

Fondul Proprietatea SA

(This is a translation from the official Romanian version)



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Company Information

The Company

- Fondul Proprietatea SA (“the Fund” or “Fondul Proprietatea” or “FP”) was incorporated on 28 December 2005 as a joint stock company operating as a closed-end investment company. The Fund is registered with the Bucharest Trade Register under the number J40/21901/2005 and has the sole registration code 18253260.
- The Fund’s Investment Objective is the maximisation of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.
- Between 1 January and 31 March 2016 the Sole Director of the Fund was Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch (“FTIML”/”Investment Manager”). The first mandate was effective since 29 September 2010 for a period of 4 years, and the mandate was renewed for 2 years with effect from 30 September 2014.
- Considering the legal requirements to implement the Directive 2011/61/EU on Alternative Investment Fund Managers (“AIFM Directive”) the shareholders of the Fund approved, on 29 October 2015, the change of the management structure and the termination of the mandate of FTIML as Fund Manager and Sole Director, with the mutual consent of both parties, with effect from 1 April 2016. Subsequent to the termination, the Fund appointed Franklin Templeton International Services S.à r.l. (“FTIS” or “AIFM”) as its Sole Director and AIFM under the AIFM Directive and local implementation regulations, and executed a new Management Agreement (“2015 MA”) in order to comply with the AIFM Directive (FTIS mandate commenced on 1 April 2016). FTIS delegates the role of Investment Manager as well as certain administrative functions to FTIML.
- Since 25 January 2011, the Fund’s shares have been listed on the Bucharest Stock Exchange (“BVB”). Since 29 April 2015, the Fund’s global depository receipts (“GDRs”) have been listed on the Specialist Fund Market of the London Stock Exchange (“LSE”).

The following table shows a summary of the financial information of the Fund:

NAV* and share price developments	Notes	31 December 2016	31 December 2015	31 December 2014	Change % YE 2016 vs YE 2015
Total shareholders' equity (RON million)	a	11,386.0	12,053.1	13,347.9	-5.5%
Total NAV (RON million)	b, n	11,427.4	12,087.8	13,236.7	-5.5%
NAV per share (RON)	b, n	1.1865	1.1564	1.2125	+2.6%
NAV per share change in the period (%)	c	+2.6%	-4.6%	-2.5%	
NAV per share total return in the period (%)	c, i	+7.3%	-0.6%	+1.4%	
Share price as at the end of the period (RON)		0.7950	0.8100	0.8960	
Share price low (RON)	d	0.6780	0.7250	0.7590	
Share price high (RON)	d	0.8100	0.9270	0.9535	
Share price change in the period (%)	c	-1.9%	-9.6%	+7.5%	
Share price total return in the period (%)	c, j	+4.9%	-4.1%	+14.5%	
Share price discount to NAV as at the end of the period (%)	f	33.0%	30.0%	26.1%	
Average discount for the period (%)	f	32.1%	28.9%	30.7%	
Total share turnover (RON million)	e, l	1,702.7	2,029.6	3,735.8	-16.1%
Average daily share turnover (RON million)	e, l	6.7	8.1	14.9	-17.3%
GDR price as at the end of the period (USD)		9.4000	9.9000	n.a.	
GDR price low (USD)	g	8.5000	9.4500	n.a.	
GDR price high (USD)	g	10.6500	11.5500	n.a.	
GDR price change in the period (%)	c	-5.1%	-13.5%	n.a.	
GDR price total return in the period (%)	c, k	+1.2%	-8.5%	n.a.	
GDR price discount to NAV as at the end of the period (%)	f	31.8%	29.0%	n.a.	
Average GDR price discount for the period (%)	f	30.0%	29.2%	n.a.	
Total GDR turnover (USD million)	h, m	235.3	266.9	n.a.	-11.8%
Average daily GDR turnover (USD million)	h, m	0.9	1.5	n.a.	-40.0%

Source: FTIML

Net Asset Value (“NAV”) for the year ended 31 December 2016 was computed as at 30 December 2016, the last working day of the month

Notes:

- a. Prepared on the basis of IFRS (including the comparative amounts)
- b. Prepared on the basis of local rules issued by the capital market regulator (for year end 2015 and 2014 the non-portfolio items are calculated based on Romanian Accounting Regulations in force as at the respective date, i.e. Financial Supervisory Authority ("FSA") Regulation no. 4/2011; for year end 2016 the non-portfolio items are calculated based on IFRS)
- c. Compared to the end of the previous period
- d. Source: BVB - REGS market - Closing prices
- e. Source: BVB
- f. Share Price/ GDR Price discount to NAV as at the end of the period (%) is calculated as the discount between FP share closing price on BVB/ FP GDR closing price on LSE on the last trading day of the period and the NAV per share at the end of the period; the average discount is calculated according with the Investment Policy Statement ("IPS"), using the latest published NAV per share at the date of calculation.
- g. Source: LSE - Closing prices
- h. Source: LSE
- i. 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 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. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS.
- j. 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. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS.
- k. The GDR Price Total Return is calculated in USD is by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS.
- l. Including the tender offer carried by the Fund in September 2016, with a total value of RON 327.2 million (excluding transaction costs) for the 388.6 million shares acquired on BVB
- m. Including the tender offer carried by the Fund in September 2016, with a total value of USD 39.7 million (excluding transaction costs) for the 186.4 million shares equivalent to the GDRs acquired on LSE
- n. The difference in change (%) between total NAV and NAV per share is due to the change in the number of treasury shares during the period (treasury shares acquired through buy-backs, both ordinary shares and GDRs, are excluded from the number of shares used in the computation of NAV per share)

Share capital information	31 December 2016*	31 December 2015	31 December 2014
Issued share capital (RON)	9,168,314,116.70	10,074,080,745.90	11,815,279,886.85
Paid in share capital (RON)	8,859,073,619.20	9,746,649,630.90	11,469,658,154.35
Number of shares in issue	10,786,251,902	11,193,423,051	12,437,136,723
Number of paid shares	10,422,439,552	10,829,610,701	12,073,324,373
Nominal value per share (RON)	0.85	0.90	0.95

**Note: the following changes in the Fund's share capital took place in 2016:*

1. On 14 March 2016, the Trade Registry registered Resolution no. 8/ 29 October 2015 of the Fund's Extraordinary General Shareholders Meeting ("EGM") for approving the decrease of the subscribed share capital from RON 10,074,080,745.90 to RON 9,869,265,720.90, pursuant to the cancellation of 227,572,250 own shares acquired by the Fund during the fifth buy-back programme, endorsed by the FSA through the Endorsement no. 74/ 25 February 2016.
2. On 9 June 2016, the Trade Registry registered Resolution no 1/ 27 January 2016 of the Fund's EGM for approving the subscribed share capital decrease from RON 9,869,265,720.90 to RON 9,320,973,180.85 through the reduction of the nominal value of the Fund's shares from RON 0.90 to RON 0.85.
3. On 26 October 2016, the Trade Registry registered Resolution no. 4/26 April 2016 of the Fund's EGM for approving the subscribed share capital decrease from RON 9,320,973,180.85 to RON 9,168,314,116.70, pursuant to the cancellation of 179,598,899 own shares acquired by the Fund during the six buy-back programme, endorsed by the FSA Endorsement no. 264/ 12 October 2016.

