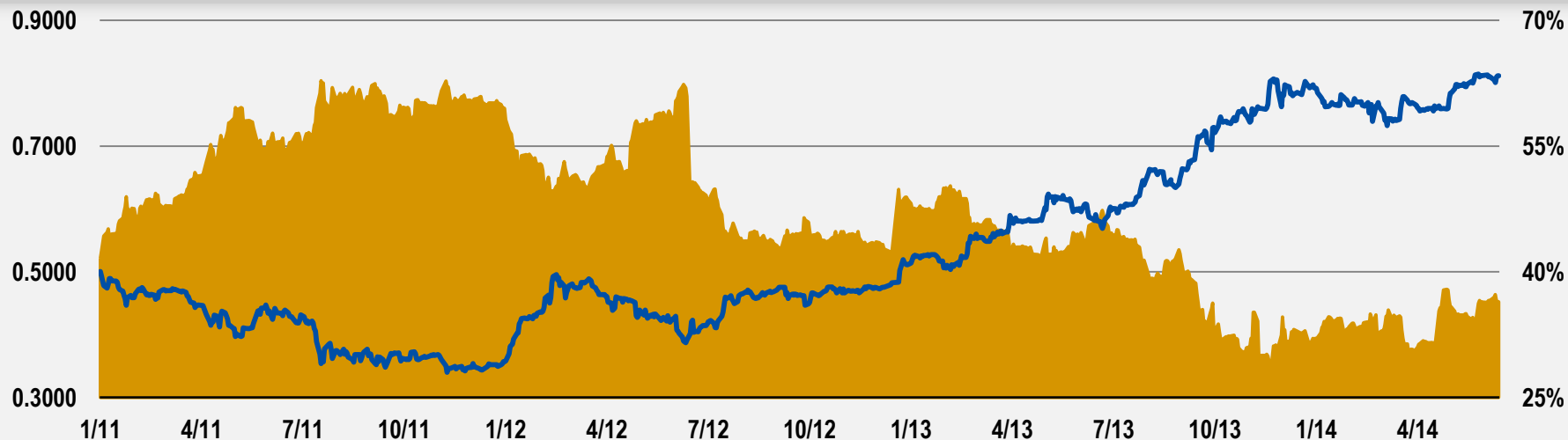
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# Market Performance

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



Average Daily Turnover<sup>2</sup>

EUR 2.5 mn

Number of Shares Traded<sup>2</sup>

1.6 bn shares  
(12.3% of the paid share capital)

Value of the Shares Traded<sup>2</sup>

EUR 297.8 mn

1. Source: Bucharest Stock Exchange, Bloomberg, for the period 25 January 2011 – 20 June 2014.

2. Source: BVB, for the period 3 January – 20 June 2014.

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# NAV and Share Price Performance

## Cumulative Performance

	2011	2012	2013	Since Performance Inception <sup>1</sup>	YTD <sup>1</sup>
NAV	(0.47)	8.91	13.29	26.11	2.69
Ordinary Share Price	(30.32)	38.30	61.34	61.58	3.92

## Average Annual Discount

2011	2012	2013	Current Discount <sup>2</sup>	Current Adjusted Discount <sup>2</sup>
55.67%	49.83%	41.30%	36.42%	33.83%

Note: Fondul Proprietatea's NAV and NAV per share were not adjusted for the share capital decrease of RON 0.05 / share (for which registration date was 30 April 2014). This share capital decrease will be recorded in Fondul Proprietatea's books, and will be reflected in the Net Asset Value, at the date when it will be endorsed by FSA.

1. As at 31 May 2014.

2. As at 20 June 2014, adjusted for the value of the RON 0.05 / share cash distribution.

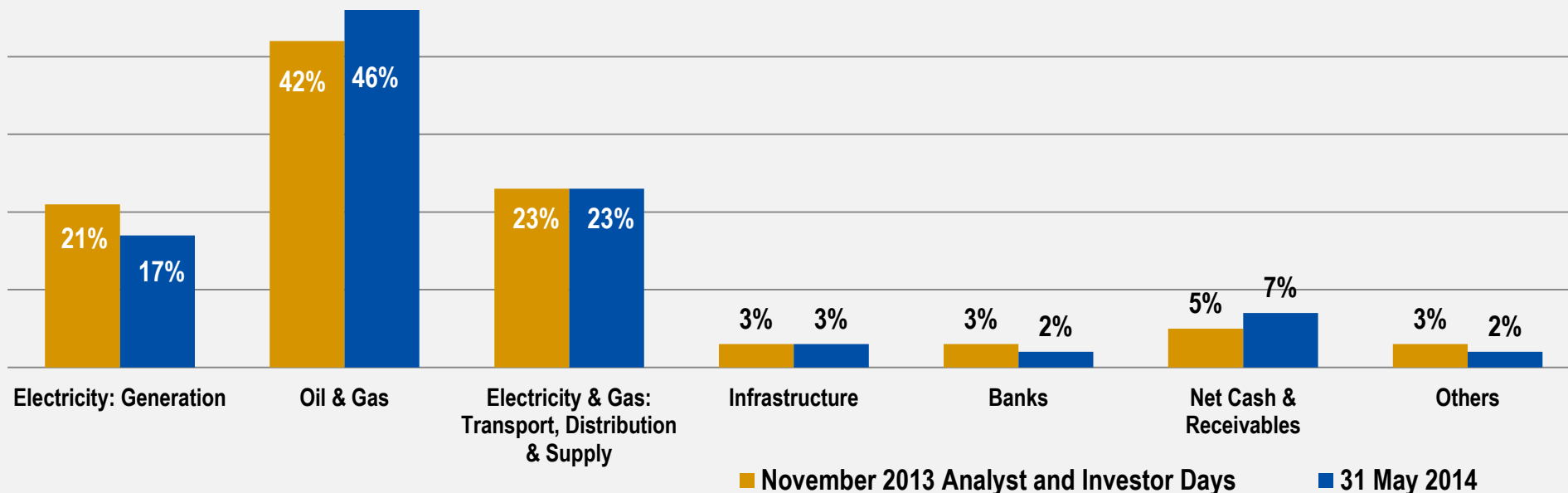
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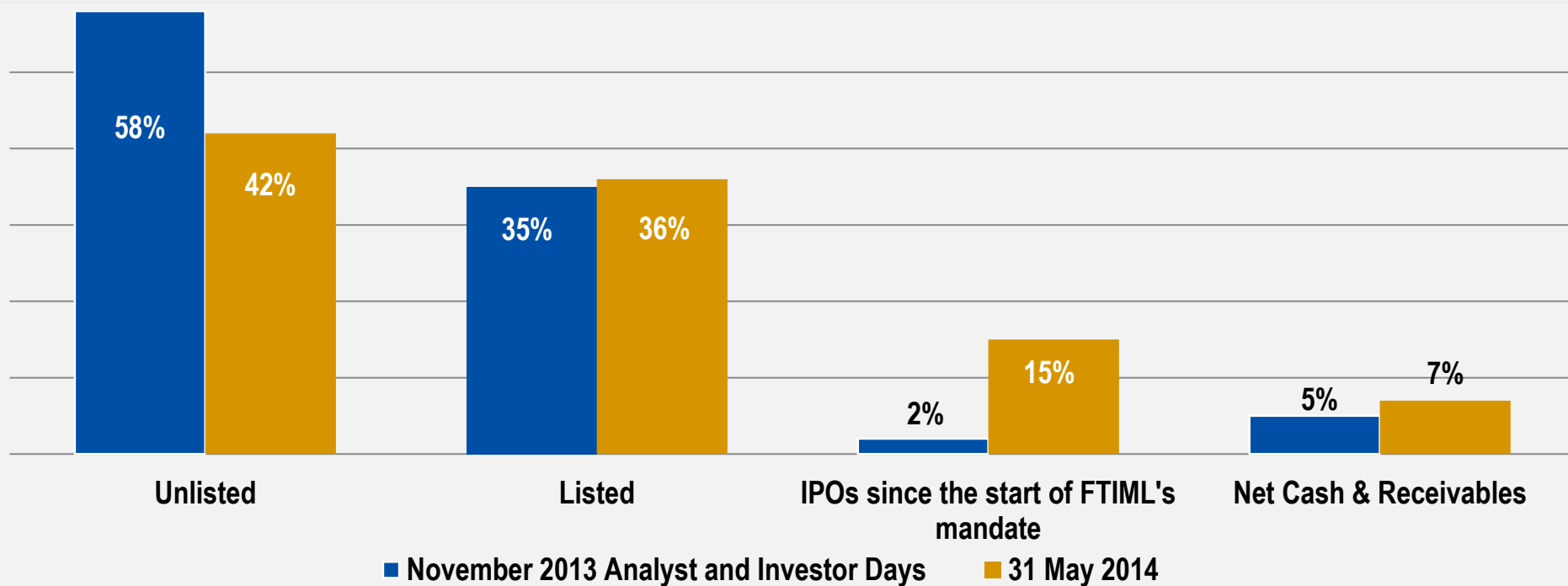
# Portfolio Performance

## Portfolio Structure - Sector Breakdown



- As at 31 May 2014, the portfolio included stakes in 58 companies (20 listed and 38 unlisted)
- Since the previous Analyst and Investor Days event in November 2013, the Fund disposed of its entire holdings in Transgaz, Resib SA, Turdapan SA, Raiffeisen Bank and Erste Bank, and part of its holding in Oil Terminal SA.
- On 18 June 2014, the Fund sold a 4.99% stake in Romgaz through an accelerated bookbuild offering. The gross proceeds from the transaction amount to RON 644.6 million (EUR 146.4 million). Following the sale, the Fund owns a 10.00% stake in Romgaz.

## Portfolio Structure - Listed vs. Unlisted



- In September 2013, the Fund announced that it is considering strategic options relating to the potential sale of a part of its holding in Conpet SA, not exceeding 10% of all outstanding shares in the company
- In March 2014, the Fund announced that it is reviewing strategic options to potentially reduce its stake in OMV Petrom to below a 15% holding, subject to appropriate market conditions and required approvals

# Largest Holdings by NAV

No.	Portfolio Company <sup>1</sup>	Status	Majority Shareholder	% Stake <sup>2</sup>	November 2013 Investor Day NAV (EUR mn) <sup>3</sup>	NAV as at 31 May 2014 (EUR mn)	% in NAV as at November 2013 Investor Day <sup>3</sup>	% in NAV as at 31 May 2014
1	OMV Petrom	Listed	OMV	19.0	1,080.6	1,076.2	32.2	31.1
2	Hidroelectrica	Insolvency	Romanian State	19.9	451.6	478.6	13.5	13.8
3	Romgaz	Listed	Romanian State	15.0	301.9	471.6	9.0	13.6
4	ENEL Distributie Banat	Unlisted	Enel Group	24.1	109.6	130.3	3.3	3.8
5	ENEL Distributie Muntenia	Unlisted	Enel Group	12.0	98.0	107.6	2.9	3.1
6	GDF Suez Energy Romania	Unlisted	GDF Suez	12.0	78.1	91.9	2.3	2.7
7	ENEL Distributie Dobrogea	Unlisted	Enel Group	24.1	73.2	86.2	2.2	2.5
8	E.ON Moldova Distributie	Unlisted	E.ON Group	22.0	73.1	78.5	2.2	2.3
9	CE Oltenia	IPO 2014	Romanian State	21.5	198.6	73.2	5.9	2.1
10	Electrica Distributie Muntenia Nord	Unlisted	Electrica Group	22.0	62.7	67.3	1.9	1.9
Top 10 Portfolio Holdings					2,527.4	2,661.4	75.4	76.9
NAV					3,357.5	3,466.2	100.0	100.0
NAV Per Share (EUR)					0.2613	0.2904		

Note: Values in EUR calculated using the EUR/RON FX rate as at 31 May 2014 and 31 October 2013.

Source: Report prepared by the Fund Manager as at 31 May 2014.

1. Based on the 31 May 2014 NAV report prepared by the Fund Manager.

2. Based on the 31 March 2014 Detailed Statement of Investments.

3. Based on the 31 October 2013 NAV report prepared by the Fund Manager.

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# SPO & IPO Transactions

## Completed Transactions

Company	Transaction	Seller	Offering Stake	Market Value (EUR mn)	Investment Consortium Selected	Comments
Transelectrica	SPO	Romanian State	15.0%	37.6 <sup>1</sup>	BCR, Swiss Capital, Intercapital Invest	Completed in March 2012
Transgaz	SPO	Romanian State	15.0%	72.0 <sup>2</sup>	Raiffeisen, Wood & Company, BT Securities	Completed in April 2013
OMV Petrom	ABB	FP	5.6%	56.9	Wood & Co., Raiffeisen C&I	Completed in May 2013
Nuclearelectrica	IPO	New Shares	10.0%	63.2 <sup>4</sup>	Swiss Capital, BT Securities	Completed in September 2013
Romgaz	IPO	Romanian State	15.0%	382.8 <sup>3</sup>	Goldman Sachs, Erste-BCR, Raiffeisen	Completed in November 2013
Transgaz	ABB	FP	15.0%	67.8	Citigroup Global Markets, Raiffeisen C&I, Wood & Co	Completed in December 2013
Romgaz	ABB	FP	4.99%	146.4	Goldman Sachs and Erste-BCR	Completed in June 2014

Company	NAV before IPO (EUR mn)	Market Value 1 <sup>st</sup> day of trading on the BSE (EUR mn) <sup>7</sup>	Market Value as at 20 June 2014 (EUR mn)
Nuclearelectrica	146.1 <sup>5</sup>	71.2	51.3
Romgaz	301.9 <sup>6</sup>	447.5	449.1
<b>Total</b>	<b>448.0</b>	<b>518.7</b>	<b>500.4</b>

1. Source: Based on final price of RON 14.9 for institutional tranche and RON 15.7 for the retail tranche and NBR EUR/RON FX rate as at 29<sup>th</sup> March 2012.

2. Source: Based on final price of RON 179 for institutional and large retail tranche and RON 170 for the small retail tranche and NBR EUR/RON FX rate as at 17 April 2013.

3. Source: Based on the final price of RON 30 for institutional tranche and RON 28.5 for the small retail tranche that subscribed in the first 5 days and RON 29.1 for the rest of the small retail tranche and NBR EUR/RON FX rate as at 1 November 2013. the final price for the GDRs listed on the London Stock Exchange is USD 9.25.

4. Source: Based on the price of RON 11.2 for institutional and large retail tranche and RON 10.304 for the small retail tranche that subscribed in the first 3 days and RON 10.864 for the rest of the small retail tranche and NBR EUR/RON FX rate as at 20 September 2013.

5. Source: The NAV report prepared by the Fund Manager as at 31 August 2013. 6. Source: The NAV report prepared by the Fund Manager as at 30 October 2013.

7. For Nuclearelectrica – 4 November 2013; for Romgaz - 12 November 2013.

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## Discount vs. Accelerated Book Building Transactions

Company	Reference Price Pre ABB announcement	Placement Price (RON / share)	Discount vs Reference Price
OMV Petrom	0.43	0.39	9.30%
Transgaz	190.4	172.0	9.66%
Romgaz	35.6	33.50	5.90%

Source: Bucharest Stock Exchange.

