



FRANKLIN TEMPLETON  
INVESTMENTS

FONDUL  
PROPRIETATEA

#### Fund Description

Fondul Proprietatea (FP) is a joint stock company operating as an Alternative Investment Fund (AIF) with an unlimited lifetime, incorporated in Romania. The Fund was listed on the Bucharest Stock Exchange on 25 January 2011, and on the Specialist Fund Market of the London Stock Exchange ("LSE") by means of Global Depository Receipts ("GDRs") on 29 April 2015.

#### Investment Objective

The Fund's investment objective is the maximization of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.

#### Alternative Investment Fund Manager

FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.À R.L.  
as of 1 April 2016

#### Investment Manager

Franklin Templeton Investment Management Limited UK,  
Bucharest Branch – since 29 September 2010.

#### Portfolio Manager

Grzegorz Konieczny

#### Fund Details as at 31/08/2016

**Base Currency of Fund:** Romanian Lei (RON)

**Date of Fund Launch:** 28 December 2005

**Performance Inception Date:**

31 December 2010 for NAV

25 January 2011 for Ordinary Share Price

29 April 2015 for Global Depository Receipts

**Number of Issued Shares:** 10,965,850,801

**Number of Shares Corresponding to Paid Share capital:**

10,602,038,451

**Subscribed Share Capital:** RON 9,320,973,180.85

**Paid Share Capital:** RON 9,011,732,683.35

#### Cash Distributions per Share

**2016 Cash Distribution:** 0.05000 RON June 2016

**2015 Cash Distribution:** 0.05000 RON June 2015

**2014 Cash Distribution:** 0.05000 RON July 2014

**2012 Dividend:** 0.04089 RON June 2013

**2011 Dividend:** 0.03854 RON June 2012

**2010 Dividend:** 0.03141 RON June 2011

**2008–2009 Dividend:** 0.0816 RON October 2010

#### Fund Identifier

**Bucharest Stock Exchange Symbol:** FP

**London Stock Exchange Symbol:** FP.

**Bloomberg:** FP RO (for BVB) and FP/LI (for GDRs)

**ISIN:** ROFPTAACNOR5

**ASF Public Register No:** PJR09SIIR/400006/18.08.2010

**CIVM Registration No:** AC-4386-1/28.06.2016

#### References

<sup>1</sup> For the period 1 – 31 August 2016

<sup>2</sup> Annualized rate of return

<sup>3</sup> The NAV per Share Total Return is calculated in RON by geometrically linking total returns for all intermediate periods when official NAV is published. Each total return for a single period is calculated using the following formula: the NAV per share as at the end of the period plus any cash distribution during the period, dividing the resulting sum by the official NAV per share at the beginning of the period. The resulting single period total returns are geometrically linked to result in the overall total return

<sup>4</sup> The Share Price Total Return is calculated in RON by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return

<sup>5</sup> The GDR Price Total Return is calculated in USD by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return

<sup>6</sup> The discount is calculated based on the latest published NAV at the date of the calculation. For Current Discount, the values are calculated based on the 31 August 2016 NAV.

<sup>7</sup> For the period 4 January – 31 August 2016

<sup>8</sup> Net cash and receivables includes bank deposits, current bank accounts, short-term treasury bills and bonds, guarantee deposit for tender offer, dividend receivables, receivables from transactions with financial instruments, as well as other receivables and assets, net of all liabilities (including liabilities to shareholders related to the returns of capital) and provisions

<sup>9</sup> Based on the paid share capital

<sup>10</sup> Includes the 1,125,000 shares, equivalent of the 22,500 Global Depository Receipts of Fondul Proprietatea.

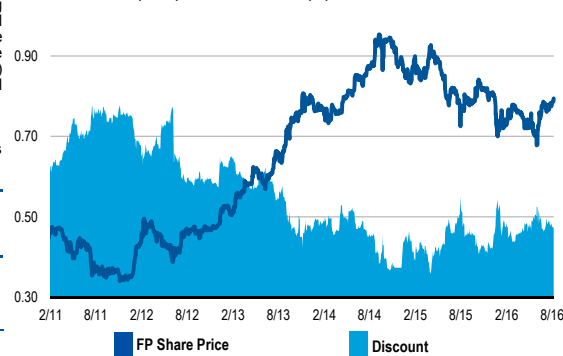
<sup>11</sup> 363,812,350 shares unpaid by Ministry of Public Finance

<sup>12</sup> 287,245,107 treasury shares acquired in the sixth buyback program.