Share information

Primary listing	Bucharest Stock Exchange
Since	25 January 2011
Secondary listing	London Stock Exchange
Since	29 April 2015
Bucharest Stock Exchange symbol	FP
London Stock Exchange symbol	FP.
Bloomberg ticker on BVB	FP RO
Bloomberg ticker on LSE	FP/ LI
Reuters	FP.BX
ISIN	ROFPTAACNOR5
Financial Supervisory Authority register no	PJR09SIIR/400006/18.08.2010
CIVM registration no	AC-4386-3/1.02.2017

Shareholder Structure (as at 31 December 2016)

Shareholder categories	% of subscribed share capital	% of paid-in share capital	% of voting rights ¹
The Bank of New York Mellon (depository bank for global depository receipts) ²	33.89%	35.07%	37.95%
Foreign institutional shareholders	21.20%	21.94%	23.74%
Romanian private individuals	17.31%	17.91%	19.38%
Romanian institutional shareholders	13.64%	14.12%	15.28%
Foreign private individuals	3.20%	3.32%	3.59%
Ministry of Public Finance ³	0.05%	0.05%	0.06%
Treasury shares ⁴	7.33%	7.59%	-
Unpaid shares ⁵	3.38%	-	-

Source: Depozitarul Central SA ("Romanian Central Depository")

There were 7,146 shareholders as at 31 December 2016.

Largest Shareholders

Shareholder	Latest ownership disclosure	% of voting rights
Elliott Associates	21 October 2015	21.06%
City of London Investment Mgmt.	5 April 2016	5.04%

Source: ownership disclosure submitted by shareholders

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¹ The unpaid shares of the Romanian State, represented by the Ministry of Public Finance, and the treasury shares held by Fondul Proprietatea were not taken into consideration at the calculation of the total number of voting rights

² Fondul Proprietatea held no global depository receipts as at 31 December 2016

³ The percentage represents the paid shares; the percentage of subscribed share capital of Ministry of Public Finance is 3.43%, including the unpaid shares

⁴ 791,145,507 treasury shares acquired by the Fund in the sixth and seventh buy-back programmes, based on settlement date (595,531,257 ordinary shares acquired and 195,614,250 shares corresponding to GDRs acquired, converted into shares)

⁵ Shares unpaid by Romanian State represented by Ministry of Public Finance

Overview

Franklin Templeton International Services S.à r.l, as Sole Director and AIFM of Fondul Proprietatea presents the results of the Fund in accordance with IFRS for the year ended 31 December 2016, with an audited net profit of RON 447.0 million, as compared to the audited net loss for 2015 of RON 565.1 million.

The main contribution to the profit recorded in 2016 was the net gain on disposal of equity investments available for sale, which was partially offset by the net loss from equity investments at fair value through profit or loss, impairment losses on equity investments available for sale and by the loss from disposal of non-current assets held for sale. For more details, please see section *Financial Analysis*.

Total shareholders' equity was RON 11,386.0 million as at 31 December 2016, a 5.5% decrease compared to the value of RON 12,053.1 million as at 31 December 2015.

The Fund reported a Net Asset Value of RON 11,427.4 million as at 30 December 2016 and a Net Asset Value per Share ("NAV per share") of RON 1.1865 (a positive NAV per Share total return of 7.3% compared to 31 December 2015).

In 2016, the BVB underperformed most of the largest markets in Central Europe, in both local currency and EUR terms, as shown in the table below:

% change in 2016	in local currency	in EUR
BUX (Hungary)	+33.79%	+35.49%
ATX (Austria)	+9.24%	+9.24%
WIG20 (Poland)	+4.77%	+1.23%
BET-XT (Romania)	+0.47%	+0.15%
PX (Czech Republic)	-3.63%	-3.64%

Source: Bloomberg

The discount of the Fund's share price to the 30 December 2016 NAV was 33.0% at the end of 2016. During the year, the discount calculated according with the IPS, ranged between 27.4% and 39.5%.

As at 30 December 2016, the NAV calculated according to local rules issued by the capital market regulator is very similar with the shareholders' equity calculated according to IFRS due to similar valuation methodologies applied to financial assets, as illustrated in the following table:

	Local Capital Market Regulations*	IFRS
Listed securities	Valued at closing market prices (regulated markets) Valued at reference prices (Alternative Trading Systems)**	Valued at fair value
Unlisted or illiquid listed securities	Valued as per latest issued annual financial statements (proportionally with the stake held) or using fair valuation methodologies	Valued at fair value

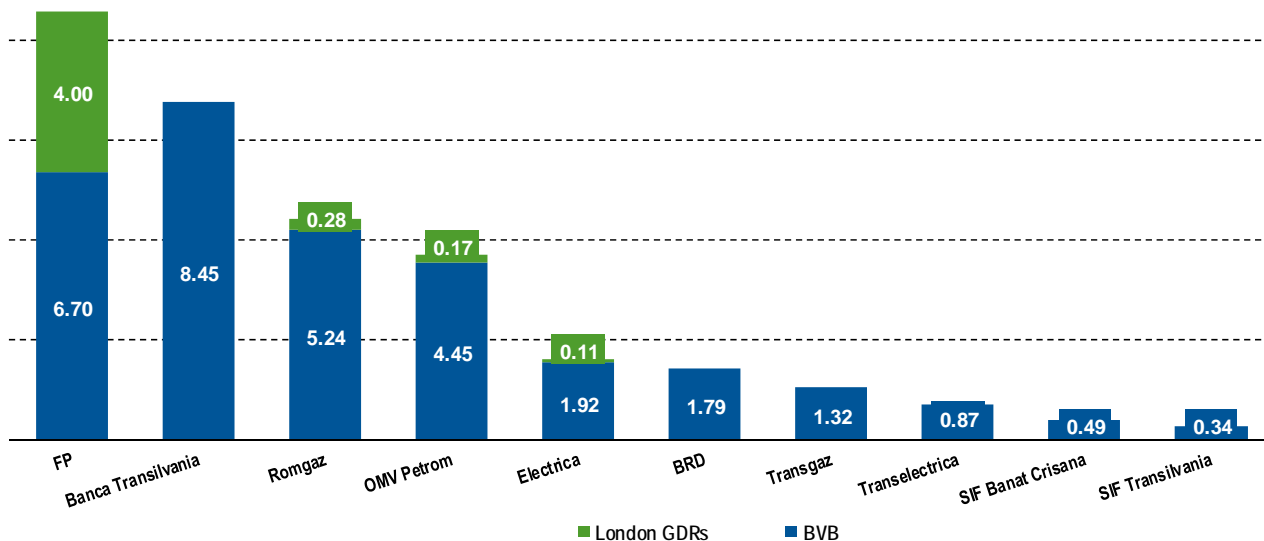
* Details on the valuation methods used for the holding in each company are presented in the Annex 2 to this report; the shares of companies under insolvency or reorganisation procedure are valued either at zero or at a value assessed with the assistance of an independent authorised valuer, using valuation methods in accordance with the International Valuation Standards (fair value principles). The shares of companies under judicial liquidation procedure or any other liquidation procedure, as well as of companies under temporary or final suspension of operations are valued at zero until the respective procedures are completed.