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# Government SPO & IPO Calendar for FP's Holdings

## Future IPOs and Privatizations

Company	Official Timeline <sup>1</sup>	FP Expectations	Offering Size %	Offering Size Value (EUR mn)	FP Stake Value (EUR mn)	Seller	Investment Consortium Selected
Hidroelectrica	IPO – June 2014	Delayed by the insolvency proceedings	15.0	422.3 <sup>2</sup>	478.6	New Shares	Morgan Stanley, Raiffeisen
CE Oltenia	IPO – June 2014	2015	12.0/ 15.3	46.3/59.9 <sup>2</sup>	73.2	New Shares	BRD Groupe Societe Generale, Swiss Capital <sup>3</sup>
Posta Romana	Privatization (Capital Increase)	H2 2014	>50.0	>55.3	13.8	New Shares	KPMG, Tuca, Zbarcea and Associates
<hr/>							
Electrica SA <sup>4</sup>	IPO – Ongoing	June 2014	51.0	443.3 - 544.1 <sup>5</sup>	-	New Shares	Citi, Raiffeisen, Swiss Capital, BRD, Societe Generale

## Other candidates from the Fund's portfolio for IPOs

Company	FP Stake <sup>6</sup>	FP Stake Value (EUR mn) <sup>7</sup>	Market Cap <sup>7</sup>
Administratia Porturilor Maritime (Constanta Port)	20.0%	15.8	79.0
Aeroporturi Bucuresti (Bucharest Airports)	20.0%	65.4	327.0
Salrom	49.0%	24.2	49.4

1. As agreed with the IMF in the September 2013 Letter of Intent.

2. Source: The NAV report prepared by the Fund Manager as at 31 May 2014.

3. Offer submitted in April 2013.

4. FP is not a shareholder of the company but is a shareholder of the subsidiaries of Electrica..

5. Based on the IPO price range.

6. Source: 31 March 2014 Detailed Statement of Investments.

7. Source: NAV report prepared by the Fund Manager as at 31 May 2014.

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# Active Management – Actions to Protect and Increase the Value of Underlying Holdings

## General Actions

Active involvement in portfolio companies through Board representation (FTIML's investment team attended 93 General Shareholders Meetings and 41 Board meetings in Q1 2014)

Participation to public consultations regarding new legislation relevant for companies in the portfolio (e.g. gas and electricity liberalization, OUG 109/2011, etc)

Engagement in discussions with all relevant stakeholders to push for implementation of new corporate governance legislation and a number of companies are currently compliant with the governance code

Actively involved in the privatization committees for SOEs in the Fund's portfolio (e.g. Nuclearelectrica, Hidroelectrica, Romgaz)

Continuous dialogue with all decision makers in the Government regarding strategic decisions needed in portfolio companies

# Active Management – Actions to Protect and Increase the Value of Underlying Holdings

## General Actions

Actively supported the introduction of expense reduction plans for the SOEs

Encouraged the companies to put pressure on ANRE for not respecting its own regulations. As a result, ANRE started recognizing production costs, increased tariffs and reduced quantities to be supplied on the regulated market

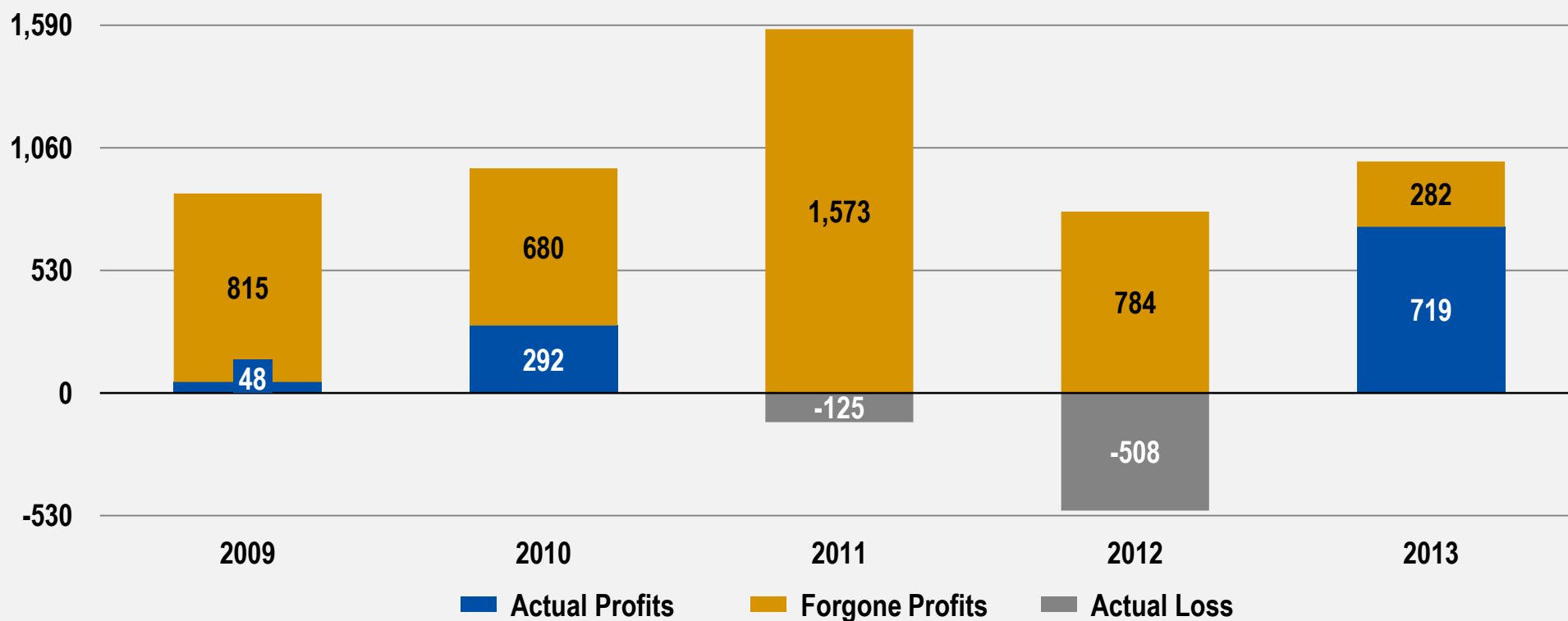
Independently advocated for the liberalization of the gas and electricity markets

Supported the introduction of a fair taxation system on additional revenues from gas price liberalization

Initiated a number of legal cases against board members and management of portfolio companies as well as the Romanian Government decisions with a negative impact on the value of underlying holdings

## Example of a Turnaround - Hidroelectrica

Net Income vs. Foregone Profits (RON mn)



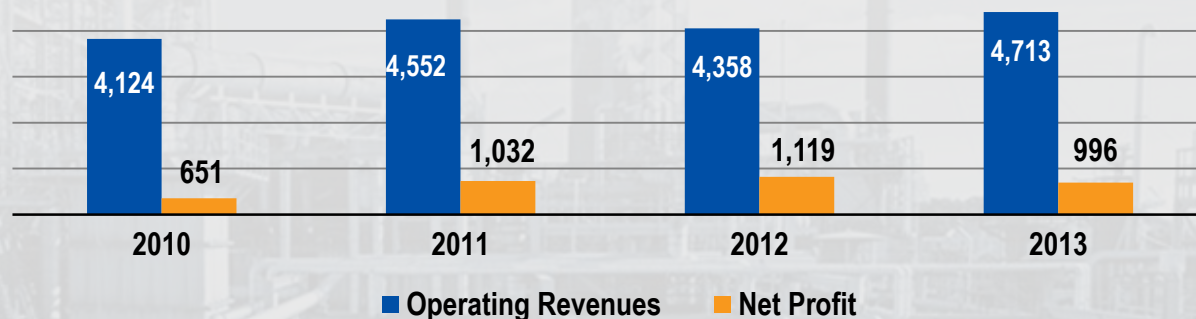
Source: Company 's Financial Statements.

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# Romgaz – Performance Drivers

Mn Ron	Net Profit <sup>1</sup>	Operating Revenues <sup>1</sup>
Q1 2013	333	435
Q1 2014	608	721

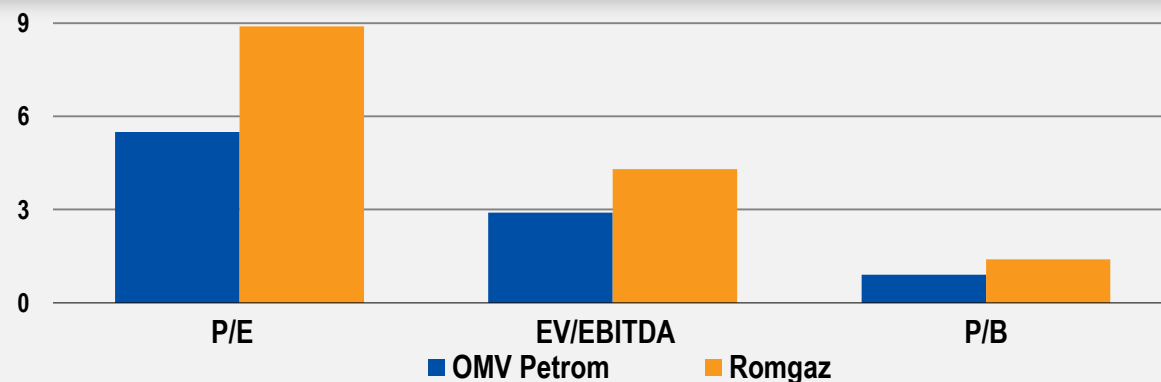
Operating Revenues and Net Profit (RON million) <sup>1</sup>



Pre-Liberalization vs Current Gas Prices (RON/MWh)<sup>2</sup>



GDRs Enhance Valuations – OMV Petrom vs. Romgaz<sup>3</sup>



1. Source: Company's reports.

2. ANRE.

3. Based on the financial statements as of 31 December 2013 and market prices as of 23 June 2013.

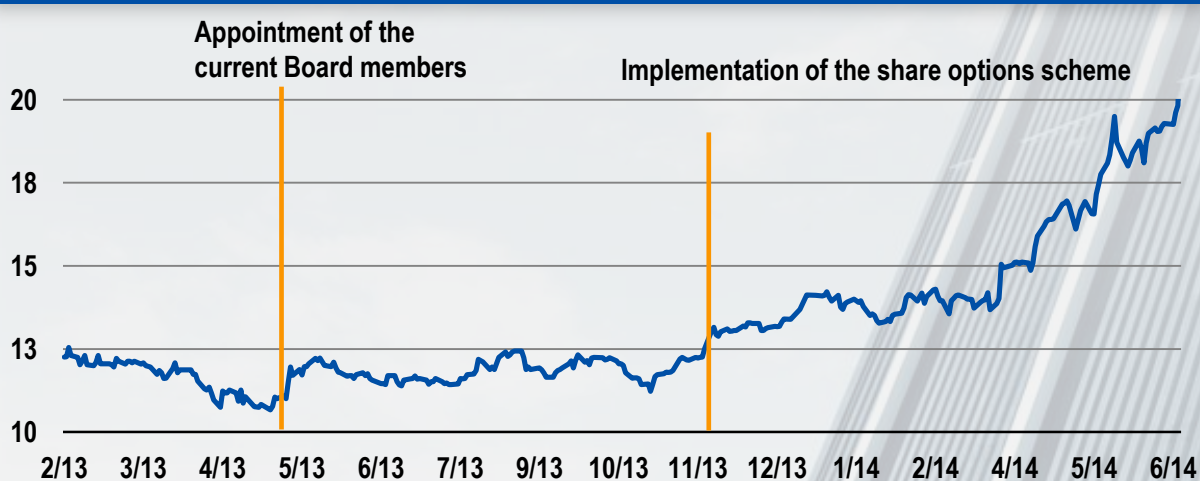
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## Aligning Shareholder Interests - Transelectrica

- Variable remuneration scheme for the management team, whereby the share price performance (adjusted for dividends) determines the value of the Phantom share options each year
- The Phantom options are given on an annual basis to each member of the management team and vest over a period of 3 years (a third of the shadow options vest every year)
- The reference price on which future value of the options will be determined each year is the average share price in the month prior to the Phantom options being awarded
- Managers may choose to exercise the options when they vest or at a later date
- Companies from the Fund's portfolio we would like to see applying the Phantom share option plan: Conpet, Romgaz, Nuclearelectrica

### Transelectrica Share Price (RON)<sup>1</sup>



Mn Ron	Net Profit <sup>2</sup>	FP Net Dividend <sup>2</sup>
2010	104.0	1.2
2011	135.5	10.9
2012	47.9	4.0
2013	206.4	22.4
2014 Budget	97.0	-
Q1 2013	91.8	-
Q1 2014	136.5	-

1. Source: Bucharest Stock Exchange, Bloomberg, as at 13 June 2014.

2. Source: 2013 consolidated financial statements.



## Improved Performance – Constanta Port (APM)

RON mn	2011	2012	2013	% YoY
Operating revenues	244.3	269.6	285.9	+6.1%
Operating profit	51.0	46.3	76.6	+65.6%
Net Income	42.3	35.6	65.0	+82.8%

- **Corporate governance:** There is a visible improvement of results in 2013, following the appointment of a new Board of Directors in November 2012; most of the improvement in profitability was from cost reduction measures but there are opportunities to also improve revenues growth going forward
- **Listing:** Government officials now talking about listing 14% stake (vs. 5% before); progress depends on resolution to request from Local Council of Constanta to receive an additional stake of 13% (currently holds 20%); if both these actions materialize, there will be significant changes in the shareholders structure, as in the table below:

Shareholder structure	Current	Proposed
Ministry of Transports	60%	33%
Fondul Proprietatea	20%	20%
Constanta Local Council	20%	33%
Free float on BVB	0%	14%

# IPO Candidate – Salrom

Financial Information				
RON mn	2010	2011	2012	2013 <sup>1</sup>
Operating Revenues	276.2	282.7	303.5	327.2
Operating Profit	12.2	5.2	25.3	48.2
Net Profit	5.9	1.3	20.7	42.8
FP Net dividend	0.7	0.1	9.3	19.8
EV / EBITDA	4.6	7.5	4.0	2.5
P / E	36.8	167.2	10.5	5.0

Quick Facts	
Sector	Salt mining
Type	Unlisted
Weight in NAV <sup>2</sup>	0.8%
FP Stake <sup>2</sup>	RON 106.3 mn (EUR 24.2 mn)
Shareholder Structure	
Ministry of Economy	51%
Fondul Proprietatea	49%

1. Based on the preliminary 2013 financial statements.
2. Based on the 31 March 2014 NAV report prepared by the Fund Manager.

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## Lack of Restructuring – CE Oltenia

Financial Information			
RON mn	2011	2012 <sup>2</sup>	2013
Operating Revenues	4,026.4	3,347.1	4,278.3
Operating Profit	347.9	44.5	(28.0)
Net Profit	179.8	118.3	4.6
Dividends	N/A <sup>1</sup>	57.1	0
Employees	NA <sup>1</sup>	18,761	18,815

	30 November 2012 Value (RON mn)	30 November 2013 Value (RON mn)	31 March 2014 Value (RON mn)
CE Oltenia SA	1,075.07	880.00	321.64

Sources: Company's reports and financial statements.

1. Created through the merger of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO. Dividends distributed to FP by merged companies: 2012 (CE Rovinari RON 6.5mn, CE Craiova RON 0.03mn), 2011 (CE Rovinari RON 0.02mn, CE Craiova RON 0.01mn).

2. Based on statutory financial statements for the period 1 June – 31 December 2012.

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INVESTMENTS



# Top 20 Portfolio Holdings – Key Financials

Top 20 Holdings <sup>1</sup>		EBITDA (RON mn)				Net Profit (RON mn)			
		2010	2011	2012	2013	2010	2011	2012	2013
1	OMV Petrom SA <sup>3</sup>	5,301.9	7,524.3	8,270.2	8,781.8	2,189.7	3,758.6	3,946.1	4,820.9
2	Hidroelectrica SA	1,349.9 <sup>4</sup>	873.6 <sup>4</sup>	707.3 <sup>4</sup>	2,008.3	292.3	6.5	(508.0)	718.8
3	Romgaz SA	1,655.6	1,884.8	2,126.6	2,181.0	651.2	1,031.8	1,244.1	995.6
4	ENEL Distributie Banat SA	239.4	316.7	292.4	335.1	150.7	220.5	167.2	190.7
5	ENEL Distributie Muntenia SA	215.4	211.3	357.9	424.0	105.1	50.5	206.3	267.2
6	GDF Suez Energy Romania <sup>3</sup>	444.1	426.6	582.6	730.5	271.0	261.9	360.1	447.1
7	ENEL Distributie Dobrogea SA	159.7	185.6	189.7	248.2	99.7	108.9	94.5	133.5
8	E.ON Moldova Distributie SA	281.8	189.2	213.0	254.9	165.4	7.2	71.3	87.0
9	Complexul Energetic Oltenia SA <sup>2</sup>	400.0	57.8	409.8 <sup>5</sup>	543.0	(126.6)	179.8	191.2 <sup>3</sup>	4.6
10	Electrica Distributie Muntenia Nord SA	94.7	141.8	165.6	146.8	26.7	67.4	87.2	126.5
11	CN Aeroporturi Bucuresti SA	164.8	186.5	205.0	238.4 <sup>8</sup>	42.6	52.6	53.1	72.0 <sup>8</sup>
12	Nuclearelectrica SA	689.4	531.7	549.1	892.5	16.1	95.0	34.5	426.9 <sup>3</sup>
13	BRD Groupe Societe Generale <sup>3</sup>	—	—	—	—	1,008.8	498.5	(290.6)	(384.3)
14	Electrica Distributie Transilvania Nord SA	92.6	120.3	161.6	205.5	8.5	29.1	53.1	63.7
15	Electrica Distributie Transilvania Sud SA	99.6	111.2	156.4	211.9	11.9	19.6	45.8	69.4
16	Transelectrica SA <sup>3</sup>	455.6	501.9	420.7	613.0	104.0	135.5	47.9	206.4
17	E.ON Gaz Distributie SA	310.9	354.3	200.0	216.2	159.6	230.5	73.0	67.8
18	Conpet SA	77.9	89.1	86.1	99.6	38.7	28.6	30.8	31.3
19	Banca Transilvania SA <sup>3</sup>	—	—	—	—	133.9	297.3	346.5	408.6
20	SN a Sarii SALROM SA	25.0	19.2	41.1	65.4	5.9	1.4	20.8	42.8 <sup>4</sup>
TOTAL		12,058.3	13,725.9	15,135.2	18,196.1	5,355.3	7,081.2	6,274.9	8,796.5
WEIGHTED TOTAL		2,151.6	2,464.6	2,733.5	3,286.4	769.9	1,159.0	1,117.7	1,578.3
WEIGHTED TOTAL LISTED COMPANIES <sup>9</sup>		1,406.6	1,857.3	2,025.0	2,193.6	581.2	931.3	954.4	1,141.3
WEIGHTED TOTAL UNLISTED COMPANIES <sup>9</sup>		745.0	607.3	708.5	1,092.8	215.7	227.7	163.3	436.9

Note: EBITDA is calculated as Operational result + Depreciation. Source: Companies' financial statements, Judicial Administrator's reports (Hidroelectrica).

1. Based on the 31 March 2014 Detailed Statement of Investments.

2. The company was registered in May 2012 and created through the merger of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO. Combined IFRS financial statements of the merged companies.

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3. Consolidated IFRS financial statements.

4. 2013 preliminary financial results.