## Monthly Report

31 August 2016

#### SHARE PRICE (RON) AND DISCOUNT (%) SINCE LISTING ON BVB



#### NAV/Share:

RON 1.1674/ EUR 0.2621/ USD 0.2923

#### Ordinary Share Price:

RON 0.7940 / EUR 0.1782 / USD 0.1988

#### GDR price (1 GDR = 50 shares):

RON 41.54/ EUR 9.33 / USD 10.40

#### Share Price Discount: 31.99%

#### GDR Discount: 28.83%

#### Fund NAV: RON 12.04 billion / EUR 2.70 billion

/ USD 3.01 billion

#### Market Capitalisation (Excluding treasury

shares): RON 8.19 billion / EUR 1.84 billion /

USD 2.05 billion

#### Average Daily Turnover on the BVB<sup>1</sup>:

RON 2.12 million / EUR 0.48 million /

USD 0.53 million

#### Average Daily Turnover on the LSE<sup>1</sup>:

RON 0.92 million / EUR 0.21 million /

USD 0.23 million

#### Cumulative

#### Performance %

	1-Mo	3-Mo	6-Mo	YTD	9-Mo	1-Yr	2-Yr <sup>2</sup>	3-Yr <sup>2</sup>	Since perf. incept.
NAV RON <sup>3</sup>	0.40	10.89	11.97	5.60	10.27	6.59	0.35	3.95	30.71
Ordinary Share Price RON <sup>4</sup>	2.45	15.30	14.68	4.77	3.49	9.64	1.34	12.11	78.99
GDR RON <sup>5</sup>	4.17	18.27	14.43	7.35	7.56	11.96	N/A	N/A	2.92
NAV USD <sup>3</sup>	0.53	12.68	15.33	10.09	16.51	5.48	(8.10)	(1.91)	3.79
Ordinary Share Price USD <sup>4</sup>	2.59	17.15	18.12	9.22	9.34	8.50	(7.19)	5.79	39.60
GDR USD <sup>5</sup>	4.31	20.17	17.87	11.92	13.64	10.80	N/A	N/A	2.39

Performance data is shown rounded to the nearest hundredth.

The Fund uses these indicators as they are directly related to the performance objectives of the Fund included in the Investment Policy Statement.

#### AVERAGE ANNUAL DISCOUNT<sup>6</sup>

	2011	2012	2013	2014	2015	YTD <sup>7</sup>	Current Discount
Ordinary Share Price	55.67%	50.09%	40.74%	30.87%	29.12%	32.56%	31.99%
GDR	-	-	-	-	29.51%	30.89%	28.83%

#### PORTFOLIO STRUCTURE

Asset	% of NAV
Listed Equities	28.20
Unlisted Equities	61.24
Net Cash & Receivables <sup>8</sup>	10.56
Sector	% of NAV
Power utilities: generation	28.83
Power & Gas utilities: distribution, supply	24.16
Oil & Gas	23.23
Infrastructure	7.43
Banks	2.57
Heavy Industry	1.67
Aluminium	0.79
Postal services	0.49
Others	0.27
Net Cash and receivables <sup>8</sup>	10.56

#### TOP 10 HOLDINGS

Security name	% of NAV
Hidroelectrica SA	27.15
OMV Petrom SA	22.87
CN Aeroporturi Bucuresti SA	5.25
ENEL Distributie Banat SA	5.18
ENEL Distributie Muntenia SA	3.78
Engie Romania SA	3.70
ENEL Distributie Dobrogea SA	3.33
BRD Groupe Societe Generale SA	2.40
Electrica Distributie Muntenia Nord SA	2.11
Electrica Distributie Transilvania Sud SA	1.85
<b>Total</b>	<b>77.62</b>

#### SHAREHOLDERS STRUCTURE<sup>9</sup>

	%
The Bank of New York Mellon (depository bank for Global Depository Receipts) <sup>10</sup>	34.48
Foreign institutional investors	25.25
Romanian private individuals	19.86
Romanian institutional investors	14.15
Foreign private individuals	3.51
Ministry of Public Finance <sup>11</sup>	0.04
Treasury shares <sup>12</sup>	2.71
<b>Total Number of Shareholders</b>	<b>7,612</b>

#### LARGEST SHAREHOLDERS

Shareholder	As at	% of total voting rights
Elliott Associates	21 October 2015	21.06
City of London Investment Mgmt.	5 April 2016	5.04

Source: Ownership disclosures submitted by shareholders.



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## Monthly Report

31 August 2016

### Description of NAV Basis

Net Asset Value is calculated according to regulations currently applying to Fondul Proprietatea, approved by Local Regulator (CNVM Regulation no. 4/2010 as subsequently amended). Where there is trading activity in the last 30 trading days, shares listed on a regulated market are valued at closing price. The shares admitted to trading on AeRO market (alternative trading system) are valued based on the Reference Price method, respectively the average price. Where there is no trading activity in the 30 trading day period for listed investments, the unlisted valuation approach applies. Investments in unlisted companies are valued using either shareholders' equity value per latest annual financial statements (proportionally with the stake held) or by using valuation methods in accordance with International Valuation Standards (fair value principles). Any holding in companies going through an insolvency or reorganization procedure is valued either at zero or at the value provided by an independent valuer, using valuation methods in accordance with International Valuation Standards (fair value principles). Any holding in companies under judicial liquidation procedure, or any other liquidation procedures, as well as in companies under temporary or final suspension of operation, is valued at zero until the procedure is finalised.

Starting with the NAV report as at 29 January 2016, the accounting records under IFRS are used for the computation of NAV non-portfolio items.

### Important Information and Disclaimers

The above portfolio information is calculated on the basis of the NAV. The Investment Manager for the Fund reserves the right to withhold release of information with respect to holdings that would otherwise be included in the Top 10 Holdings list where the protection of such information is in the best interests of the Fund. The price of shares and income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is no guarantee of future performance. In emerging markets, the risks can be greater than in developed markets. Investment in the Fund may not be suitable for all investors; we suggest investors seek guidance from a financial adviser. Read the issue prospectus before investing in this fund/investment firm. FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.Ă R.L. as alternative investment fund manager and sole director of Fondul Proprietatea SA issues quarterly, semi-annual and annual reports which are published on the Fund's website at [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro). This is a short summary for the information of existing shareholders only and is not intended to be used as the basis for investment decisions.

Existing and potential investors should refer to the Fund's prospectus and amendment, available at [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro). All information presented in the report is provided by Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch.

This report is issued in Romania by Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, at 78-80 Buzesti Str, Premium Point, 7<sup>th</sup> and 8<sup>th</sup> Floors, Bucharest 1, 011017, ROMANIA registered with ASF Public Register No. PJM01SFIM/400005.

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Identification Code (CIF): 18253260 and Trade Registry

registration no: J40/21901/2005.