** Reference price is considered to be the average price for the securities listed on an Alternative Trading System.

Significant Events

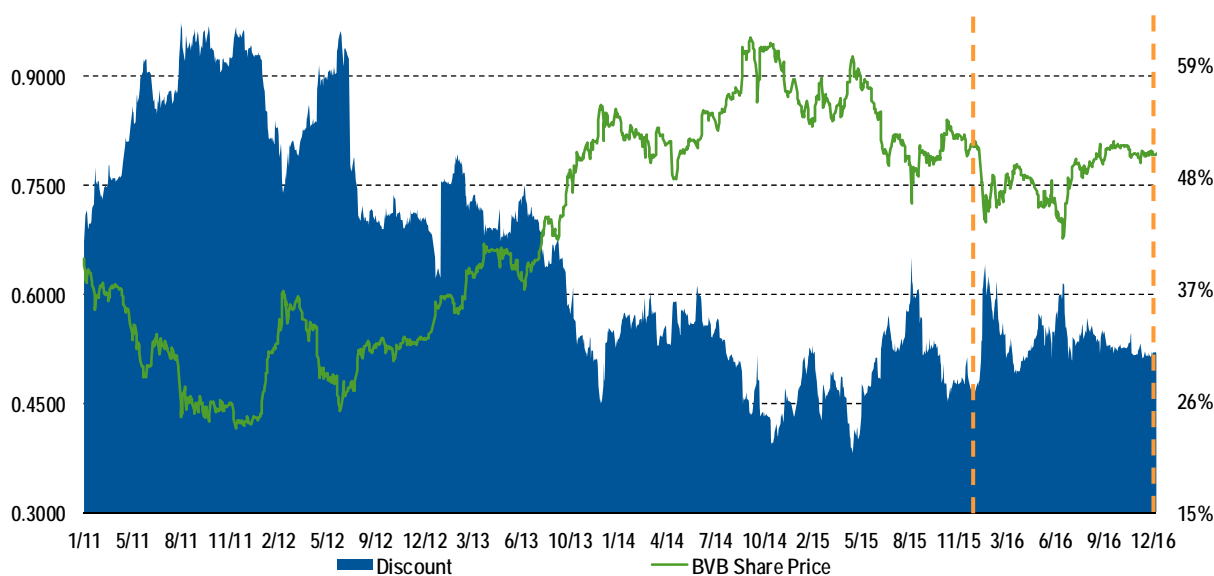
Regulated Stock Market Trading

Average Daily Turnover in 2016 (RON million)



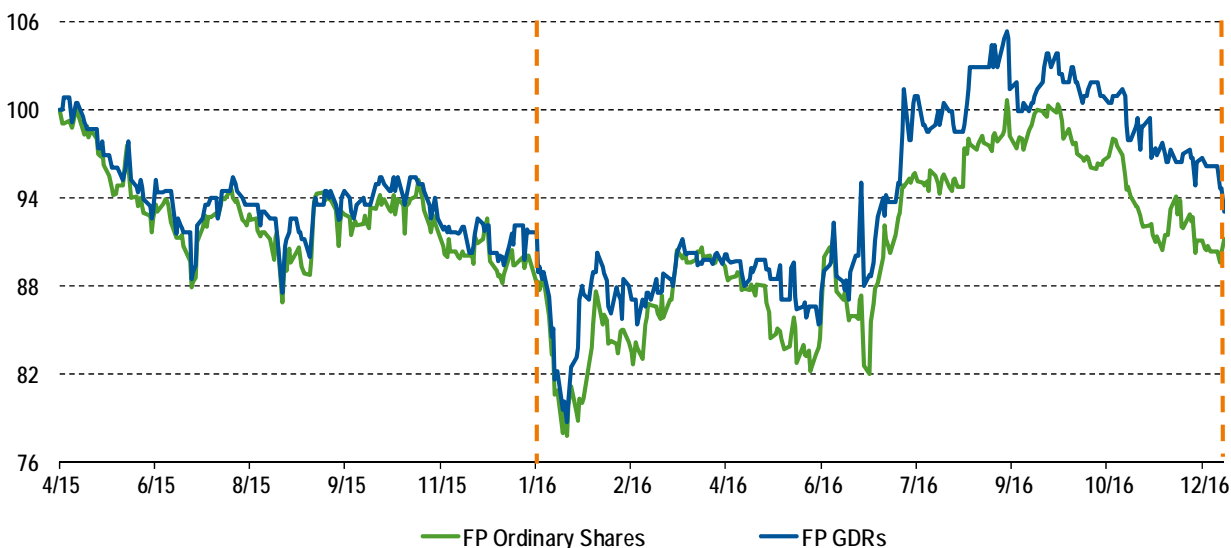
Note: the values include the Fund tender offer from September 2016 of RON 327.2 million for the 388.6 million shares acquired on BVB and RON 157.0 million for the 186.4 million shares equivalent to the GDRs acquired on LSE
 Source: BVB, Bloomberg

Fund's Share Price and Discount History (RON per share)



Source: BVB

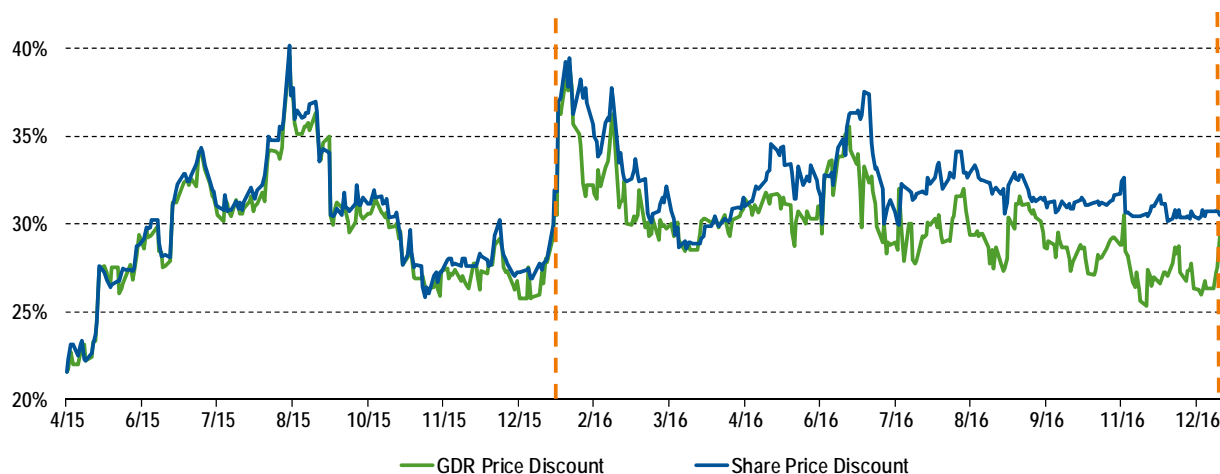
FP Share Price vs. FP GDR price



Note: As at 31 December 2016, FP GDRs were trading on LSE at a 1.76% premium to the FP share price on BVB.