5. Preliminary figures for the period 31 May – 31 December 2012.

6. EBITDA = Operational result + Depreciation + Expenses with the revaluation of fixed assets.

7. EBITDA = Operational result - Other income + Depreciation.

8. Pending shareholders' approval.

9. Weighted for the Fund's stake in the companies.

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# Top Listed Portfolio Holdings – Key Financials

Holding	EBITDA (RON mn)		Net Profit (RON mn)	
	Q1 2013	Q1 2014	Q1 2013	Q1 2014
1 OMV Petrom SA	2,361.0	2,284.0	1,330.1	1,075.4
2 Romgaz SA	682.6	864.4	332.8	608.4
3 Nuclearelectrica SA	276.9	199.4	145.3	101.8
4 BRD Groupe Societe Generale	-	-	13.3	37.5
5 Transelectrica SA	192.7	246.9	91.8	136.5
6 Conpet SA	22.3	28.2	12.4	14.8
7 Banca Transilvania SA	-	-	84.4	103.4
8 Oil Terminal	5.1	4.1	(2.1)	0.5
<b>TOTAL</b>	<b>3,540.6</b>	<b>3,627.0</b>	<b>2,008.0</b>	<b>2,078.3</b>
<b>WEIGHTED TOTAL</b>	<b>610.6</b>	<b>624.4</b>	<b>335.5</b>	<b>332.6</b>

Note: EBITDA is calculated as Operational result + Depreciation.

Source: Company financial statements.

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# State Owned Companies – Key Financials

Company	EBITDA (RON mn)			Net Profit (RON mn)		
	2011	2012	2013	2011	2012	2013
Hidroelectrica SA	873.6 <sup>3</sup>	707.3 <sup>3</sup>	2,008.3	6.5	(508.0)	719.0
Romgaz SA	1,884.8	2,126.6	2,181.0	1,031.8	1,244.1	995.6
Complexul Energetic Oltenia SA <sup>1</sup>	57.8	409.8 <sup>4</sup>	543.0	179.8	191.2 <sup>4</sup>	4.6
Nuclearelectrica SA	531.7	549.1	892.5	95.0	34.5	426.9 <sup>8</sup>
Electrica Distributie Muntenia Nord SA	141.8	165.6	146.9	67.4	87.2	126.5
CN Aeroporturi Bucuresti SA	186.5	205.0	238.4 <sup>7</sup>	52.6	53.1	72.0 <sup>7</sup>
Electrica Distributie Transilvania Sud SA	111.2	156.4	211.9	19.6	45.8	69.4
Electrica Distributie Transilvania Nord SA	120.3	161.6	205.5	29.1	53.1	63.7
Transelectrica SA	501.9	420.7	613.0	135.5	47.9	206.4
Societatea Nationala a Sarii – Salrom	19.2	41.1	65.4	1.4	20.8	42.8 <sup>7</sup>
Conpet	89.1	86.1	99.6 <sup>5</sup>	28.6	30.8	31.3
Posta Romana	(102.9)	0.5	20.1	(182.9)	(52.1)	(29.4)
CN Administratia Porturilor Maritime	82.7	80.8	110.3	42.2	35.6	65.0
Romaero	16.2	(32.3)	(5.2)	0.4	(46.7)	(19.8)
CN Administratia Canalelor Navigabile	8.8	13.2	10.6	2.6	4.8	1.0
Oil Terminal SA	17.5	15.3	15.4	0.5	0.5	0.0
A.I. Timisoara – Traian Vuia	19.9	13.8	(13.4)	8.7	4.2	(21.6)
Plafar <sup>2</sup>	0.2	(0.9)	NA	0.1	(1.0)	0.0
A.I. M. Kogalniceanu – Constanta	2.7	1.9	0.3	(0.1)	(1.4)	(3.8)
CN Administratia Porturilor Dunarii Fluviale	7.0	5.3	2.1	4.0	2.5	0.0
CN Administratia Porturilor Dunarii Maritime	1.4	1.9	2.2 <sup>6</sup>	1.0	1.2	1.4
Electrica Furnizare	91.7	108.2	107.2	84.5	90.5	101.5
<b>TOTAL</b>	<b>4,663.1</b>	<b>5,237.0</b>	<b>7,455.1</b>	<b>1,608.3</b>	<b>1,338.6</b>	<b>2,852.3</b>
<b>WEIGHTED TOTAL</b>	<b>832.2</b>	<b>969.6</b>	<b>1,388.6</b>	<b>253.8</b>	<b>231.7</b>	<b>516.9</b>
<b>WEIGHTED TOTAL LISTED COMPANIES</b>	<b>462.1</b>	<b>462.8</b>	<b>550.2</b>	<b>196.6</b>	<b>188.8</b>	<b>224.2</b>
<b>WEIGHTED TOTAL UNLISTED COMPANIES</b>	<b>370.1</b>	<b>506.8</b>	<b>838.5</b>	<b>57.2</b>	<b>42.9</b>	<b>292.7</b>

Note: EBITDA = Operational result + Depreciation.

Source: Companies' Financial statements, Judicial Administrator's reports (Hidroelectrica).

1. Company registered in May 2012, created through merger of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO.

2. The company was in insolvency procedure until September 2013.

3. Source: Company's calculations.

4. For the period 31 May – 31 December 2012.

5. EBITDA = Operational result + Depreciation + Expenses with the revaluation of fixed assets.

6. EBITDA = Operational result - Other income + Depreciation.

7. 2013 preliminary financial results.

8. IFRS consolidated financial statements.

9. Weighted for the Fund's stake in the companies.

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# Top 20 Portfolio Holdings – Key Financial Ratios

Top 20 Holdings <sup>1</sup>	% Stake <sup>1</sup>	Net Debt/Equity	P/BV	EV/EBITDA	P/E
1 OMV Petrom	19%	0.00	0.95	3.39	5.75
2 Hidroelectrica SA <sup>2</sup>	20%	0.08	0.63	5.92	14.69
3 Romgaz	15%	(0.17)	1.33	5.12	10.39
4 ENEL Distributie Banat	24%	(0.37)	1.08	4.68	12.47
5 ENEL Distributie Muntenia	12%	(0.39)	1.01	5.72	14.75
6 GDF Suez Energy Romania	12%	0.02	0.95	4.70	7.54
7 ENEL Distributie Dobrogea	24%	(0.24)	1.06	4.93	11.79
8 E.ON Moldova Distributie	22%	0.00	0.89	6.16	18.04
9 Complexul Energetic Oltenia	22%	0.34	0.28	6.14	325.33
10 Electrica Distributie Muntenia Nord	22%	(0.21)	0.97	7.22	10.65
11 CN Aeroporturi Bucuresti	20%	0.10	0.69	6.89	19.99
12 Nuclearelectrica	10%	0.15	0.30	5.70	104.90
13 BRD Groupe Societe Generale	4%	N/M	1.12	N/M	N/M
14 Electrica Distributie Transilvania Nord	22%	0.07	2.53	4.69	14.75
15 Electrica Distributie Transilvania Sud	22%	0.07	0.84	4.44	12.58
16 Transelectrica	13%	0.21	0.60	5.60	20.60
17 E.ON Gaz Distributie	12%	0.12	1.06	7.08	20.30
18 Conpet SA	30%	(0.38)	0.65	1.99	12.93
19 Banca Transilvania	3%	N/M	1.60	0.00	10.40
20 SN a Sarii SALROM	49%	(0.07)	0.79	3.02	5.07
<b>Average</b>		<b>(0.03)</b>	<b>0.97</b>	<b>4.67</b>	<b>32.65</b>
<b>Weighted Average</b>		<b>(0.04)</b>	<b>0.95</b>	<b>4.62</b>	<b>19.75</b>

Source: Company financial statements.

1. Based on the 31 March 2014 Detailed Statement of Investments.

2. The company is in insolvency procedure.

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# Corporate Governance Code and Listing of SOEs

Corporate Governance Code was Approved by GEO 109/2011 on 30 November 2011

## Legend

- ✓ Completed
- ? Politically influenced appointments
- X Not completed
- Changes from November 2013 ID

Company	FP Stake <sup>1</sup>	% in Total NAV <sup>1</sup>	NAV EUR mn <sup>1</sup>	Listing Status <sup>2</sup>	Independent Board <sup>2</sup>	Professional Management <sup>2</sup>
Hidroelectrica	20	14.8	472.5	X	NA	NA
Romgaz	15	13.4	428.0	✓	✓	✓
Complexul Energetic Oltenia	22	2.3	72.2	X	?	?
Nuclearelectrica	10	1.8	57.7	✓	?	✓
Electrica Distributie Muntenia Nord	22	2.1	66.5	X	?	?
CN Aeroporturi Bucuresti	20	2.0	64.6	X	X	X
Electrica Distributie Transilvania Nord	22	1.5	46.4	X	?	?
Electrica Distributie Transilvania Sud	22	1.4	43.1	X	?	?
Transelectrica	13	1.2	37.3	✓	✓	✓
Conpet	30	0.9	27.7	✓	✓	?
Societatea Nationala a Sarii Salrom	49	0.8	23.9	X	X	X
Posta Romana	25	0.4	13.6	X	X	X
CN Administratia Porturilor Maritime	20	0.5	14.9	X	✓	✓
Romaero	21	0.1	4.1	✓	X	X
CN Administratia Canalelor Navigabile <sup>3</sup>	20	0.1	3.6	X	✓	?
A.I. Timisoara – Traian Vuia	20	0.0	1.4	X	X	X
Oil Terminal	7	0.0	0.9	✓	?	?
Plafar	49	0.0	1.1	X	X	X
AI M. Kogalniceanu – Constanta	20	0.0	1.1	X	?	?
CN Administratia Porturilor Dunarii Fluviale <sup>3</sup>	20	0.0	0.8	X	?	?
CN Administratia Porturilor Dunarii Maritime	20	0.0	0.0	X	?	?
Electrica Furnizare	22	0.0	0.0	X	?	?
<b>Total</b>		<b>43.3</b>	<b>1,381.4</b>			

1. Source: Based on the 31 March 2014 Detailed Statement of Investments. Values in EUR calculated using the EUR/RON FX rate as at 31 March 2014.

2. As at 15 April 2014.

3. The administration plan was not approved.

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## Key Drivers in the Business Environment

**Special Infrastructure Tax:** A draft ordinance was published in May 2014, which stipulated that the special tax will be applied only to the special constructions (foundations and sustaining structure) and not to any other equipment

**Tax Exemption on Reinvested Profit:** Emergency Ordinance 19/2014 was approved in April 2014, and enforces the tax exemption on reinvested profit in technological equipment, starting 1 July 2014 until the end of 2016

**New Oil & Gas Royalty Rates:** The Romanian Prime-Minister has stated that the Government will take a decision in H1 2015, but does not expect significant increases to incentivize investments in the energy sector

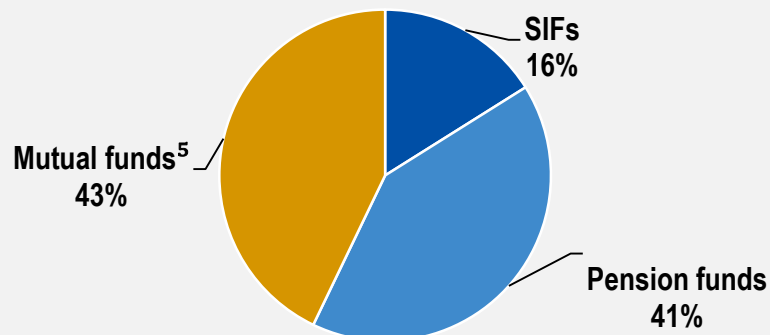
**3<sup>rd</sup> Regulatory Period:** Electricity distributors - the regulatory period was set for 2014 until 2018, and regulated return was set at 8.52%. Gas distributors - the 5-year regulatory period started in 2013, and the regulated return was set at 8.43%

**Adjustments of Regulated Tariffs:** The electricity generators may be able to recognize the cost of the special infrastructure tax in the tariff for the energy sold on the regulated market (e.g. Nuclearelectrica and Hidroelectrica)

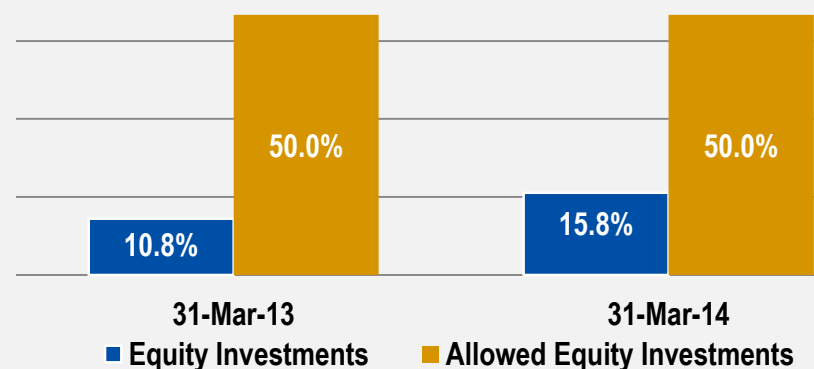
**Presidential Elections:** Presidential elections are scheduled to take place in November 2014: first round on 2 November and second round on 16 November.

# Capital Market Drivers - Growing Local Institutional Investor Base

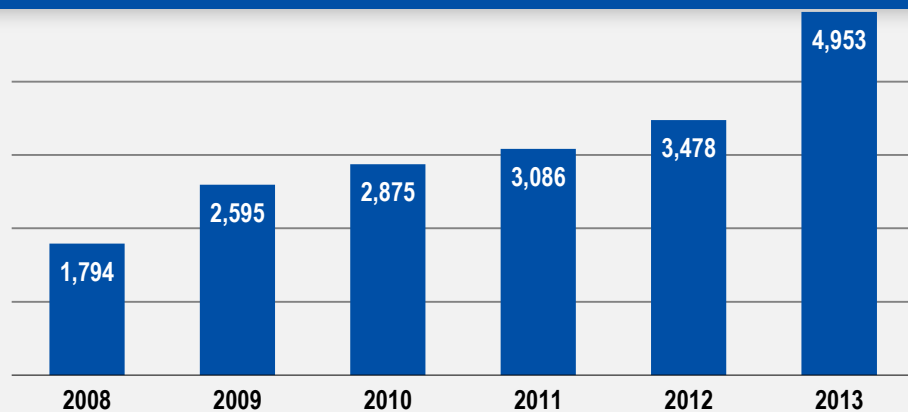
Assets Under Management: EUR 8,621 mn<sup>1</sup>



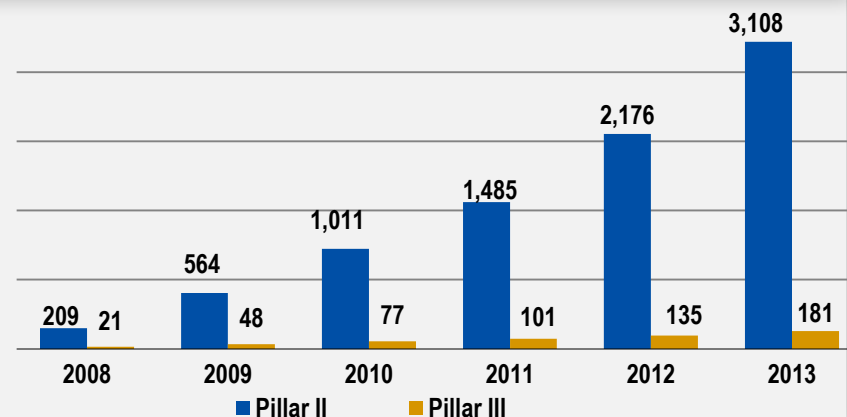
Pension Funds – Investments (% of Total Assets)<sup>2</sup>



Mutual Funds – Assets Under Management (mn EUR)<sup>3</sup>



Pension Funds – Assets Under Management (mn EUR)<sup>3</sup>



1. As at 31 March 2014, computed using EUR/RON FX rate as at 31 March 2014. Source: CSSPP, AAF.

2. Source: CSSPP statistics; Law 411/2004. As at 31 March 2014.

3. Source: AAF.

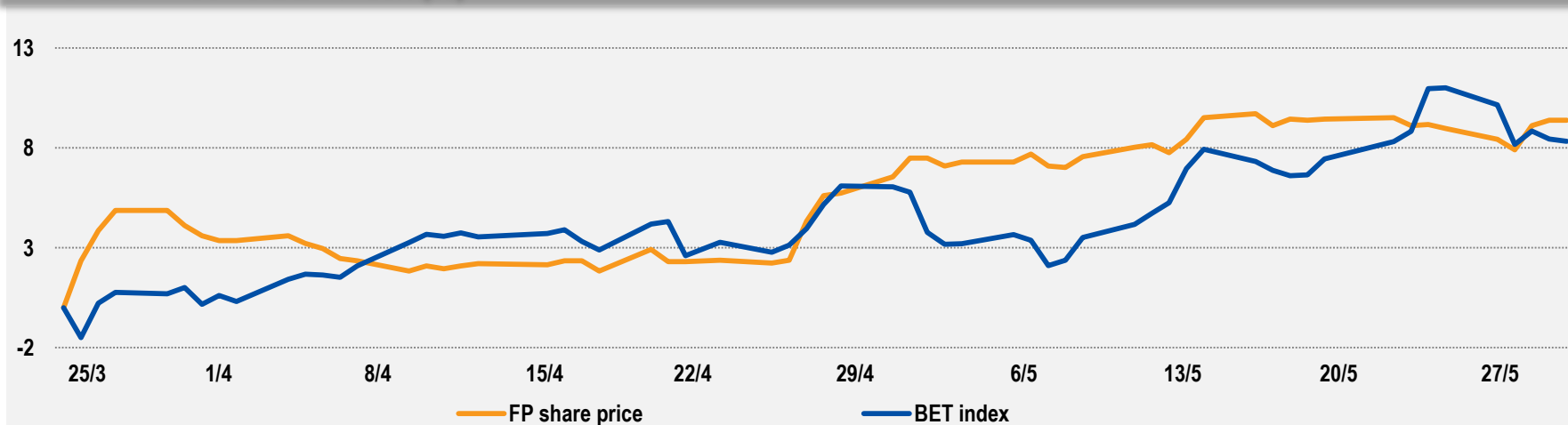
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# Corporate Actions

## 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
First	May–Sept 2011	Finalized	240.3 mn / 1.74%	0.4994	Wood & Co.	Effective as of February 2014
Second	Apr–Dec 2013	Finalized	1.1 bn / 7.99%	0.8743	Wood & Co., BCR	Ongoing. Cancellation approved on 28 April 2014
Third	March 2014	Ongoing	253 mn / 1.89%	0.8027 <sup>1</sup>	Raiffeisen	-
Fourth	-	Approved by shareholders on 28 April 2014	991.0 mn / 7.32%	NA	To be selected	-

### FP Share Price vs BET Index (%) <sup>2</sup>



1. As at 20 June 2013.

2. Since the announcement regarding the start of the buy-back program on 25 March 2014, until 20 June 2014.

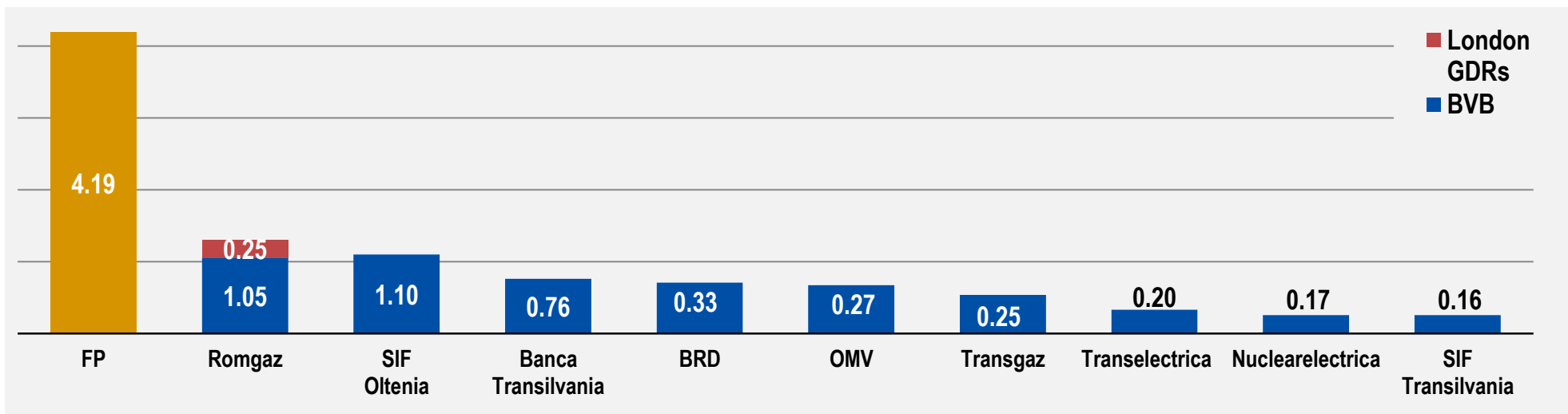
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# Buy-Back Program – Average Daily Trading

Average Daily Turnover in May 2014 (EUR mn)



## Third Buy-Back Program

ADTV (May 2014)	23.3 mn shares / EUR 4.2 mn
25% of ADTV	5.8 mn shares / EUR 1.0 mn
Total cash & cash equivalents as at 31 May 2014 <sup>1</sup>	RON 463.4 mn / EUR 105.4 mn
Number of shares to be repurchased	252,858,056
Number of shares repurchased as at 20 June 2014	189,264,000
Average price for the shares repurchased as at 20 June 2014	0.8027

Source: Bloomberg, Bucharest Stock Exchange, computed using the NBR EUR/RON FX as at 30 May 2014.

1. Using the simplifying assumption that all available cash & cash equivalents as at 31 May 2014 can be used for buy-backs, so ignoring other possible cash outflows and inflows.

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## Secondary Listing on the LSE – Plan



Fungible trading between London and Bucharest is planned to be achieved via the use of Depositary Interests (“DIs”) in the UK. In this regard, a UK-based registrar and depository would bridge the London and Bucharest markets by holding Shares through a local (Bucharest based) custodian via Clearstream (clearing and settlement entity connected to the Central Depository in Bucharest) and issuing DIs in London. Regulatory changes are required in order for trading of DIs to be feasible in Romania.



Alternatively, the listing can be achieved via the use of Global Depositary Receipts (“GDRs”), but the current local regulations in Romania limit the issuance of GDRs to IPOs and in order for the Fund to be able to issue such GDRs, either the regulation should change or the local FSA should issue a waiver for the Fund to be able to issue the GDRs



New local and foreign investors will be attracted via separate placements of shares facilitated by existing shareholders through accelerated placements and/or individual trades on the regular (open) market either at the same time or subsequent to the listing in London. No new shares will be issued by the Fund

### Status

Ongoing discussions with FSA to endorse the changes on the current regulations. Target listing date: September – October 2014. It is critical to have the approval of the changes in FSA regulations early July 2014.

## Secondary Listing on the LSE – Institutions

Consortium Member



GRUPE SOCIETE GENERALE  
Romanian Advisor

Consortium Member

Jefferies

Sole UK Financial Adviser

Consortium Member

SWISS CAPITAL

Romanian Advisor

Auditor

**Deloitte.**

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Local PR Agency



GolinHarris

Legal Advisor

CLIFFORD  
CHANCE  
BADEA



FRANKLIN TEMPLETON  
INVESTMENTS

International PR Agency

TBC

# Dividend Income – Top 20 Portfolio Companies

Top 20 Holdings <sup>1</sup>	DIVIDEND PAYOUT %				FP NET DIVIDEND (RON mn)			
	2013 <sup>2</sup>	2012	2011	2010	2014	2013	2012	2011
1 OMV Petrom SA	36	40	47	46	331.4	319.0	353.1	201.6
2 Hidroelectrica SA	—	—	—	—	—	—	—	52.5
3 Romgaz SA	99	85	91	109	148.5	158.9	140.6	106.0
4 ENEL Distributie Banat SA	—	—	—	56	—	—	—	20.2
5 ENEL Distributie Muntenia SA	—	—	—	—	—	—	—	—
6 GDF Suez Energy Romania	60	50	—	40	33.6	22.8	—	9.6
7 ENEL Distributie Dobrogea SA	—	—	—	56	—	—	—	13.5
8 E.ON Moldova Distributie SA	—	—	—	—	—	—	—	—
9 Complexul Energetic Oltenia SA <sup>3</sup>	—	85	N/A	N/A	—	10.3	N/A	N/A
10 Electrica Distributie Muntenia Nord SA	83	84	12	—	23.2	16.2	1.8	—
11 CN Aeroporturi Bucuresti SA	NA	85	89	117	NA	9.1	9.4	9.9
12 Nuclearelectrica SA	81	83	—	—	27.9	2.3	—	—
13 BRD Groupe Societe Generale	—	—	25	25	—	—	3.6	2.1
14 Electrica Distributie Transilvania Nord SA	83	—	—	—	11.7	—	—	—
15 Electrica Distributie Transilvania Sud SA	83	—	—	—	12.7	—	—	—
16 Transelectrica SA	81	86	89	90	22.0	4.0	10.9	1.2
17 E.ON Gaz Distributie SA	—	—	— <sup>6</sup>	—	—	29.9	—	—
18 Conpet SA	94	92	90	90	8.8	8.4	6.6	7.0
19 Banca Transilvania SA	—	—	—	—	—	—	—	—
20 SN a Sarii Salrom SA	NA	92	90	90	NA	9.3	0.1	0.8
<b>TOTAL (RON mn)</b>					<b>619.8</b>	<b>590.2</b>	<b>526.1</b>	<b>424.4</b>
<b>Total Dividends from Listed Companies (RON mn)</b>					<b>538.6</b>	<b>373.9</b>	<b>450.1</b>	<b>304.0</b>
<b>Total Dividends from Unlisted Companies (RON mn)</b>					<b>111.4</b>	<b>275.8<sup>7</sup></b>	<b>168.9</b>	<b>215.1</b>
<b>Total Dividend Income (RON mn)</b>					<b>650.0</b>	<b>649.7</b>	<b>619.0</b>	<b>519.1</b>
<b>Dividend per Share (RON)</b>							<b>0.04089</b>	<b>0.03854</b>
<b>Share Price (RON)</b>							<b>0.6600<sup>4</sup></b>	<b>0.5550<sup>5</sup></b>
<b>Dividend Yield</b>							<b>6.20%</b>	<b>6.94%</b>

Note: Calculation based on the companies' financial statements.

1. Based on the 31 March 2014 Detailed Statement of Investments.

2. Dividends are distributed based on individual financial statements.

3. Created through the merger of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO; Combined IFRS financial statements of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO; Dividends distributed to FP by merged companies: 2012 (CE Rovinari RON 6.5mn, CE Craiova RON 0.03mn), 2011 (CE Rovinari RON 0.02mn, CE Craiova RON 0.01mn).

4. Share price as at 15 May 2013.

5. Share price as at 9 May 2012.

6. Dividends distributed out of retained earnings for 2011 and 2012..

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

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# Return of Capital – RON 0.05/Share Cash Distribution

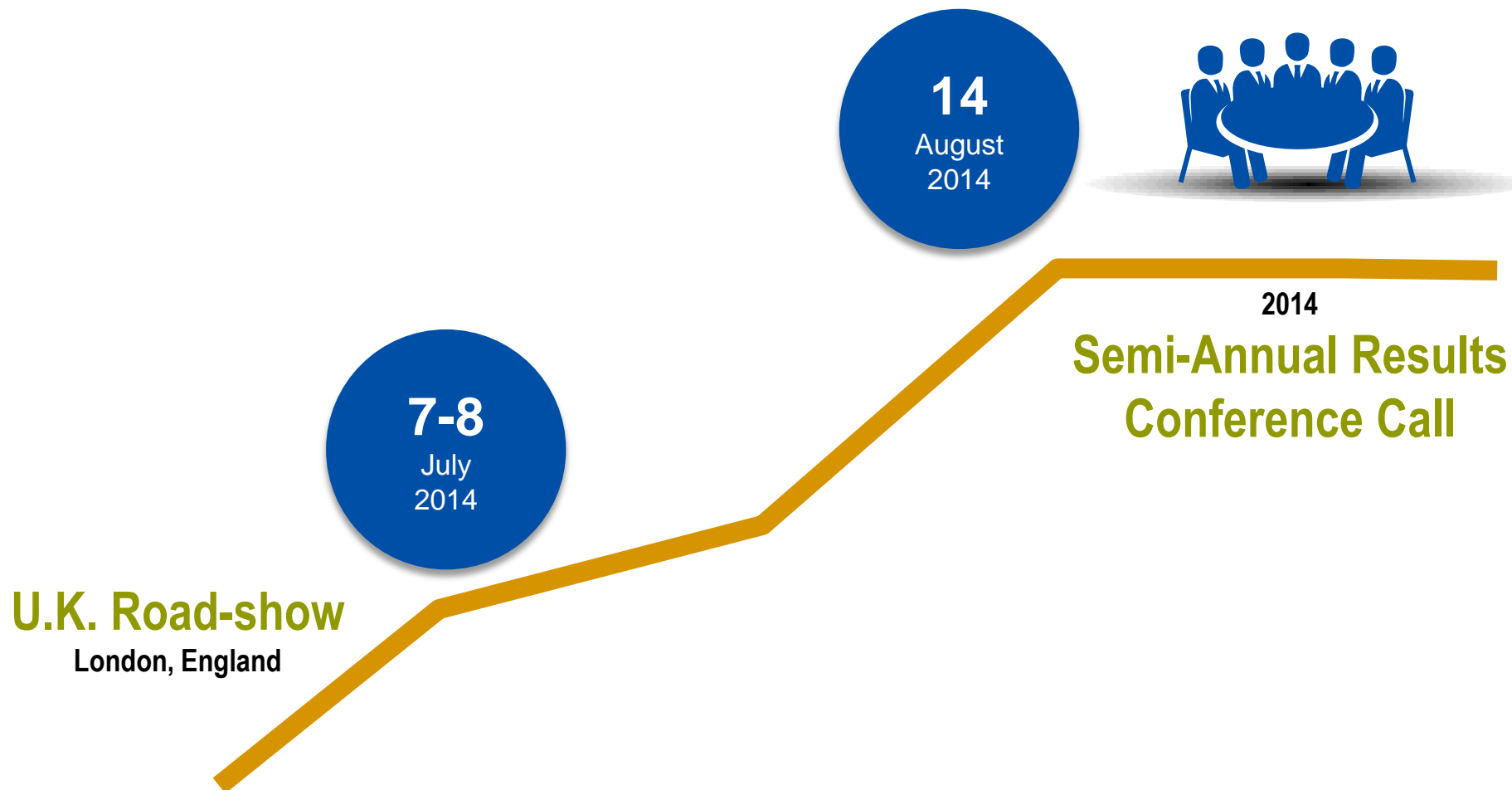
## Status

- The actual payment shall start 30 days after the date on which the decrease of the share capital is effective, namely after two main legal conditions are met:
  - ✓ Expiry of a two months term after the publication of the shareholders' resolution in the Official Gazette. Please note that the EGM Resolution no. 2/2014, approving the distribution, was published on 15 April 2014 in the Official Gazette no. 2216, meaning that the said legal condition should be met on 15 June 2014
  - ✓ Endorsement from the Financial Supervisory Authority of the share capital decrease – although FSA can rule on this only after the expiry of the two months term mentioned above, the Fund Manager has already submitted the required documentation in order to facilitate the timely issuance of a decision from the FSA after the expiry of the said term – expected until 30 June 2014
- Based on the assumptions mentioned above, we estimate that the payment of the cash distribution is likely to start shortly after 30 July 2014

# Increased Research Coverage of the Fund

- **January 2014: Jefferies International Ltd. started covering the Fund.**
- **May 2014: Renaissance Capital started covering the Fund.**
- **The Fund Manager will strive to continue to increase research coverage of the Fund by more international brokers. The Fund's listing on the London Stock Exchange should facilitate new coverage initiation.**
- **All analyst coverage reports can be found on the Fund's website, at [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro), in the Investor Relations >> Analyst Coverage section.**

# Investor Relations – Upcoming Events



More information about the Fund can be found on the website [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)

# Fondul Proprietatea – Summary

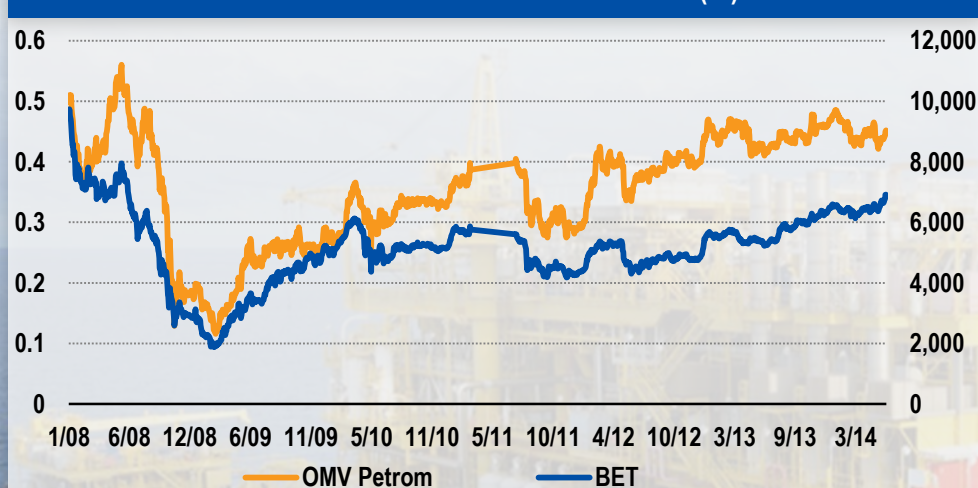
## Summary

- The Fund is one of the largest listed funds in the world with a current Net Asset Value of EUR 3.30 billion as at 30 April 2014, trading at a discount of approximately 35% as at 28 May 2014
- The Fund's long-term objective is increase the Fund's exposure to listed companies to 100%, by listing a number of underlying holdings and disposing of other stakes that will not be listed
- The Fund Manager has not made any new investments in the last three years given the large discount to NAV and will continue to focus on further reducing the discount in addition to increasing the NAV per share. The Fund Manager seeks to enhance shareholder value through corporate actions, such as:
  - ✓ Annual Cash Distributions: since the start of the mandate to manage the Fund, the Fund Manager has paid over EUR 600 million in total distributions, at an annual yield of 6-7%
  - ✓ Buy-backs: The Fund Manager is currently executing a third buy-back program for 2% of the existing shares, which will be followed by a fourth buy-back for 8% of the existing shares
  - ✓ Secondary listing on the LSE: The Fund Manager is pursuing a secondary listing of the Fund on the LSE to attract additional demand for the Fund's shares and increase the research coverage of the Fund
- Investor Relations: The Fund Manager will continue to proactively engage with current and prospective investors in the Fund

# Appendix I - Update on Top Holdings

# OMV Petrom – Update

OMV Petrom Share Price Evolution vs. the BET Index (%)<sup>1</sup>



## Quick Facts

Sector	Integrated Oil & Gas
Type	Listed
Weight in NAV <sup>2</sup>	31.1%
FP Stake <sup>2</sup>	RON 4,734 mn (EUR 1,076 mn)

## Shareholder Structure

OMV AG	51%
Ministry of Economy	21%
Fondul Proprietatea	19%
Others	9%

- **Liberalization calendar:** Recent proposals for changes to Energy and Gas Law (132/2012) include full liberalization for industrial consumers starting 1 July and obligation to trade a certain quantity of gas (TBD by ANRE) on a regulated market
- **Taxation:** Recent statements from Prime Minister point to increased royalties only for new concessions and differentiated levels between onshore and offshore; increasing probability that changes will be agreed after Presidential elections and made applicable sometime in 1H2015 (vs. previous expectations of Jan 2015)
- **Black Sea exploration:** 2nd test well in progress, results expected in H2 2014

Source: Company reports.