Source: BVB, LSE

FP Share Price Discount vs. FP GDR Price Discount



Source: BVB, Bloomberg, for the period 29 April 2015 – 31 December 2016

Interim Monitoring of Performance Objectives

For the reporting period between 1 July 2016 and 30 June 2017, in accordance with the Fund’s IPS, there are two performance objectives that the AIFM is aiming to achieve. The NAV objective refers to a higher adjusted NAV¹ per share as at 30 June 2017, compared to the NAV per share as at 30 June 2015, i.e. higher than RON 1.1851 per share. The discount objective implies the discount between the closing price of the Fund’s shares and the latest reported NAV per share to be equal to or lower than 15%, in at least 2/3 of the trading days in the period from 1 July 2016 and 30 June 2017.

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.

NAV Objective – interim monitoring

As at 30 December 2016, the adjusted NAV per share was 4.94% higher than the 30 June 2015 NAV per share of RON 1.1851.

NAV Objective	Amount RON	Details
Total NAV as at 30 December 2016	11,427,351,380	
Costs related to the 2015 and 2016 returns of capital after 30 June 2015 , until 30 December 2016	23,628	Fees charged by the Central Depository and Paying Agent for the payments performed after 30 June 2015 (for the 2015 and 2016 returns of capital)
Costs related to buy-backs after 30 June 2015 , until 30 December 2016	7,358,969	Fees related to fifth buy-back programme after 30 June 2015 and sixth and seventh buy-back programmes, including the FSA fees of 1% of the tender offer value
Distribution fees after 30 June 2015, until 30 December 2016	26,194,086	Distribution fees for distributions to shareholders (including 2016 return of capital) after 30 June 2015
2016 Return of capital to shareholders	516,886,344	2016 Return of capital
Total Adjusted NAV as at 30 December 2016	11,977,814,407	
Number of Fund's paid shares, less treasury shares and GDRs held as at 30 December 2016	9,630,931,675	
Adjusted NAV per share as at 30 December 2016	1.2436	
NAV per share as at 30 June 2015	1.1851	
Difference	0.0585	
%	4.94%	

Source: FTIML

Discount Objective – interim monitoring

In the period between 1 July 2016 and 30 December 2016 the discount to NAV was greater than 15%, for both shares and GDRs.

Discount Evolution¹

Discount at 30 December 2016	Minimum discount in the interim monitoring period	Maximum discount in the interim monitoring period	Average discount for the interim monitoring period
30.5%	29.9%	34.1%	31.5%

Source: FTIML

Note: the NAV for year ended at 31 December 2016 was calculated for the last working day of the month, 30 December 2016

The AIFM and Investment Manager will continue its efforts to reduce the discount to NAV as we firmly believe that the Fund's shares should be trading at a significantly lower discount than the current levels, given the quality of the underlying portfolio assets, our track record in working with the portfolio companies to improve efficiency and profitability, the attractive cash distribution yield of over 12% for 2017 considering also the proposed special cash distribution of RON 0.05 per share to be paid in March 2017, the ongoing buy-back programmes and our transparency, disclosure, and proactive investor relations efforts.

Investor Relations Update

In 2016, in our efforts to increase the visibility and the profile of the Fund, as well as the local capital market, and Romania, to a broader international institutional investor base, the Fund's management team participated in 19 regional emerging and frontier market conferences in Vienna, London, New York, Singapore, Warsaw, Paris, Budapest, Zurs, Zagreb, Stegersbach, and Prague and met with over 205 investment professionals interested in finding out more details about the Fund and its equity story, and in receiving updates on the Fund, its corporate actions, and its main portfolio holdings, as well as on the Romanian macro-economic environment.

During this period, we also organised 15 road-shows in the most important financial centres in Europe (London, Copenhagen, Stockholm, Tallinn, and Frankfurt), the United States (New York, Boston, Miami and Chicago), Asia (Singapore), and South Africa (Cape Town). During the road-shows, the Investment Manager participated in

¹ The daily discount is calculated in accordance with the IPS, i.e. the discount between the FP shares closing price on the BVB for each trading day and the latest reported NAV per share.

individual and group meetings with representatives of over 75 international institutional investment firms, both current shareholders and potential investors.

Between 29 February and 1 March we organised, in collaboration with WOOD & Company, the third edition of the “Romania Investor Days in London” event. 113 representatives from 64 international investments firm, with assets under management of over EUR 4,500 billion, and 40 representatives from 22 Romanian companies (listed or candidates for IPOs) participated in the event. The first part of the first day of the event featured presentations and speeches from the Romanian Chargé d’Affaires to the United Kingdom, the Presidential Adviser and Head of the Presidential Chancellery, the State Secretary and Chief of Staff of the Romanian Government, the Minister of Finance, the State Secretary of the Ministry of Economy, the Secretary of State of the Ministry of Energy, a board member of the National Bank of Romanian, the Director of the Strategy and Financial Stability Division of the Romanian FSA, the Co-President of Franklin Templeton Investments, the Head of UK Large Caps – Primary Markets of the London Stock Exchange, and the management of Fondul Proprietatea. During the second part of the day, and the second day, over 360 meetings were held between the investors and the management teams of the corporations present at the event.

On 18 April, we organised the third edition of the “Romania Investor Day in New York” conference, in partnership with BVB, Swiss Capital and Auerbach Grayson. 41 investment professionals representing 29 international institutional investment firms with assets under management of over USD 3,500 billion, participated in the event. 36 representatives from 15 Romanian companies listed on the BVB or candidates for IPOs, participated in the conference and in the 127 group and 1on1 meetings organised during the event.

In addition to the individual and group meetings between investors and issuers, the conference featured a plenary session with presentations and speeches from the State Secretary and Chief of Staff of the Romanian Government, the Minister of Finance, and the State Secretary in the Ministry of Energy, as well as a message from the Ambassador of Romania to the United States of America.

Between 7 to 9 September, we organised the ninth edition of Fondul Proprietatea Analyst and Investor Days event. 76 representatives from 49 local and foreign institutional investors (with over USD 3,000 billion collectively in assets under management) participated in the event. Also, representatives of local authorities (National Bank of Romania, FSA, Regulatory Authority for Energy), as well as from the Romanian Government, the US and UK Embassies in Romania, of corporates in the Fund’s portfolio, of local companies trading on BVB, or candidates for IPOs joined the event, bringing the total number of attendees to over 170. The investors present at the event also had the opportunity to visit some of the most important assets in the Fund’s portfolio, namely Hidroelectrica’s Iron Gates I power-plant, and Salrom’s salt mine in Slanic Prahova.

On 9 September, we organised together with WOOD & Co the Frontier Investor Day event where 440 individual and group meetings were held between the institutional investors and the 30 companies present at the event, Romanian listed companies or potential future IPOs, and foreign corporates from other frontier markets in the region. This is a significant increase in the number of participants attending the conference and testament to the growing interest in Romania from foreign institutional investors.