1. Source: Bucharest Stock Exchange, as at 13 June 2014.

2. Based on the report prepared by the Fund Manager as 31 May 2014.

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# OMV Petrom vs. Peer Companies

Current Market Cap: EUR 5,128 mn<sup>1</sup>

Petrom vs. Peer Companies <sup>2</sup>	P/E			P/B			EV/EBITDA			EV/Sales		
	2012	2013	2014e	2012	2013	2014e	2012	2013	2014e	2012	2013	2014e
OMV Petrom	6.2	5.8	5.5	1.1	1.0	0.9	3.3	3.1	2.9	1.0	1.1	1.1
Romgaz	12.1	12.7	8.9	1.4	1.4	1.4	5.7	5.3	4.3	2.7	2.7	2.2
Hellenic Petroleum	8.4	(17.3)	32.8	0.8	0.8	0.9	9.1	20.4	9.6	0.4	0.4	0.4
Repsol YPF	12.5	13.8	14.0	0.9	0.9	0.9	5.8	5.8	6.1	0.7	0.6	0.6
Statoil	10.5	13.1	12.4	1.7	1.8	1.6	2.3	3.0	3.0	0.8	1.1	1.1
MOL	6.4	12.9	9.6	0.6	0.7	0.7	4.4	4.8	4.7	0.5	0.5	0.4
PGNIG	13.3	10.1	11.8	1.2	1.1	1.0	8.1	5.7	5.6	1.3	1.2	1.1
OMV	7.2	8.8	8.9	0.9	0.8	0.9	3.5	3.8	3.8	0.4	0.4	0.5
Mean	9.6	7.5	13.0	1.1	1.1	1.0	5.3	6.5	5.0	1.0	1.0	0.9
Median	9.5	11.4	10.7	1.0	0.9	0.9	5.0	5.1	4.5	0.8	0.8	0.8

1. Source: Bucharest Stock Exchange, as at 20 June 2014.

2. Source: Bloomberg, OMV Petrom financial statements. Note: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

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# Hidroelectrica – Update

- Starting 25th of February 2014 the company is run by Remus Borza as judicial administrator and Gabriel Dumitrascu as special administrator
- Performance improvements continued in Q1 2014: revenues of RON 676 mn and pre-tax profits of RON 178 mn.
- Starting July, regulated market price increased by aprox. 10 lei/MWh to 125 lei/MWh.
- During the reorganization, the judicial administrator will continue to implement the measures agreed with the creditors in the reorganization plan approved in June 2013
- Appointment of professional management is ongoing: new CFO, head of trading, head of corporate strategy, head of investments and refurbishment, and head of IT have been already been hired.
- Litigations with the traders are ongoing; claims from traders are worth more than RON 1.6 bn

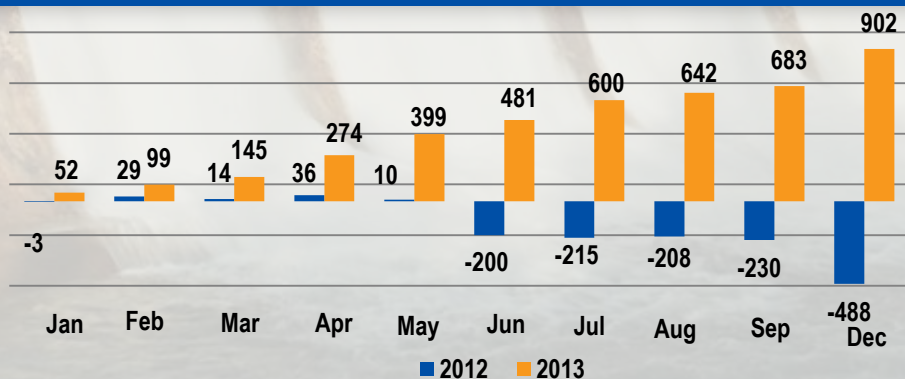
## Quick Facts

Sector	Electricity Producer
Type	Unlisted – In reorganization procedure
Weight in NAV <sup>2</sup>	14.8%
FP Stake <sup>2</sup>	RON 2,105 mn (EUR 473 mn)
Market Share	24% (2011); 23% (2012)
Installed Capacity	6,443 MW

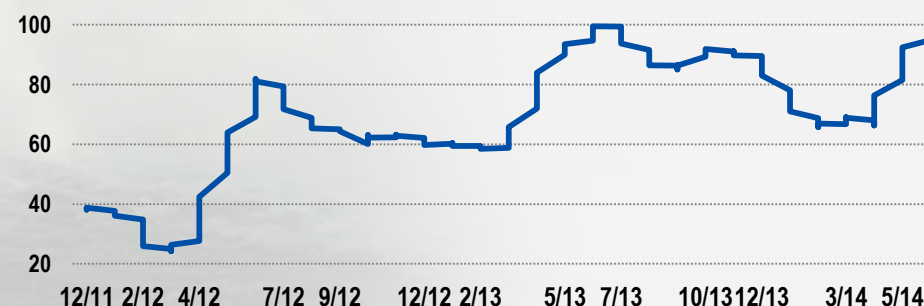
## Shareholding Structure

Ministry of Economy	80%
Fondul Proprietatea	20%

## Pre-tax profit (RON mn)



## Reservoir levels (%Full)<sup>1</sup>



Source: Company website.

1. Source: Bloomberg, as at 15 June 2014.

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# Hidroelectrica – Valuation

Based on 2013 Multiples

	P/E				P/B				EV/EBITDA			
	2011	2012	2013	2014e	2011	2012	2013	2014e	2011	2012	2013	2014e
Hidroelectrica	1,634.4	N/A <sup>1</sup>	14.7	42.8	0.6	0.7	0.6	0.6	13.6	16.8	5.9	9.3
RusHydro	6.1	-	10.8	6.4	0.4	0.4	0.4	0.4	5.4	7.1	5.4	5.3
Verbund	14.0	12.7	8.5	22.9	1.1	1.1	1.1	1.0	9.8	7.7	5.8	11.1
Aes Tiete	7.7	7.2	7.4	6.1	3.3	3.6	3.3	3.0	4.6	4.4	4.5	-
CEZ	7.7	7.6	8.8	12.5	1.4	1.3	1.4	1.2	5.5	5.6	5.8	6.8
EDF	15.2	14.6	13.6	11.8	1.7	1.8	1.7	1.3	6.2	5.2	5.1	5.2
RWE	8.8	13.8	-	13.2	1.2	1.5	1.2	-	5.0	2.9	2.6	-
Iberdrola	11.0	12.3	13.0	14.6	0.9	1.0	0.9	-	8.2	7.5	8.0	-
ENEA	8.9	10.1	9.9	11.8	0.7	0.6	0.7	0.6	4.4	3.9	3.6	3.7
Tauron	7.5	6.4	7.1	10.2	0.6	0.6	0.6	0.5	5.1	4.0	4.2	4.7
PGE	8.0	10.8	9.5	12.8	1.0	1.0	1.0	0.9	4.8	3.9	4.8	5.3
EDL Laos	9.3	10.5	-	8.4	1.4	1.4	1.4	-	10.7	12.1	-	-
Mean	9.5	10.6	9.8	11.9	1.3	1.3	1.3	1.1	6.3	5.8	5.0	6.0
Median	8.8	10.7	9.5	11.8	1.1	1.1	1.1	1.0	5.4	5.2	4.9	5.3

Value <sup>2</sup>	31 May 2012 (RON mn)	30 June 2012 (RON mn)	31 December 2012 (RON mn)	31 December 2013 (RON mn)	28 February 2014 (RON mn)
Hidroelectrica SA	3,288.71	0.00	2,001.00	2,239.41	2,105.16

Source: Bloomberg. Note: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

1. From June 2012 to June 2013 the company is in insolvency procedure.

2. Source: Based on the NAV reports prepared by the Fund Manager

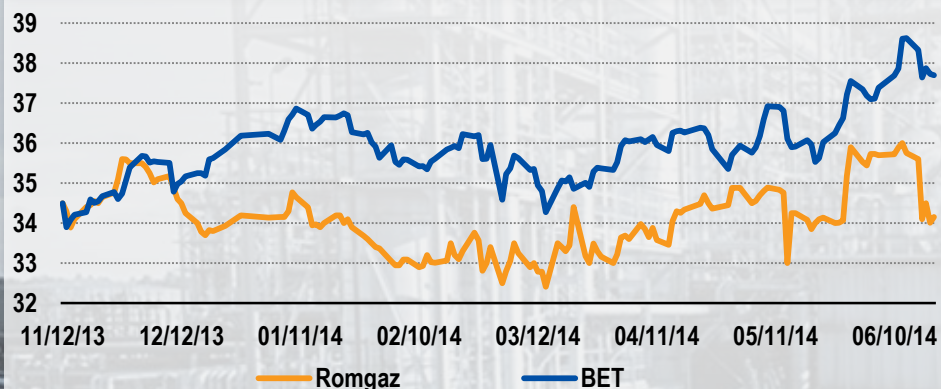
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# Romgaz – Update

Romgaz Share Price Evolution vs. the BET Index (%)<sup>3</sup>



- **Liberalization, taxation:** issues applying to Petrom also apply to Romgaz
- **Board composition:** 2 of the current 7 Board members were recommended by FP, one in collaboration with EBRD; shadow options remuneration would be a positive development
- **Reserves replacement:** was reported as 70% in 2013, well above level achieved by Petrom; FRDs (filed redevelopment) could bring some benefits, not to the extent seen for Petrom; involvement in two projects in the Black Sea with 10% stakes (of which one is an option) is positive
- **IR:** company currently in the process of hiring an IR Manager

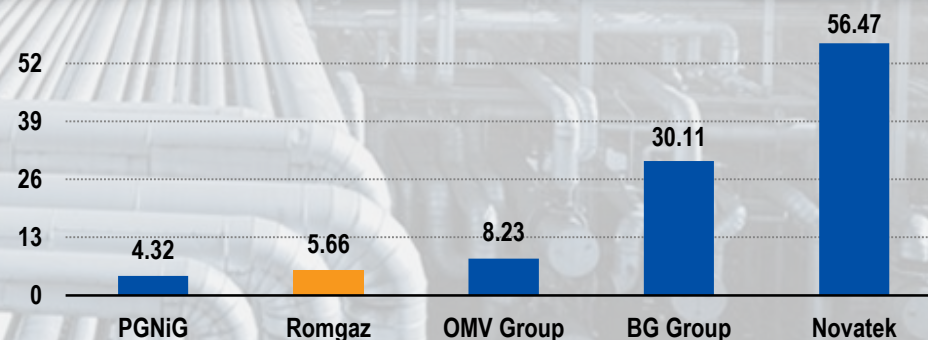
## Quick Facts

Sector	Oil & Gas
Type	Listed
Weight in NAV <sup>2</sup>	13.6%
FP Stake <sup>2</sup>	RON 2,075 mn (EUR 472 mn)

## Shareholder Structure

Ministry of Economy	70%
Fondul Proprietatea	10%
Others	20%

Gas Production (bcm) 2012 Romgaz vs. Peer Companies<sup>1</sup>



Source: Company reports.

1. Company websites and annual reports.

2. Based on the report prepared by the Fund Manager as at 31 May 2014.

3. Bucharest Stock Exchange, as at 20 June 2014.

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# Romgaz vs. Peer Companies

Current Market Cap: EUR 2,994 mn<sup>1</sup>

Romgaz vs. Peer Companies <sup>2</sup>	P/E			P/B			EV/EBITDA			EV/Sales		
	2012	2013	2014e	2012	2013	2014e	2012	2013	2014e	2012	2013	2014e
Romgaz	12.1	12.7	8.9	1.4	1.4	1.4	3.7	5.3	4.3	1.9	2.7	2.2
OMV Petrom	6.2	5.8	5.5	1.1	1.0	0.9	3.3	3.1	2.9	1.0	1.1	1.1
OMV	7.2	8.8	8.9	0.9	0.8	0.9	3.5	3.8	3.8	0.4	0.4	0.5
MOL	6.4	12.9	9.6	0.6	0.7	0.7	4.4	4.8	4.7	0.5	0.5	0.4
PGNIG	13.3	10.1	11.8	1.2	1.1	1.0	8.1	5.7	5.6	1.3	1.2	1.1
Hellenic Petroleum	8.4	(17.3)	32.8	0.8	0.8	0.9	9.1	20.4	9.6	0.4	0.4	0.4
Repsol YPF	12.5	13.8	14.0	0.9	0.9	0.9	5.8	5.8	6.1	0.7	0.6	0.6
Statoil	10.5	13.1	12.4	1.7	1.8	1.6	2.3	3.0	3.0	0.8	1.1	1.1
Mean	9.2	6.8	13.6	1.0	1.0	1.0	5.2	6.6	5.1	0.7	0.7	0.7
Median	8.4	10.1	11.8	0.9	0.9	0.9	4.4	4.8	4.7	0.7	0.6	0.6

1. Source: Bucharest Stock Exchange, as at 13 June 2014.

2. Source: Bloomberg. Note: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

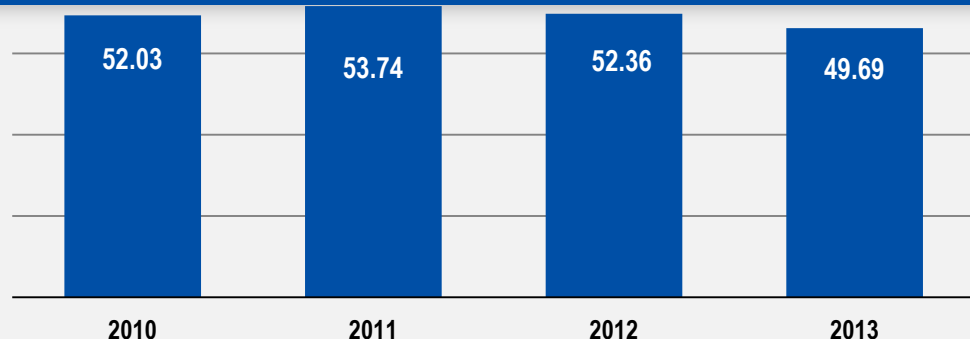
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# ENEL Distribution Companies – Overview

Power Consumption in Romania (TWh)<sup>1</sup>



Tariffs % in 2014	EDM	EDB	EDD
High Voltage	10.6%	3.3%	0.0%
Medium Voltage	10.6%	4.6%	0.0%
Low Voltage	-6.4%	-6.5%	-0.4%

Quick Facts	Enel Distributie Banat	Enel Distributie Muntenia	Enel Distributie Dobrogea
Sector	Power & Gas utilities		
Type	Unlisted		
Weight in NAV	3.8% <sup>2</sup>	3.1% <sup>2</sup>	2.5% <sup>2</sup>
FP Stake	RON 573 mn (EUR 130 mn) <sup>2</sup>	RON 473 mn (EUR 108 mn) <sup>2</sup>	RON 379 mn (EUR 86 mn) <sup>2</sup>

Shareholding Structure			
Enel Group	64%	51%	51%
SAPE SA	24%	25%	25%
Fondul Proprietatea	12%	24%	24%

- Business is regulated, tariffs are set by a regulatory agency (ANRE). For the third regulatory period (2014 – 2018) the allowed return is 8.52%, while the companies could make an extra 50 bps at the end of the regulatory period if they manage to reduce technological losses by 1% below the agreed limit
- PUT option for Electrica in the case of Enel Muntenia: Electrica exercised the PUT option in December 2012 and asked for approximately EUR 521 million for its 13.6% stake (more than 5 times book value for the two companies). The transaction is not finalized.
- In April 2014, Luca D'Agnese stepped down as Country Manager and CEO of Enel Romania. His place was taken by Mr Toni Volpe, who was Country Manager in North America for Enel Green Power (EGP) from 2005 to 2011, and between Head of Human Resources Planning, Compensation, Development, Training and Recruiting at Group level reporting to the Enel Head of Human Resources and Organization 2011 and 2014.

1. ANRE.

2. Source: Based on the report prepared by the Fund Manager as at 31 May 2014.

# ENEL Distribution Companies – Update

EDB (mn RON)	2010	2011	2012	2013	2014 Budget
Operating revenues	593.3	621.3	636.6	659.3	571.8
Operating profit	159.7	238.3	181.2	203.4	191.3
Net income	148.4	220.5	167.2	190.7	176.1

EDD (mn RON)	2010	2011	2012	2013	2014 Budget
Operating revenues	445.1	487.9	509.4	544.5	480.7
Operating profit	107.2	126.4	103.0	149.0	154.7
Net income	99.6	108.9	94.5	133.5	130.6

EDM (mn RON)	2010	2011	2012	2013	2014 Budget
Operating revenues	817.2	815.8	966.7	997.7	903.4
Operating profit	76.0	51.6	172.4	221.0	287.7
Net income	105.1	50.5	206.3	267.2	254.0

## Strong Balance Sheet<sup>1</sup>

	EDM	EDB	EDD
Cash / Shareholders Equity	39%	37%	24%

Source: Company.  
1. As at 31 December 2013.

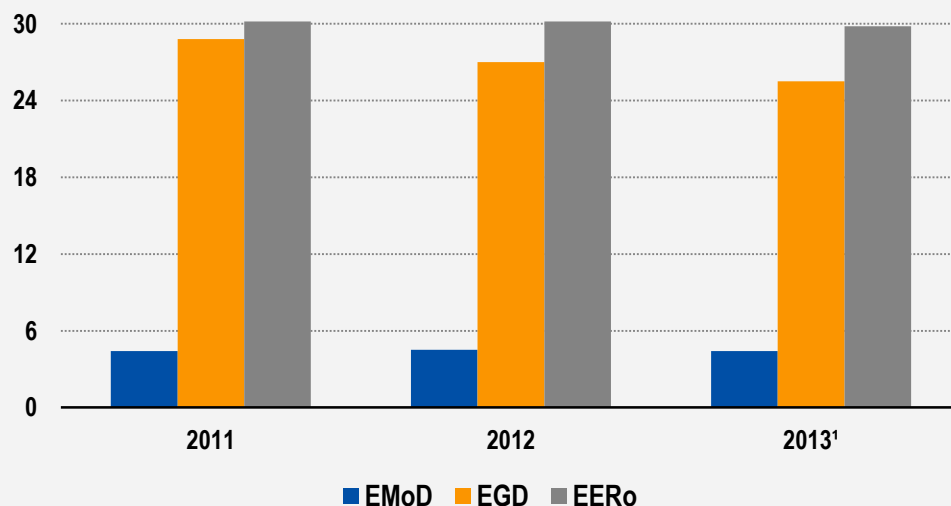
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# E.ON Companies – Overview

Delivered Volumes (TWh)



- On average, tariffs for EMOD have been increased by 1% in 2014
- Starting April 2014, EGD benefited from an average 30% hike in distribution tariffs.
- Following the Paris Court of Arbitration decision in November last year, E.ON executed its call option exercised at the end of 2010, and acquired from Electrica 17% in EMOD and 2.4% in EERO.
- According to the initial Government privatization decision, still in force, Electrica should sell the remaining 10% shares in EMOD, and 1.4% in EERO to Electrica employees. The details of the operation should be decided by the Government by the end of 2014.
- While the price at which the transaction was completed has not been disclosed by the parties involved, according to press information E.ON paid for the stakes in EMOD and EERO a total of around EUR 31 mn
- The price was determined based on the 2009 financial statements, considering the mechanism detailed in the privatization contract.

1. Preliminary data.

2. Source: Based on the report prepared by the Fund Manager as at 31 May 2014.

3. Source: Based on the report Detailed Statement of Investments as at 31 March 2014.

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Quick Facts	E.ON Moldova Distributie	E.ON Gaz Distributie	E.ON Energie Romania
Sector	Power & Gas utilities		
Type	Unlisted		
Weight in NAV	2.3% <sup>2</sup>	1.1% <sup>3</sup>	0.4% <sup>3</sup>
FP Stake	RON 345 mn (EUR 79 mn) <sup>2</sup>	RON 165 mn (EUR 37 mn) <sup>2</sup>	RON 65 mn (EUR 15 mn) <sup>2</sup>
Shareholding Structure (%)			
E.ON Group	68	51	53
SAPE SA	10	-	2
Ministry of Economy	-	37	32
Fondul Proprietatea	22	12	13

## E.ON Companies – Update

EMoD (mn RON)	2010	2011	2012	2013	2014 Budget
Operating revenues	660	661	689	766	679 <sup>1</sup>
EBITDA	282	189	213	255	226
Operating profit	190	22	84	107	85
Net income	165	7	71	87	71

EERO (mn RON)	2010	2011	2012	2013 <sup>1</sup>	2014 Budget
Operating revenues	2,496	4,288	5,369	4,767	5,326
EBITDA	(18)	343	(82)	229	162
Operating profit	(129)	(198)	(16)	227	159
Net income	(95)	(192)	(33)	224	131

EGD (mn RON)	2010	2011	2012	2013	2014 Budget
Operating revenues	816	820	775	796	748 <sup>1</sup>
EBITDA	311	354	205	216	201
Operating profit	196	265	83	74	50
Net income	160	231	73	68	37

Source: Company reports.

1.Distribution revenues .

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## GDF Suez Energy Romania – Update

- Pre-tax regulated rate of return for distribution and gas supply business was set at 8.43% for the third regulatory period (2013-2017). The regulator grants as an incentive an additional 1.4% p.a. return at the end of the regulatory period for certain categories of long-term assets.
- Starting 1st of April 2014 the regulated prices paid by the final consumers connected to the distribution network were reduced, on average, by 3.8% for industrial clients and 5.7% for households.

RON mn <sup>3</sup>	2011 <sup>3</sup>	2012 <sup>3</sup>	2013	2014 Budget
Total Sales	3,859.1	4,047.0	4,127.1	4,448.6
Operating Profit	285.7	414.9	518.7	453.3
Net Profit	240.5	352.9	447.1	352.2

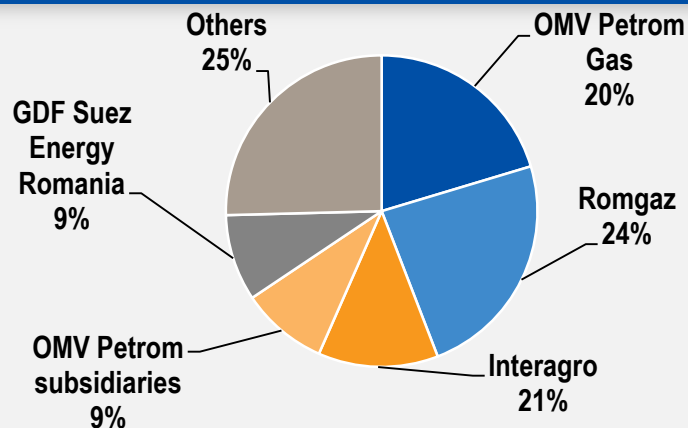
### Quick Facts

Sector	Power & Gas utilities
Type	Unlisted
Weight in NAV <sup>2</sup>	2.7%
FP Stake <sup>2</sup>	RON 404 mn (EUR 92 mn)

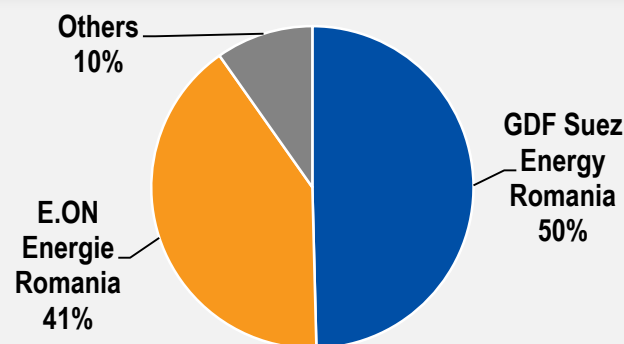
### Shareholding Structure

Romania Gas Holding (GDF SUEZ affiliate)	51%
Ministry of Economy	37%
Fondul Proprietatea	12%

### Gas Supply on Free Market 2013<sup>1</sup>



### Gas Supply on the Regulated Market 2013<sup>1</sup>



1. ANRE.

2. Source: Based on the report prepared by the Fund Manager as at 31 May 2014.

3. Consolidated IFRS financial statements.



# Energy Distributors – Valuation

Based on 2013 Multiples

	P/E		P/B		EV/EBITDA	
	2012	2013	2012	2013	2012	2013
GDF Suez Energy Romania	9.2	7.5	0.9	1.0	6.7	4.4
Enel Distributie Banat	12.0	12.5	1.0	1.1	4.8	4.7
Enel Distributie Dobrogea	14.2	11.8	1.0	1.1	5.5	4.9
Enel Distributie Muntenia	17.5	14.8	1.0	1.0	6.7	5.7
E.ON Moldova Distributie	26.5	18.0	0.8	0.9	6.6	5.3
E.ON Gaz Distributie	20.2	20.3	0.8	1.1	6.5	7.1
Electrica Energie Muntenia Nord	16.1	10.7	1.1	1	5.9	4.6
Electrica Distributie Transilvania Sud	20.9	14.4	1.2	1	6.3	5.1
Electrica Distributie Transilvania Nord	19.8	15.8	1.2	1	5.9	4.9
Enel spa	44.3	11.8	1.0	1.0	6.7	6.6
GDF Suez	26.7	(4.6)	0.7	0.6	4.4	3.5
E.ON AG	11.8	12.3	0.7	0.7	5.3	5.5
CEZ	7.7	8.9	1.3	1.4	5.7	5.9
Red Electrica	16.3	15.2	4.0	4.4	10.3	10.2
Enagas	14.0	13.1	2.6	2.8	9.8	8.9
PGE	10.9	9.5	1.0	1.0	3.7	4.6
Gas Natural SDG	14.3	14.4	1.6	1.6	7.5	7.5
Transelectrica	28.6	6.6	0.6	0.7	5.5	3.8
Transgaz	7.2	7.2	0.8	0.8	4.2	3.1

Note: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

Source: Bloomberg.

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# CE Oltenia – Update

Financial Information			
RON mn	2011	2012 <sup>2</sup>	2013
Operating Revenues	4,026.4	3,347.1	4,278.3
Operating Profit	347.9	44.5	(28.0)
Net Profit	179.8	118.3	4.59
Dividends	N/A <sup>1</sup>	57.1	0
Employees	NA <sup>1</sup>	18,761	18,815

Portfolio Company	30 November 2012 Value (RON mn)	30 November 2013 Value (RON mn)	31 March 2014 Value (RON mn)
CE Oltenia SA	1,075.07	880.00	321.64

- **Listing:** the IPO through a share capital increase of up to 15.3% is ongoing; the latest deadline to complete the offering is mid-November 2014 but there are high chances that the deadline will be delayed.
- **Appointment of professional management:** the company is running a selection process for new Directorates' members except the CEO. Quest Advisors, a head hunting company who advised the Government in several projects related with the implementation of the Corporate Governance law (109/2011), was hired to help the Supervisory Board in this selection process which is estimated to be completed in the next months.
- **Restructuring:** there are no clear measures or restructuring programs approved by the management in order to reduce the production cost which in 2013 was above 210 RON/MWh;

1. Created through the merger of CE Craiova SA, CE Rovinari SA, CE Turceni SA and SNLO. Dividends distributed to FP by merged companies: 2012 (CE Rovinari RON 6.5mn, CE Craiova RON 0.03mn), 2011 (CE Rovinari RON 0.02mn, CE Craiova RON 0.01mn).

2. Based on statutory financial statements for the period 1 June – 31 December 2012.

## CE Oltenia vs. Peers

ZE PAK is the best peer for CE Oltenia, having the same structure (integrated lignite fired power producer) and no other business lines (distribution, transmission etc.)

### Highlights

	ZE PAK SA	CE Oltenia SA
Installed capacity (MW)	2,462	3,900
Electricity production sold (TWh) 2013e	10	12
Full time employees	8,168	19,000
Electricity production sold / employee (MW)	1,224	632
Employees / Installed capacity	3.3	4.9
Production cost / MWh (RON) – in 2012	165	220

# CE Oltenia – Valuation

Current Market Cap: EUR 335 mn<sup>1</sup>

Based on 2013 Multiples

	P/E				P/B				EV/EBITDA			
	2011	2012	2013	2014e	2011	2012	2013	2014e	2011	2012	2013	2014e
<b>CE Oltenia</b>	8.3	13.2	325.4	67.1	0.3	0.3	0.3	0.3	3.6	7.4	6.1	6.5
<b>Hidroelectrica<sup>2</sup></b>	1,634.4	N/A	14.7	42.8	0.6	0.7	0.6	0.6	13.6	16.8	5.9	9.3
<b>RusHydro</b>	6.1	-	10.8	6.4	0.4	0.4	0.4	0.4	5.4	7.1	5.4	5.3
<b>Verbund</b>	14.0	12.7	8.5	22.9	1.1	1.1	1.1	1.0	9.8	7.7	5.8	11.1
<b>Aes Tiete</b>	7.7	7.2	7.4	6.1	3.3	3.6	3.3	3.0	4.6	4.4	4.5	-
<b>CEZ</b>	7.7	7.6	8.8	12.5	1.4	1.3	1.4	1.2	5.5	5.6	5.8	6.8
<b>EDF</b>	15.2	14.6	13.6	11.8	1.7	1.8	1.7	1.3	6.2	5.2	5.1	5.2
<b>RWE</b>	8.8	13.8	-	13.2	1.2	1.5	1.2	-	5.0	2.9	2.6	-
<b>Iberdrola</b>	11.0	12.3	13.0	14.6	0.9	1.0	0.9	-	8.2	7.5	8.0	-
<b>ENEA</b>	8.9	10.1	9.9	11.8	0.7	0.6	0.7	0.6	4.4	3.9	3.6	3.7
<b>Tauron</b>	7.5	6.4	7.1	10.2	0.6	0.6	0.6	0.5	5.1	4.0	4.2	4.7
<b>PGE</b>	8.0	10.8	9.5	12.8	1.0	1.0	1.0	0.9	4.8	3.9	4.8	5.3

Notes: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

Source: Bloomberg, KPMG valuation report (December 2012, valuation reference date – 30 Sept 2012), 2014 Budget.

1. Source: Based on the report prepared by the Fund Manager as at 31 March 2014.

2. From June 2012 to June 2013 the company was in insolvency procedure.

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# Appendix II – Active Management

## Active Management – Board Members (1/2)

Holdings	% Stake <sup>1</sup>	% in Total NAV <sup>1</sup>	No. of Board Members <sup>2</sup>	No. of Directors Recommended by FP <sup>2</sup>
1 OMV Petrom SA	19	32.2	9	1
2 Hidroelectrica SA <sup>3</sup>	20	14.8	-	-
3 Romgaz SA	15	13.4	7	2
4 Enel Distributie Banat SA	24	4.0	7	1
5 Enel Distributie Dobrogea SA	24	2.7	7	1
6 Complexul Energetic Oltenia SA	22	2.3	7	1
7 Electrica Distributie Muntenia Nord SA	22	2.1	5	1
8 Nuclearelectrica SA	10	1.8	7	1
9 CN Aeroporturi Bucuresti SA	20	2.0	7	1
10 Electrica Distributie Transilvania Nord SA	22	1.5	5	1
11 Electrica Distributie Transilvania Sud SA	22	1.4	5	1
12 Transelectrica	13	1.2	7	1
13 Conpet SA	30	0.9	7	2
14 SN a Sarii Salrom SA	49	0.8	5	2
15 Posta Romana SA	25	0.4	7	1
16 CN Administratia Porturilor Maritime SA	20	0.5	7	1
17 Enel Energie SA	12	0.4	7	1
18 Zirom SA	100	0.3	3	3
19 Primcom SA	75	0.1	3	2
20 Romaero SA	21	0.1	7	1
21 CN Administratia Canalelelor Navigabile SA	20	0.1	7	1
22 Alcom SA	72	0.0	3	2

1. Based on 31 March 2014 Detailed Statement of Investments.

2. As at 15 April 2014.

3. Starting February 2014, the company is in insolvency procedure.

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## Active Management – Board Members (2/2)

Holdings	% Stake <sup>1</sup>	% in Total NAV <sup>1</sup>	No. of Board Members <sup>2</sup>	No. of Directors Recommended by FP <sup>2</sup>
23 Forsev SA	28	0.1	3	1
24 Oil Terminal SA	7	0.0	7	1
25 Aeroportul International Timisoara – Traian Vuia SA	20	0.0	7	1
26 Aeroportul International M Kogalniceanu – Constanta SA	20	0.0	7	1
27 Plafar SA	49	0.0	5	2
28 Comsig SA	70	0.0	3	3
29 Palace SA	15	0.0	7	1
30 Transilvania Com	40	0.0	3	1
31 Electrica Furnizare SA	22	0.0	5	1
32 Severnav SA	39	0.0	5	2
33 CN Administratia Porturilor Dunarii Fluviale SA	20	0.0	7	1
<b>Total</b>		<b>83.2</b>	<b>185</b>	<b>42</b>

- FTIML investment team attended 93 General Shareholders Meetings and 41 Board meetings in Q1 2014.

1. Based on 31 March 2014 Detailed Statement of Investments.

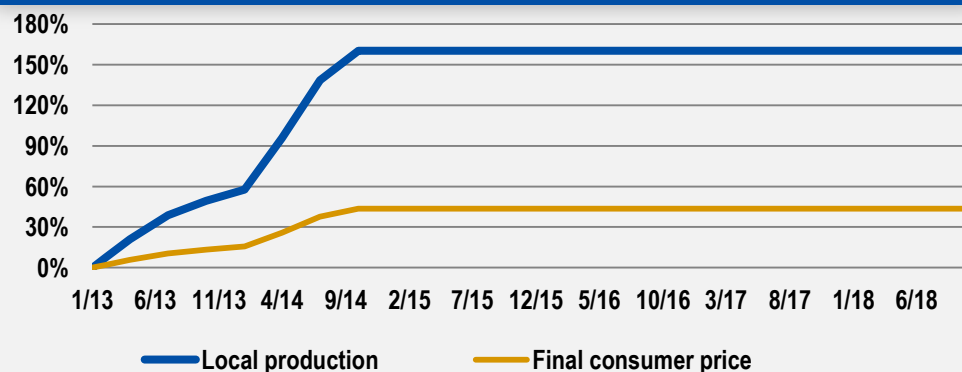
2. As at 15 April 2014.