As part of our communication strategy to update the institutional investors and analysts covering Fondul Proprietatea on the Fund’s results, the latest events involving the Fund and its portfolio companies, and the planned corporate actions, we organised the 2015 preliminary results, 2016 first quarter, 2016 first half, and 2016 third quarter results conference calls, where, on average, 50 investors and analysts participated.

Furthermore, during the year, we organised 64 individual meetings with analysts, brokers, current and prospective investors, as well as 60 conference calls with institutional investors interested in the latest developments regarding the Fund’s corporate actions, and its portfolio companies.

Finally, we have also been invited to speak at 7 other events, where we presented to over 180 participating professionals, journalists, and other stakeholders, the Fund, its equity story and the main actions we took during our tenure, in order to protect and increase the value of the portfolio companies.

During the period, in our efforts to update the retail investors on the latest developments regarding the Fund, we have sent three letters to the Fund’s shareholders, in February, June, and October.

Communication between the Investment Manager and investors remains our top priority as we aim to ensure that investors are informed about the latest developments and obtain their feedback as we continue to focus on maximising shareholder value.

GDR Facility Update

The GDR facility is limited to one-third of the Fund's subscribed share capital under the Romanian securities regulations or 73,105,672 GDRs until 26 October 2016 and 71,908,346 GDRs after that date, each GDR representing 50 shares. As at 31 December 2016, 33.89% of the Fund's issued shares were converted into GDRs, accounting for 37.95% of the voting rights.

The Bank of New York Mellon, the depositary bank of the GDRs, has notified that the total GDR holdings have reached the limit for GDR issuance, of one third of the Fund's issued share capital, according to regulations in force. As a result, until further notice from The Bank of New York Mellon with respect to the GDR facility, no new GDRs can be issued.

For further updates regarding the limit of the GDR facility, please see the section *Subsequent Events*.

Credit Facility Agreement

On 17 December 2015 the Fund and Citibank Europe Plc Dublin - Romania Branch agreed to extend the existing revolving credit facility of RON 500 million, with a potential increase of additional RON 500 million, subject to future mutual agreement of the parties. The availability period of the facility was from 4 January 2016 until 31 August 2016, with the final reimbursement taking place on 30 September 2016, at the latest.

On 7 March 2016 the parties signed the Addendum no. 2 to the credit facility agreement, amending certain provisions, among which splitting the committed facility into a committed facility of maximum RON 375 million and an uncommitted facility of maximum RON 125 million.

On 4 July the Fund has contracted a revolving committed credit facility for a maximum amount of RON 1 billion from BRD - Groupe Société Générale SA. The availability period of the facility is for one year with the possibility to extend it with the same period.

The purpose of the credit facility is for general corporate use, including share buy-backs, but excluding investments, and is meant to replace the previous financing arrangement concluded by the Fund with Citibank Europe Plc. Dublin - Romania Branch that was terminated on 8 July 2016.

The Fund did not use the credit facility during the financial year ended 31 December 2016.

Buy-back Programmes

Overview of share buy-backs during the year ended 31 December 2016

During 2016 the Fund has finalised the cancellation process for the shares acquired during the fifth buy-back programme, completed the sixth buy-back programme and initiated the cancellation process for the respective shares, and started the implementation of the seven buy-back programme. Also, during 11 October 2016 General Shareholders Meeting ("GSM") the shareholders approved the eighth buy-back programme.

All the buy-back programmes carried out by the Fund are aimed at share capital decrease, in accordance with the shareholders' approvals. During 2016, the Fund bought back a total number of 821,457,152 own shares within the sixth and seventh buy-back programmes (out of which 625,092,902 ordinary shares and 196,364,250 ordinary shares corresponding to GDRs), representing 7.3% of the total issued shares as at 31 December 2015, for a total acquisition value, excluding transaction costs, of RON 673,903,006.

The shares acquired within the fifth buy-back programme were cancelled in March 2016.

In 2016 the Fund converted into ordinary shares a total number of 4,698,779 GDRs acquired within the sixth buy-back programme, during 2015 and 2016 (equivalent of 234,938,950 ordinary shares).

The total number of own shares held by the Fund as at 31 December 2016 is 791,507,877, having a total nominal value of RON 672,781,695.45 (RON 0.85 per share), which will be cancelled.

The sixth buy-back programme

During the 27 April 2015 GSM the shareholders approved the sixth buy-back programme for a maximum number of 891,770,055 shares or the equivalent number of GDRs corresponding to the shares of Fondul Proprietatea, valid until 15 November 2016. The buy-backs could be performed at a price between RON 0.2 per share and RON 2 per share. The buy-back transactions could only be applied to fully paid shares and the repurchased shares will be cancelled. The execution of the buy-back programme started on 9 September 2015.

Tender Offer within the sixth buy-back programme

On 5 July the Fund submitted for approval to the FSA, an application for a tender offer for the acquisition of own shares in relation to the sixth buy-back programme. WOOD & Company Financial Services AS was engaged as intermediary in relation to the purchase of shares, Goldman Sachs International and WOOD & Company Financial Services AS were engaged as dealer managers, and The Bank of New York Mellon was appointed as tender agent in relation to the purchase of GDRs.

The daily execution of the sixth buy-back programme with respect to shares on the BVB and GDRs on the LSE was suspended on 27 June 2016.

On 27 July 2016 the FSA approved the Fund's application for the tender offer. The subscription period was from 3 August 2016 until 7 September 2016 and the purchase price was RON 0.8420 per share and the USD equivalent of RON 42.10 per GDR.

On 7 September the Investment Manager announced the results of the tender offer: total subscription of 6,628,754,149 shares (4,479,422,849 in the form of ordinary shares and 2,149,331,300 in the form of GDRs), representing 1,152.83% of the Offer. Under this tender offer, the Fund repurchased 575,000,000 shares (388,559,950 ordinary shares and 186,440,050 equivalent shares of the GDRs repurchased, where 1 GDR represents 50 ordinary shares), for a total amount of RON 327,167,478 and USD 39,716,268 (excluding transaction costs).

The daily execution of the sixth buy-back programme restarted on 15 September. On 27 September 2016 the sixth buy-back programme was completed: all 891,770,055 shares were repurchased, at a total acquisition value of RON 731,959,565 (excluding transaction costs). Thus, the weighted average price was approximately RON 0.8156 per share, and USD 10.5221 per GDR.

The seventh buy-back programme

On 29 October 2015 the Fund's shareholders approved the seventh buy-back programme that refers to the acquisition of a maximum number of shares computed so that all the outstanding treasury shares (acquired during this programme and/ or previous ones) do not exceed 10% of the issued share capital at the relevant time, with effect from the date when the share capital decrease regarding the cancellation of the shares repurchased within the fifth buy-back programme is effective, valid until 26 May 2017. The buy-back shall be performed at a price between RON 0.2 per share and RON 2 per share. The transactions can only be applied to fully paid shares or GDRs corresponding to the shares of the Fund, which will be cancelled. The implementation of this buy-back programme is subject to the availability of the necessary cash.