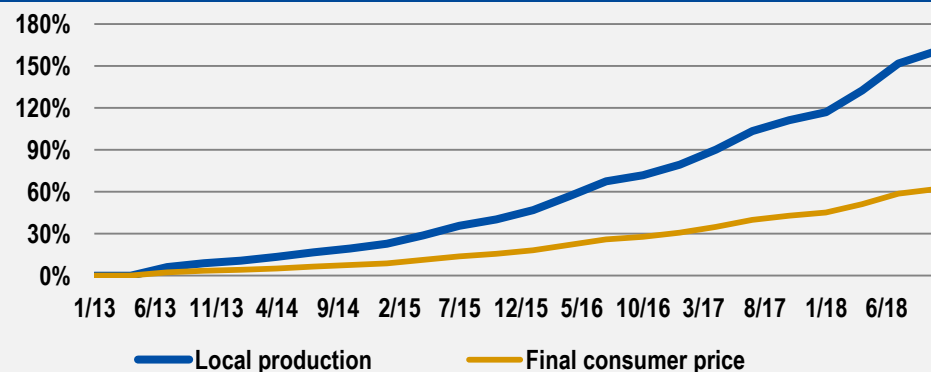
# Appendix III – Romanian Gas & Electricity Market

# Gas Price Liberalization

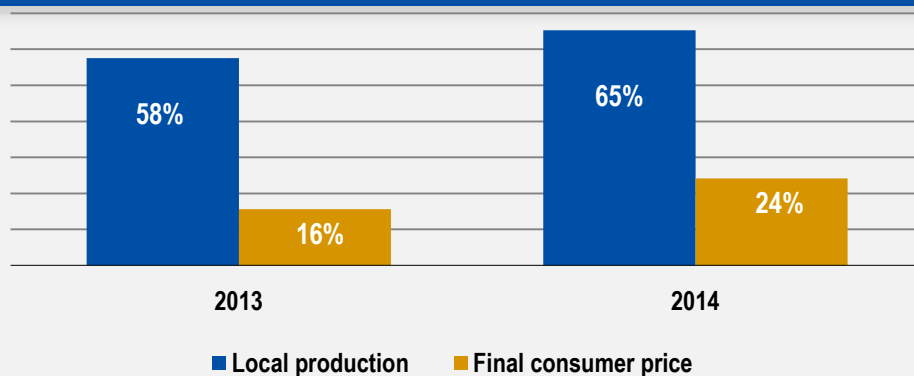
## Industrial Consumers



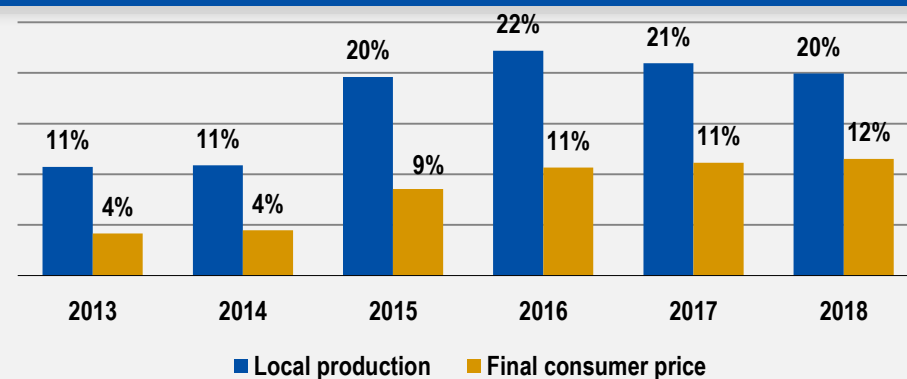
## Household Consumers



## Annual Increase of Gas Prices, Industrial Consumers



## Annual Increase of Gas Prices, Household Consumers



Source: Eurostat, ANRE, Bloomberg.

Notes: Import price = estimated by ANRE for Oct-Dec 2013.

Import % of total basket for each consumer type = regulated by ENRE for Oct-Dec 2013.

Components of final price other than local production as of H1 2013.

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# Calendar of the Gradual Elimination of the Regulated Gas Prices

Starting date	Non-household consumers		
	Convergence degree %	Internal production price (RON/MWh)	Final price growth
01.12.2012	35	49.0	5
01.04.2013	40	55.3	5
01.07.2013	47	63.4	5
01.10.2013	51	68.3	3
Annual growth of the final price 2013 %	18.0		
01.01.2014	55	72.0	4
01.04.2014	71	89.4	5
01.07.2014	91	109.0	5
01.10.2014	100	119.0	4
Annual growth of the final price 2014 %	18.0		

Source: ANRE.

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# Calendar of the Gradual Elimination of the Regulated Gas Prices

Starting date	Household consumers		
	Convergence degree %	Internal production price (RON/MWh)	Final price growth
01.12.2012	3	45.7	0
01.04.2013	33	45.7	0
01.07.2013	36	48.5	8
01.10.2013	37	49.8	2
Annual growth of the final price 2013 %	10.0		
01.01.2014	38	50.6	2
01.04.2014	41	51.8	2
01.07.2014	44	53.3	3
01.10.2014	46	54.6	3
Annual growth of the final price 2014 %	12.0		
01.01.2015	47	56.1	2
01.04.2015	49	58.9	3
01.07.2015	52	62.0	4
01.10.2015	54	64.1	3
Annual growth of the final price 2015 %	12.0		

Source: ANRE.

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# Calendar of the Gradual Elimination of the Regulated Gas Prices

Starting date	Household consumers		
	Convergence degree %	Internal production price (RON/MWh)	Final price growth
01.01.2016	56	67.1	3
01.04.2016	60	71.7	3
01.07.2016	64	76.5	3
01.10.2016	66	78.5	3
Annual growth of the final price 2016 %	12.0		
01.01.2017	69	82.0	2
01.04.2017	73	86.9	2
01.07.2017	78	93.0	5
01.10.2017	81	96.5	3
Annual growth of the final price 2017 %	12.0		
01.01.2018	83	99.2	3
01.04.2018	89	106.3	3
01.07.2018	97	115.1	3
01.10.2018	100	119.0	3
Annual growth of the final price 2018 %	12.0		

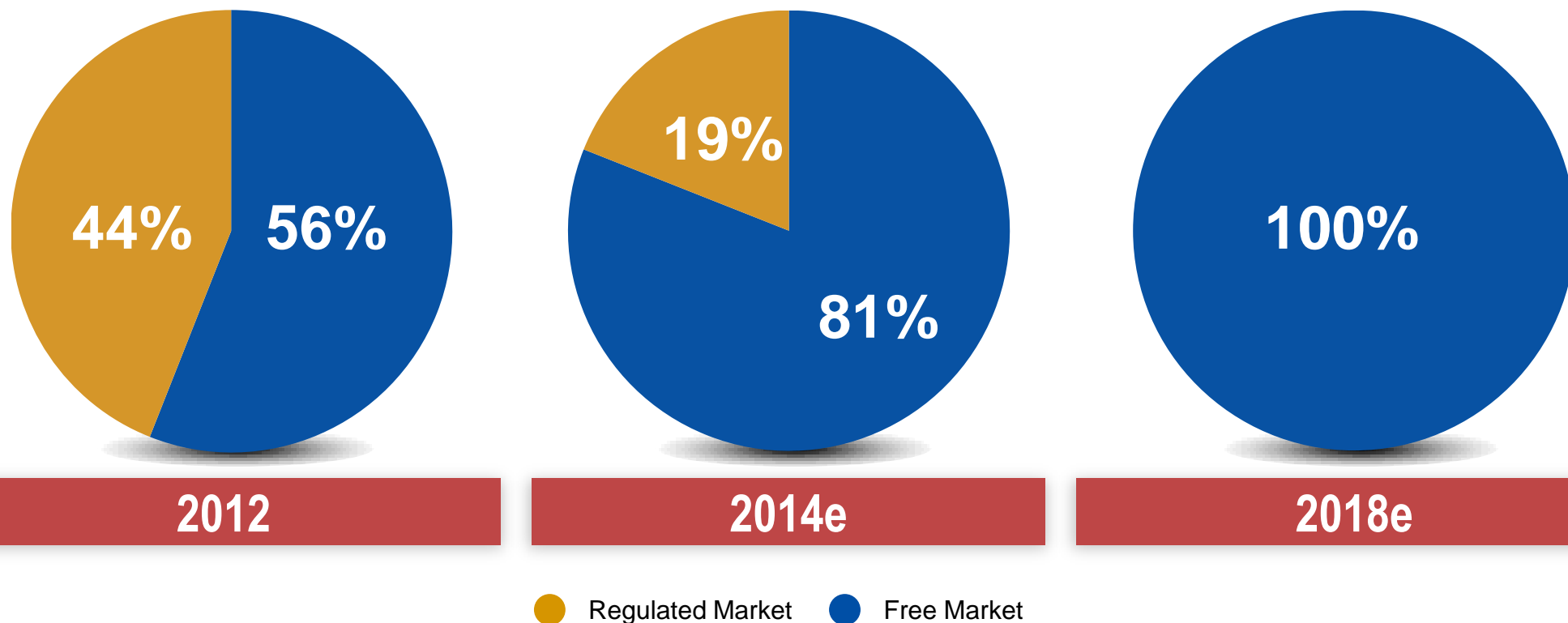
Source: ANRE

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# Calendar of Gradual Elimination of Regulated Electricity Prices



Source: ANRE

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# Calendar of Gradual Elimination of the Regulated Electricity Prices

Starting date	Non – household consumers – % acquisition from the competitive market	Household consumers – % acquisition from the competitive market
01.09.2012	15	–
01.01.2013	30	0
01.04.2013	45	0
01.07.2013	65	10
01.09.2013	85	10
01.01.2014	100	20
01.07.2014		30
01.01.2015		40
01.07.2015		50
01.01.2016		60
01.07.2016		70
01.01.2017		80
01.07.2017		90
31.12.2017		100

Source: ANRE

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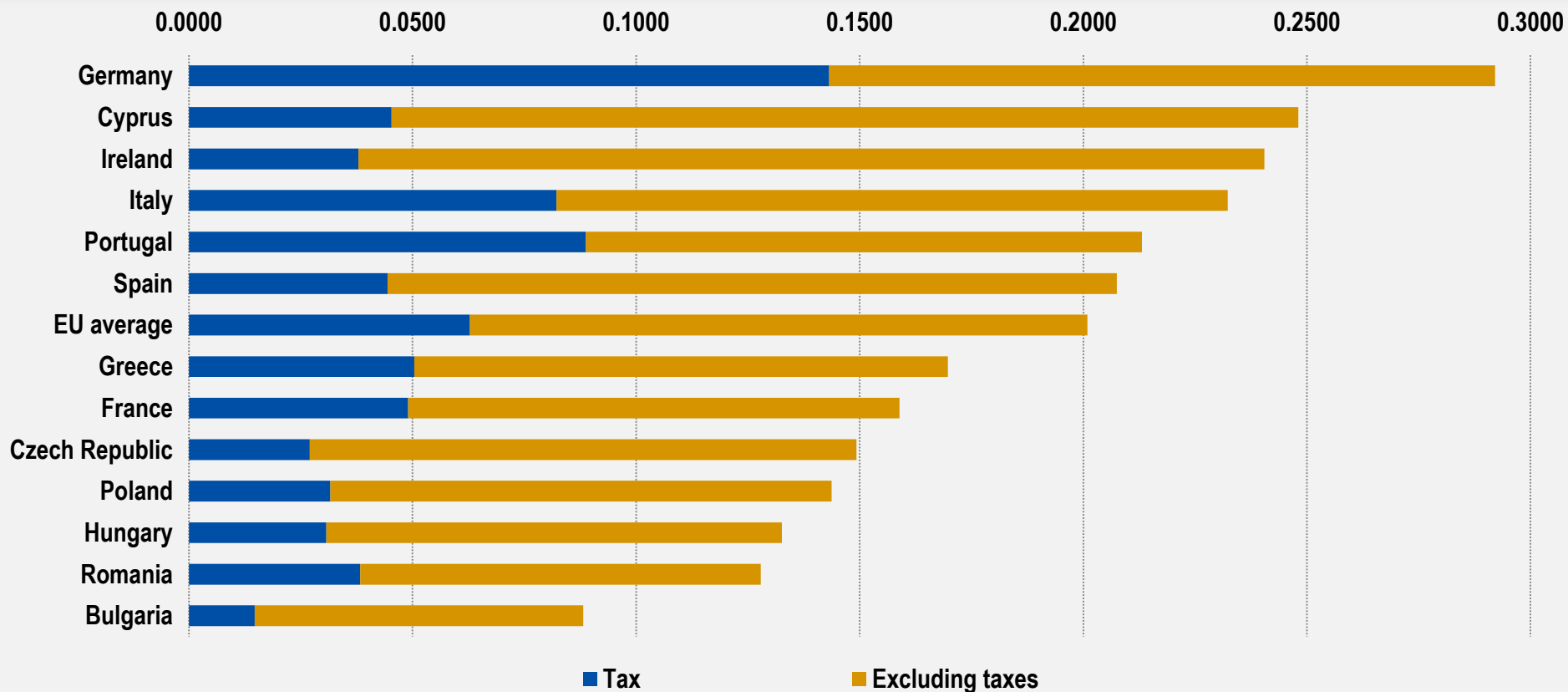
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# Electricity Prices (1/2)

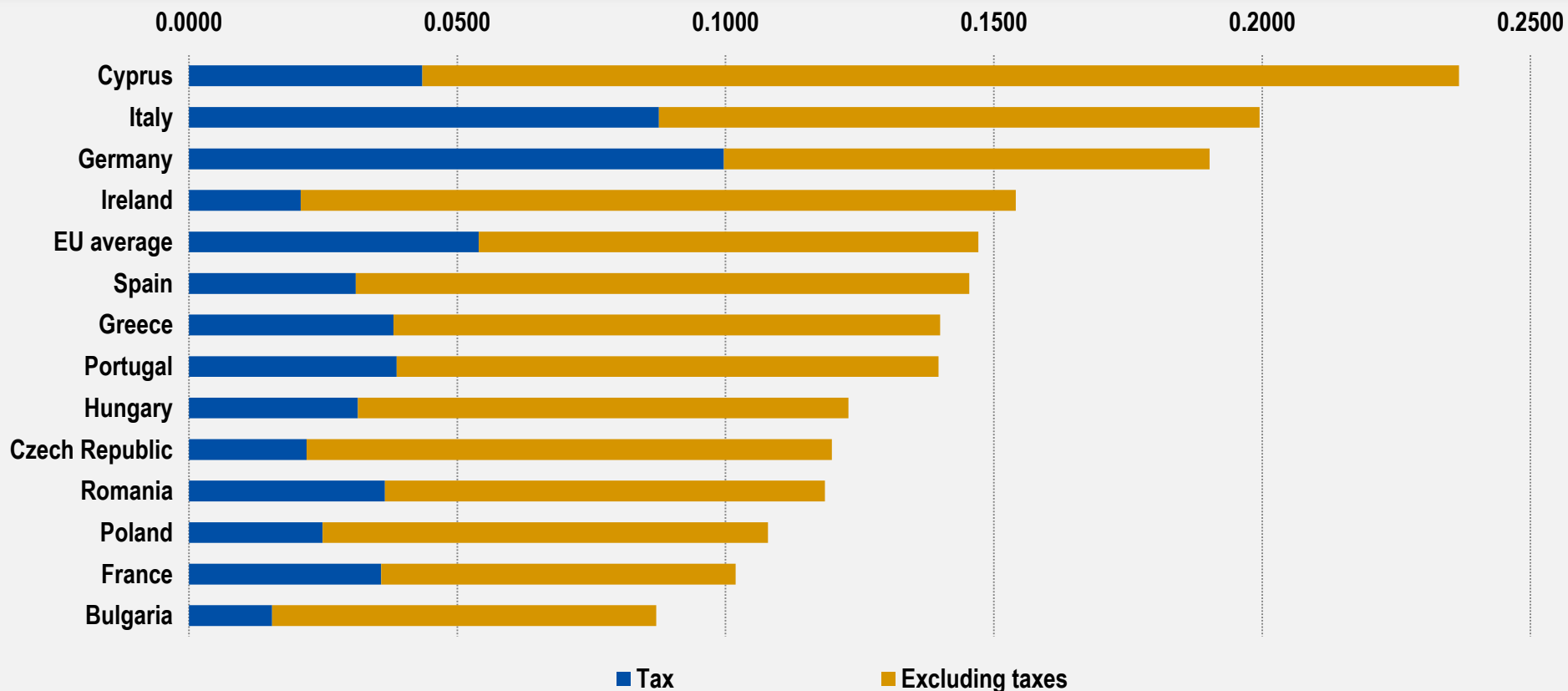
Household electricity prices in the EU (H2 2013, EUR/kWh)<sup>1</sup>