The seventh buy-back programme started on 29 September 2016 and, until 31 December 2016, the total number of shares repurchased was 79,336,721, at a total acquisition value of RON 63,317,685 (excluding transaction costs). There were no acquisitions of GDRs corresponding to the Fund shares within the seventh buy-back programme until 31 December 2016.

For more details regarding the seventh buy-back programme, please see section *Subsequent Events*.

The eighth buy-back programme

On 11 October 2016 the Fund's shareholders approved the eighth buy-back programme that refers to the acquisition of a maximum number of shares computed so that all the outstanding treasury shares (acquired during this programme and/ or previous ones) do not exceed 10% of the issued share capital at the relevant time, with effect from the date when the share capital decrease regarding the cancellation of the shares repurchased within the sixth buy-back programme is effective, for a maximum period of 18 months as of the date when this shareholders' resolution is published in the Official Gazette of Romania, Part IV. The buy-backs shall be performed at a price between RON 0.2 per share and RON 2 per share. The transactions can only be applied to fully paid shares or GDRs corresponding to the shares of the Fund, which will be cancelled. The implementation of this buy-back programme is subject to the availability of the necessary cash.

Changes affecting the capital of the Fund during 2016

Share cancellations

During 2016, two cancellations of shares have been registered, following the implementation of the fifth and sixth buy-back programmes and another cancellation has been approved by shareholders:

- *Share cancellation after the fifth buy-back programme*

The FSA endorsed through Endorsement no. 74/ 25 February 2016, the decrease of the subscribed share capital, following the cancellation of 227,572,250 shares repurchased by the Fund during the fifth buy-back programme in 2015. Therefore, with effect from 14 March 2016, the Trade Registry registered Resolution no. 8/ 29 October 2015 of the Fund's EGM and the new value of the Fund's subscribed share capital was RON 9,869,265,720.90, being divided into 10,965,850,801 shares. The value of the paid in share capital was RON 9,541,834,605.90, being divided into 10,602,038,451 shares.

- *Share cancellation after the sixth buy-back programme:*

On 26 October 2016 the Trade Registry registered Resolution no. 4/ 27 April 2016 of the Fund's EGM for approving the decrease of the subscribed share capital from RON 9,320,973,180.85 to RON 9,168,314,116.70, pursuant to the cancellation of 179,598,899 own shares acquired by the Fund during the six buy-back programme, endorsed by the FSA Endorsement no. 264/ 12 October 2016. Therefore, starting with 26 October 2016, the new value of the Fund's subscribed share capital was RON 9,168,314,116.70, being divided into 10,786,251,902 shares with a nominal value of RON 0.85 per share. The value of the paid in share capital was RON 8,859,073,619.20, being divided into 10,422,439,552 shares.

On 11 October 2016 the shareholders approved the cancellation of the remaining 712,171,156 shares repurchased by the Fund during the sixth buy-back programme. The shareholders resolution was published in the Official Gazette of Romania on 21 October 2016. The share capital decrease will be effective after the FSA endorsement of the changes to the Constitutive Act of the Fund and after its registration with the Trade Register.

For more details regarding the cancellation of the remaining shares acquired within the six buy-back programme, please see section *Subsequent Events*.

The share capital decrease involving the annual return of capital to shareholders

The return of capital to shareholders in June 2016

During the 27 January 2016 GSM, the Fund's shareholders approved the return to shareholders of RON 0.05 per share, following the share capital decrease through the reduction of the nominal value of the shares of the Fund from RON 0.90 to RON 0.85. The decrease was motivated by the optimisation of the share capital of Fondul Proprietatea, involving the return to the shareholders of a part of their contributions, proportionally with their participation in the paid in share capital of the Fund. The shareholders resolution was published in the Official Gazette of Romania on 22 February 2016.

The FSA Endorsement no. 141/ 25 May 2016 of the new Constitutive Act reflecting the share capital decrease was received on 26 May 2016. On 9 June 2016, the Trade Registry registered Resolution no. 1/ 27 January 2016 of the Fund's EGM for approving the subscribed share capital decrease through the reduction of the nominal value of the Fund's shares from RON 0.90 to RON 0.85.

Therefore, with effect from 9 June 2016, the new value of the Fund's subscribed share capital was RON 9,320,973,180.85, being divided into 10,965,850,801 shares with a nominal value of RON 0.85 per share. The value of the paid in share capital of the Fund was RON 9,011,732,683.35 RON, being divided into 10,602,038,451 shares with a nominal value of RON 0.85 per share.

The shareholders registered with Central Depository on 6 June 2016 have the right to receive RON 0.05 per share, proportionally with their participation in the paid in share capital of the Fund. The payment of the capital return started on 27 June 2016 (the Payment Date).

Starting 2015, for the distribution to shareholders, the payments are performed through Central Depository, as follows:

- a) for shareholders having a custodian/ brokerage account, directly by the respective custodian bank or broker;
- b) for all other shareholders:

- (i) by the Central Depository, through the Paying Agent, for bank transfers, when the supporting documentation required by the Central Depository, along with a payment request, have been submitted. The Paying Agent appointed by the Fund 2016 distribution is BRD Groupe Société Générale.
- (ii) by the Paying Agent at any of its agencies for the cash payments or by bank transfer (when the supporting documentation required by the Paying Agent, along with a payment request, have been submitted to the Paying Agent).

Based on our current understanding of the Romanian tax law, no Romanian withholding tax applies on the return of capital distribution approved and paid in 2016. Due to the uncertainty of the Romanian tax law, we cannot guarantee that the tax treatment will not change in the future.

As an important notice to shareholders, the payment of the amounts due to the Fund's shareholders related to the return of capital approved in 2016 is subject to the general statute of limitation. As such, the shareholders may request these payments only within a three year term with effect from the Payment Date, namely until 27 June 2019.

By 31 December 2016, shareholders had collected almost 99% of the total distribution of RON 516.9 million.

The extraordinary share capital decrease involving the return of capital to shareholders and accounting loss coverage, approved during 31 October 2016 GSM

During the 31 October 2016 GSM, the Fund's shareholders approved the share capital decrease for covering the accounting loss and for the return to shareholders of RON 0.05 per share, following the reduction of the nominal value of the Fund shares from RON 0.85 to RON 0.57. The shareholders resolution was published in the Official Gazette of Romania on 16 November 2016.

The share capital decrease process is ongoing as at the date of this report, next steps being: the FSA endorsement of the new Constitutive Act reflecting the share capital decrease and the registration with Trade Registry of the subscribed share capital decrease. The Fund will publish a current report to announce when the share capital decrease is effective.

The shareholders registered with Central Depository on 7 March 2017 have the right to receive RON 0.05 per share, proportionally with their participation in the paid in share capital of the Fund. The payment of the capital return would start on 27 March 2017 (the Payment Date).

With effect from 2015, for the distribution to shareholders, the payments are performed through Central Depository. The approval process is still ongoing and details regarding the payments will be announced by the Investment Manager during February 2017.