1. Source: Eurostat.

## Electricity Prices (2/2)

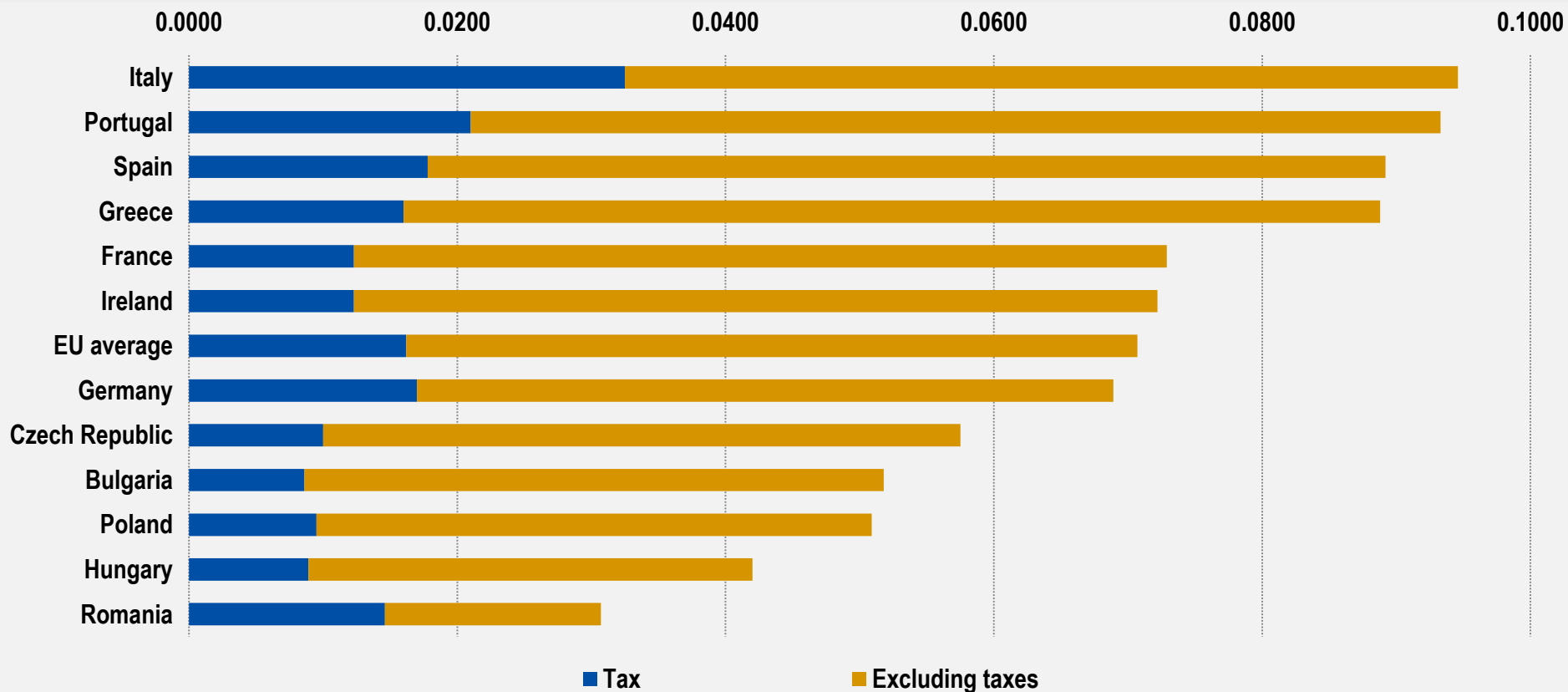
Industrial electricity prices in the EU (H2 2013, EUR/kWh)<sup>1</sup>



1. Source: Eurostat.

# Gas Prices (1/2)

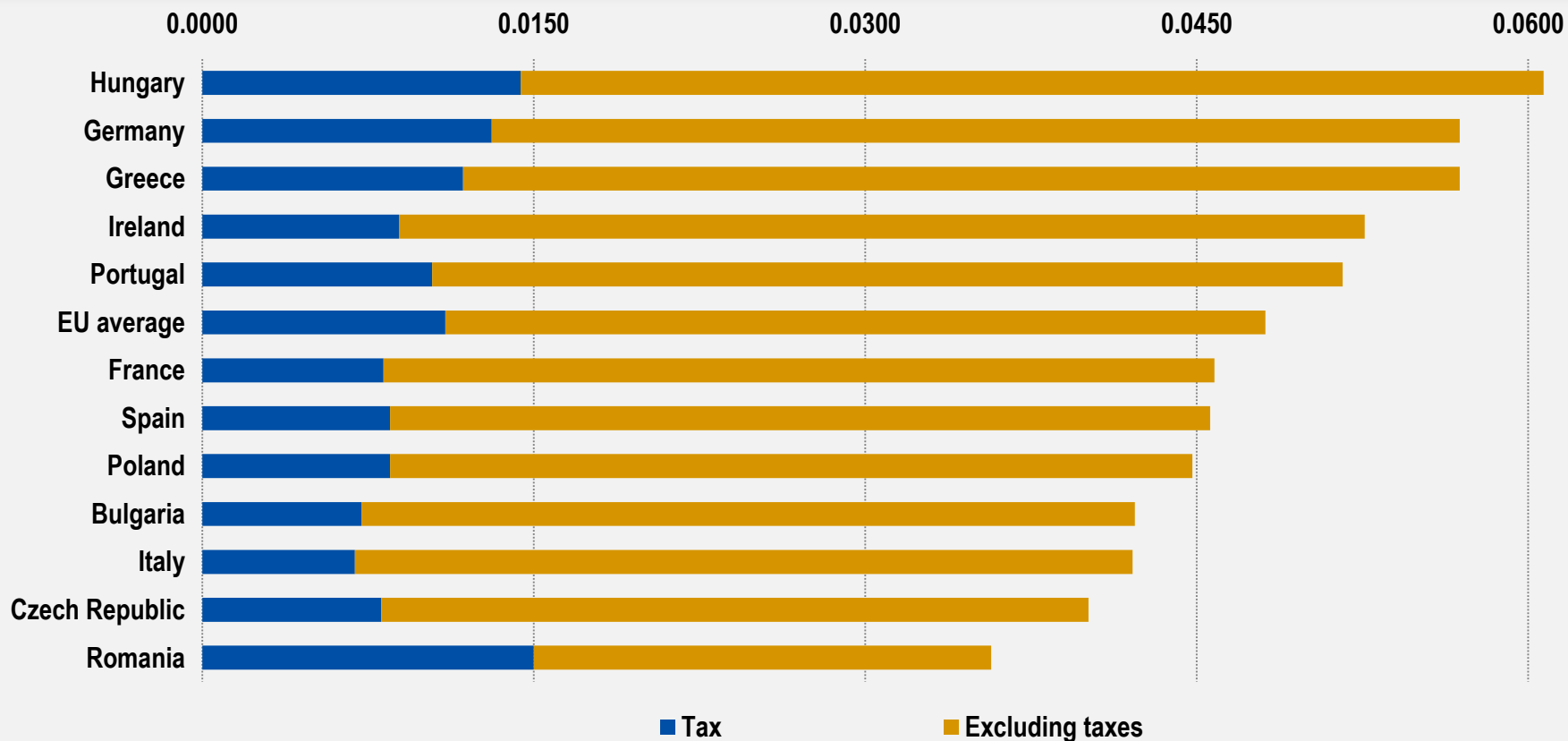
Household gas prices in the EU (H2 2013, EUR/kWh)<sup>1</sup>



1. Source: Eurostat.

## Gas Prices (2/2)

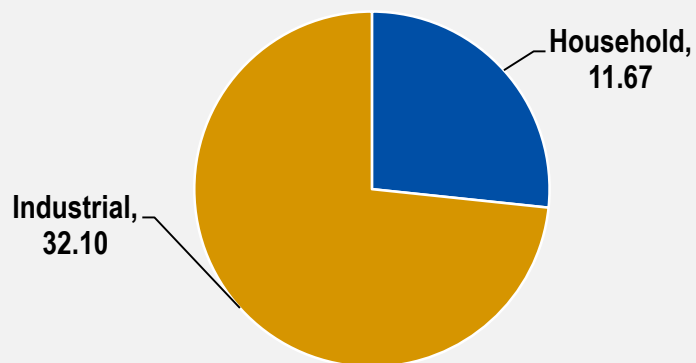
Industrial gas prices in the EU (H2 2013, EUR/kWh)<sup>1</sup>



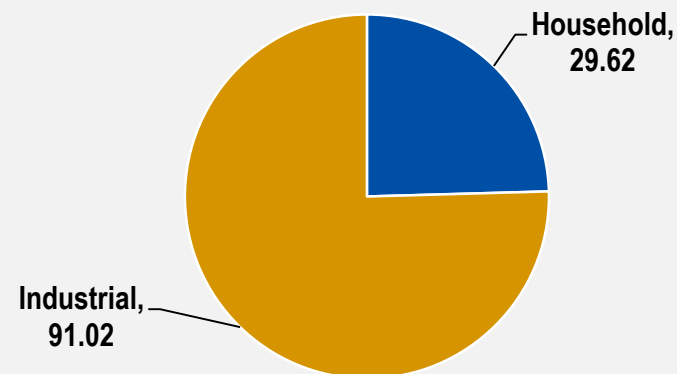
1. Source: Eurostat.

# Energy Market – 2013

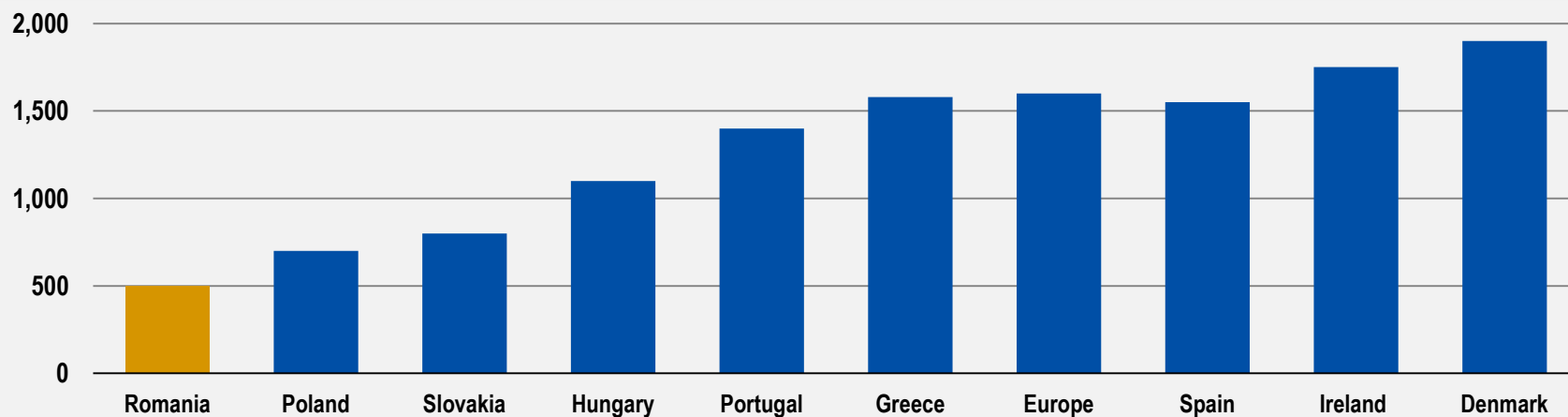
## 2013 Electricity consumption (TWh) <sup>1</sup>



## 2013 Gas consumption (TWh) <sup>1</sup>



## Electricity consumption per capita (KWh/year)<sup>2</sup>



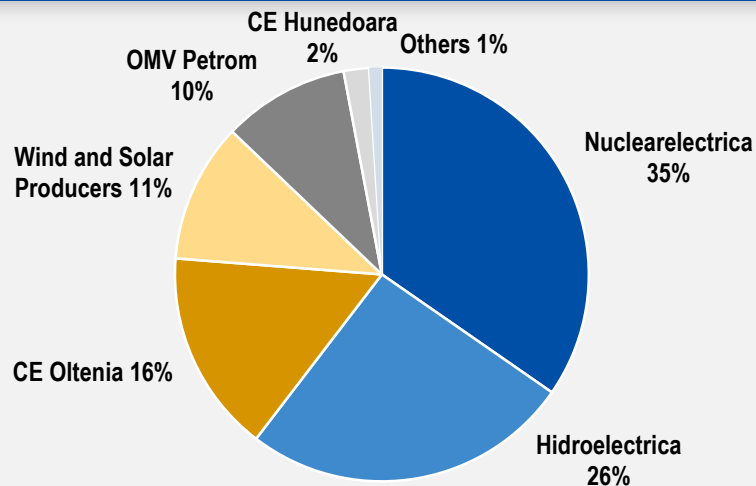
1. Source: ANRE.

2. Source: European Commission.

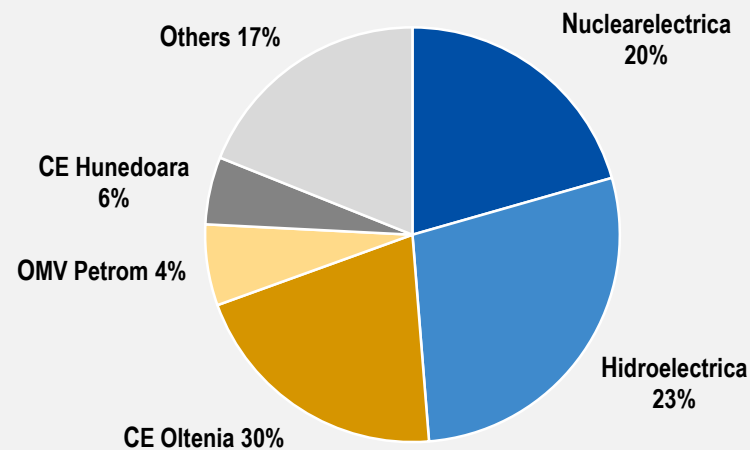
# Energy on the Regulated Market 2012 – 2014

Producer	2012 Quantity (TWh)	2013 Quantity (TWh)	2014 Quantity (TWh)	2012 Average Price (RON/MWh)	2013 Average Price (RON/MWh)	2014 Average Price (RON/MWh)
Nuclearelectrica SA	7.5	5.3	3.7	123	142	146
Hidroelectrica SA	4.1	3.9	5.3	72	125	115
CE Oltenia SA	3.5	2.5	-	183	190	-
OMV Petrom SA	0.3 <sup>1</sup>	1.5	-	169 <sup>1</sup>	169	-

## 2013 Structure of deliveries on the regulated market



## 2013 Structure of deliveries on the total market



Source: ANRE.

1. The company started the electricity deliveries on the regulated market in October 2012.

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# Appendix IV – Litigations



## Litigations Update (1/2):

- Over the past 3 and a half years, a very high workload has been required of the Fund Manager in defending the Fund's rights against third parties and managing external counsels.
- Currently more than 200 cases ongoing in relation to: (i) portfolio companies, (ii) Romanian public authorities, (iii) shareholders (cases with a single minority shareholder), (iv) the Romanian regulator, and (v) others.
- Other examples:
  - ✓ Numerous litigations against portfolio companies for serious breaches of corporate governance rules (e.g. appointing members of the board without respecting the correct legal process, not compliance with corporate governance rules);
  - ✓ Litigations against members of the portfolio company boards for signing agreements against the company's best interests (e.g. Hidroelectrica bilateral contract signed with Arcelor Mittal, Romgaz donation in favor of Romanian state, other contracts signed by companies in favor of a shareholder);
  - ✓ Litigations against the Romanian public authorities;
  - ✓ Recovery of historical dividends due to the Fund;
  - ✓ Supporting the portfolio companies in litigations to protect the value of the Fund's investment;
  - ✓ Challenging decisions of the CNVM/FSA to block shareholder resolutions changing the IMA and the Constitutive Act;
  - ✓ Defense vs. claimants unhappy with ANRP compensation process (not FP fault) – the number of such cases is decreasing.

## Litigations Update (2/2):

- On 10 October 2012, the Bucharest Court of Appeal upheld a claim by Sfiraiala to annul 4 resolutions of the September 2010 GSM, regarding the changeover in management, on the grounds of a technical fault in the calling notice. After this, Sfiraiala filed a huge number of other claims, all arguing that this decision meant that FT was not the valid manager of the Fund. However, the matters to which the 4 annulled resolutions related had been approved/ratified by the shareholders with vast majority at other GSMs in the meantime. Furthermore, the shareholders' resolution of 23 November 2012 and 25 April 2013 for the reappointment of Franklin Templeton has been registered with the Trade Registry and published within the Official Gazette.
- In October 2013 Bucharest Court ruled against the Fund and annulled 4 resolutions of the Fund's shareholders (2 EGM and 2 OMG resolutions) in a case started by Hidrosind Union. The Court has not yet supplied its argumentation in this case, but regarding the annulments it is to be noted that: (i) the two EGM decisions relate to the ratification/readoption of decisions of the EGM of 6 September 2010 which have been irrevocably confirmed as annulled in separate proceedings (mentioned above), prior to this judgment, and the Trade Register has already been updated; (ii) the two OGM decisions relate to the ratification/readoption of the legal acts of FTIML as Sole Director during the period 29 September 2010 to 25 April 2012, the shareholders ratified/re-adopted all legal acts of FTIML as Sole Director for the period 29 September 2010 to 23 November 2012 (i.e. including the above period and more) and the Court has upheld these decisions in the same file.
- In November 2013 Court of Appeal has ruled against the Fund in a case filed by Sfiraiala for the annulment of EGM Resolution no. 5/2010 for modifying the Constitutive Act approved by shareholders on 29 November 2010, and annulled the EGM Resolution no. 5/2010 for modifying the Constitutive Act. The Fund appealed the decision.
- To date the Fund has irrevocably won more than 170 cases against Sfiraiala.
- The Fund Manager is seeking full recovery of legal fees with every case won and is in the process of enforcement of costs against Sfiraiala in the amount of approximately RON 500,000.

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