Annual Cash Distribution Policy

FTIS and FTIML remain committed to returning cash to shareholders on an annual basis (subject to applicable law and necessary approvals), and has amended the Fund's Annual Cash Distribution Policy as follows:

*“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, FTIML, in its capacity of Investment Manager of Fondul Proprietatea SA, intends to recommend a cash distribution related to each financial year equivalent to 100% of the sum of (i) the Fund dividend income from portfolio companies, (ii) plus interest on cash balances, (iii) less expenses and taxation and (iv) 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 Sole Director and by Investment Manager separately, subject to available funding and depending on the discount level, in accordance with the IPS.

The Annual Cash Distribution Policy is published on the Fund's webpage.

Official Accounting Regulations

In accordance with FSA Norm no. 39/2015 regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated and supervised by FSA – Financial Investments and Instruments sector (“Norm 39/2015”), with effect from the annual financial statements for the year ended 31 December 2015, IFRS are the official accounting regulations (the statutory basis of accounting) for the regulated entities, including Fondul Proprietatea. According to this regulation, starting 1 January 2016, the Fund maintains the daily accounting records in accordance with IFRS, these being used for the preparation of this report.

Changes of the Management Agreements

During 2016 there were two management agreements in force:

- The Investment Management Agreement concluded in 2014 between the Fund and FTIML as Sole Director and Fund Manager (“2014 IMA”) - in force between 1 January and 31 March 2016, that has been amended several times, including in 2016, as follows:
 - Addendum no. 1/ 2014 reflecting the changes proposed by FSA. Addendum no. 1 entered into force on 30 September 2014, in the same time with 2014 IMA;
 - Addendum no. 2/ 2014 referring to the distribution fees payable by the Fund to FTIML in relation to the non-dividend distributions to shareholders. Addendum no. 2 entered into force on 20 March 2015;
 - Addendum no. 3/ 2014 implementing FSA’s recommendations issued on 20 March 2015 for the 2014 IMA. Addendum no. 3 entered into force on 29 October 2015;
 - Addendum no. 4/ 2014 related to the calculation of the distribution fee. Addendum no. 4 was applicable for period between 7 January and 31 March 2016;
 - Addendum no. 5/ 2014 for termination of the 2014 IMA; and
 - Addendum no. 6/ 2014 implementing FSA’s recommendations issued on 6 January 2016 for the 2014 IMA. Addendum no. 6 was applicable for the period between 7 January and 31 March 2016.
- The Management Agreement concluded between the Fund and FTIS as AIFM on 2 November 2015, entering into force on 1 April 2016.

Changes to the Constitutive Act

During 2016 there were several changes in the Constitutive Act of the Fund, as follows:

- Several changes related to the AIFM Directive implementation;
- Changes related to the articles referring to the share capital and the nominal value, as a result of the share capital decrease processes;
- Changes related to the Board of Nominees meetings; and
- Changes for aligning the Constitutive Act to the Romanian Capital Markets Law no. 297/2004.

According to legislation in force, all the changes to the Constitutive Act enter into force after FSA endorsement.

The Implementation of AIFM Directive

The Law 74/2015 implementing AIFM Directive was published in the Official Gazette of Romania on 23 April 2015. Following the entry into force of the Law 74/2015 on 24 May 2015, the FSA approved Regulation 10/ 2015 regarding the alternative investment funds management (“Regulation 10/ 2015”) on 22 July 2015, which was published in the Official Gazette of Romania on 28 July 2015. According to the FSA Regulation 10/2015, the Fund is qualified as an Alternative Investment Fund under the Romanian law implementing the AIFM Directive and had to comply with the provisions of the law implementing AIFM Directive and Regulation 10/2015 before 24 May 2016.

During the 29 October 2015 GSM, the Fund’s shareholders approved the AIFM Directive implementation plan for the Fund as follows:

- Termination by mutual consent of the parties of FTIML's mandate beginning with 1 April 2016 (last day of mandate was 31 March 2016);
- The appointment of FTIS as Sole Director and Alternative Investment Fund Manager under AIFM Directive and local implementation regulations, and the execution of 2015 MA, in order to comply with the AIFM Directive requirements (FTIS' mandate commenced on 1 April 2016); considering that the replacement of the AIFM with another entity from the group was proposed in order to comply with the AIFM Directive and the related national implementation laws and regulations, the shareholders approved the waiver of any selection procedure;
- Delegation of activities: the Board of Nominees approved the delegation of certain portfolio management and administrative activities from FTIS to FTIML.

On 28 January 2016 the FSA issued the Endorsements no. 25 and no. 26, whereby it endorsed the following amendments brought to the Fund's registration documents, which were approved by the Fund's shareholders during the 29 October 2015 GSM:

- The amendments to the Fund's Constitutive Act, effective starting 1 April 2016, referring to the AIFM Directive implementation.
- Addendum no. 5/ 2 November 2015 to the 2014 IMA, referring to the termination of the 2014 IMA starting with 1 April 2016.

According to the FSA Board Resolution from 27 January 2016, the 2015 MA does not require the FSA's endorsement prior to entering into force. Furthermore, the FSA considers that Commission de Surveillance du Sector Financier of Luxemburg, as the competent authority of the AIFM home state member, has oversight obligations in respect of the management performed by FTIS, based on the notification sent regarding 2015 MA.

Change of the Management of Fondul Proprietatea with Effect from 1 April 2016

The implementation process of AIFM Directive for the management of Fondul Proprietatea was completed by 1 April 2016. All the necessary actions (shareholders' and Board of Nominees approvals, regulatory approvals and notifications, registrations with Romanian Trade Register) were implemented and with effect from 1 April 2016 FTIS is the Sole Director and AIFM of Fondul Proprietatea.

FTIS decided to delegate certain portfolio management and administrative activities to FTIML. The delegation expressly excludes the delegation of the risk management activities of the Fund, which shall remain the sole prerogative of FTIS. The delegation of the portfolio management allows FTIML, among others, to:

- manage the investment, realisation and reinvestment of the assets of the Fund with power at its discretion, to purchase, subscribe to, acquire or deal in investments and securities and to sell, redeem, exchange, vary or transpose the same, provided that FTIML observes and complies with the Constitutive Act, the IPS, any guidelines, directives and instructions given by FTIS, and all local laws and regulations the Fund is subject to and, if the case, any applicable FSA decisions;
- exercise all rights of voting conferred by the investments and securities of the Fund;
- enter into contracts in the name of the Fund in order to apply the investments policy and objectives;
- take appropriate arrangements in order to supervise the performance of the portfolio management activities by its staff;
- take reasonable steps to manage the risks associated with portfolio management;
- on receipt, give instructions to pay to and/ or deposit with the depositary bank of the Fund all moneys, investments and securities received by it on behalf of the Fund;
- participate, institute or join, at the Fund's costs, any proceeding or similar action including but not limited to any class action with respect to the assets of the Fund, except the legal actions in front of courts or arbitral courts (in respect of the latter FTIML being also authorised to engage on behalf of the Fund legal counsel to provide legal representation), in accordance with the Constitutive Act, the IPS and the relevant legislation and regulations in force;
- present reports to the Board of Nominees of the Fund;
- cooperate with FTIS in view of distributing dividends and other non-dividend distributions and executing buy-back programmes and tenders, in each case subject to all necessary shareholder approvals and in compliance with applicable laws and regulations;

- evaluate the investments and the securities, price movements in respect of such investments and securities and other factors FTIML considers relevant for its management of the investment, realisation and re-investment of the assets of the Fund;
- analyse the progress of all investments and securities in the portfolio of the Fund and provide the reports requested by FTIS;
- analyse the source of funds required for buy-back of shares or other purposes;
- analyse all actions that FTIML considers advisable or necessary to undertake in order to implement the IPS of the Fund with regard to investments and securities; and
- prepare materials for any reports required by FTIS.

The delegation of the administration services allows FTIML, among others, to:

- manage the relationship with the Central Depository regarding its shareholders register functions;
- keep all the books, records, agreements, forms, papers, files and other corporate documents required by Romanian law;
- calculate and publish the Fund's net asset value and the net asset value per share;
- monitor the compliance with the regulations in force, except for the services of regulatory compliance monitoring of the delegated activities;
- receive notices, correspondence, telegrams, telex messages, telephonic advice or other representations and communications for account of the Fund;
- keep with due diligence the Fund documents and information entrusted to it;
- co-ordinate the preparation and dispatch of statements, reports, notices, announcements, proxies, minutes and other documents to shareholders, investors and to the Board of Nominees;
- co-operate at drafting of the entire documentation for calling the GSM of the Fund;
- draft the annual budget;
- co-operate at drafting the IPS;
- propose the conclusion of the financial audit agreement;
- propose the change of the location of the Fund's registered office;
- co-operate at the organisation of the GSM and of the meeting of the Board of Nominees;
- provide for any legal filings and publications and file any tax returns;
- maintain contact with all supervisory, regulatory, tax or other state authorities or Fund-related professional organisations in Romania, complying with any information request from these authorities (including the current reports);
- co-operate at the preparation of the annual reports, accounts, financial reports, financial statements and of any other documents for investors or for the relevant authorities in accordance with applicable laws, regulations or the Constitutive Act;
- manage investor queries and send responses and other relevant documents to the investors;
- perform public relations activities;
- perform marketing activities (such as investor road-shows, group and one-on-one meetings with institutional investors, participate in various global and regional emerging and frontier market conferences, organise Analyst and Investor Days events).

There have not been any changes in Fund management team following the implementation of the AIFM Directive.

Effective on 1 November 2016, Mr Johan Meyer was appointed as Co-Chief Executive Officer ("Co-CEO") of FTIML and Co-Portfolio Manager ("Co-PM") of Fondul Proprietatea. Mr Meyer's focus is on supporting Mr. Grzegorz Maciej Konieczny, CEO of FTIML and PM of Fondul Proprietatea on portfolio side as a co-CEO and co-PM level.

GSM Resolutions in 2016

The main shareholders resolutions during the **27 January 2016 GSM** were:

- the approval of the decrease of the subscribed share capital of the Fund from RON 9,869,265,720.90 to RON 9,320,973,180.85 through the reduction of the nominal value of the Fund's shares from RON 0.90 to RON 0.85, and the approval of the payment to shareholders registered as such with the Central Depository on 6 June 2016, of RON 0.05 per share, proportionally with their participation in the paid-in share capital of the Fund. The payment date approved by shareholders was 27 June 2016;
- the ratification and the approval of all EGM resolutions and of all legal acts (including resolutions, decisions, notices for convening all EGM and contracts) concluded, adopted and issued in the name of Fondul Proprietatea through FTIML, between 6 September 2010 and 26 January 2016, and the approval and ratification of any implementation acts, facts and operations based on such, including the management of the Fund under an unitary system, as well as the approval of all the changes to the Constitutive Act approved by all EGM between 6 September 2010 and 26 January 2016, as endorsed by FSA.

The main shareholders resolutions during the **26 April 2016 GSM** were:

- the approval of certain changes of the Constitutive Act, as recommended by the FSA in January 2016, and as recommended by a shareholder of the Fund;
- the approval of the decrease of the subscribed share capital of the Fund as a result of the partial cancellation of 179,598,899 shares acquired within the sixth buy-back programme;
- the ratification of Addendum no. 6/ 2 March 2016 to the 2014 IMA, giving full force and effect for the payment by the Fund to FTIML of the distribution fee for the period between 7 January 2016 and 31 March 2016;
- the appointment of two members in the Board of Nominees of the Fund, following the expiration of two mandates on 30 September 2016;
- the approval of the Annual Activity Report of the Sole Director of Fondul Proprietatea for the financial year 2015, including the IFRS financial statements for the year ended 31 December 2015. As the mandate of FTIML expired on 31 March 2016, the shareholders also decided to discharge the latter of any liability for its administration of Fondul Proprietatea during the period 1 January 2016 to 31 March 2016;
- the approval of covering of the accounting loss, in accordance with the supporting materials;
- the approval of Addendum no. 1 to the audit contract executed with the financial auditor, Deloitte Audit;
- the ratification and approval of all GSM resolutions and of all legal acts concluded, adopted or issued on behalf of the Fund through its Sole Director and/ or its AIFM, as well as of any management/ administration measures adopted and/ or implemented by its Sole Director and/ or its AIFM, between 6 September 2010 and 25 April 2016.

The main shareholders resolutions during the **11 October 2016 GSM** were:

- the approval of the decrease of the subscribed share capital as a result of the partial cancellation of 712,171,156 own shares repurchased during the sixth buy-back programme;
- the approval of the eighth buy-back programme;
- the ratification and the approval of all GSM resolutions and of all legal acts concluded, adopted and issued in the name of Fondul Proprietatea through its Sole Director/ its AIFM between 6 September 2010 and 10 October 2016.

The main shareholders resolutions during the **31 October 2016 GSM** were:

- the approval of the decrease of the Fund's subscribed share capital through the reduction of the par value of the Fund's shares from RON 0.85 to RON 0.57, for covering the accounting losses, and for an extraordinary distribution to shareholders of RON 0.05 per share;
- the approval of the amendments to the Fund's Constitutive Act;
- the approval of a special authorisation for the Sole Director to execute certain acts over any holdings in the Fund's portfolio companies during the financial year 2017;
- the approval of the continuation of the mandate of FTIS as the Fund's AIFM and Sole Director;
- the approval of the Fund's 2017 Budget;
- the appointment of Deloitte Audit SRL as the Fund's financial auditor for the financial year ending 31 December 2016, and of the financial audit agreement;

- the ratification and the approval of all GSM resolutions and of all legal acts concluded, adopted and issued in the name of Fondul Proprietatea through its Sole Director/ its AIFM between 6 September 2010 and 30 October 2016.

Subsequent Events

Proposed GSM resolutions

On 17 January 2017 the AIFM announced the calling of a new EGM for 28 February 2017, having on the agenda the following main points:

- The approval of the decrease of the subscribed share capital from RON 5,742,226,025.22 to RON 5,238,521,987.92 through the reduction of the par value of the shares of Fondul Proprietatea from RON 0.57 to RON 0.52. The decrease is motivated by the optimisation of the share capital of Fondul Proprietatea, involving the return to the shareholders of a part of their contributions, proportionally with their participation to the paid in share capital of the Fond; and
- The ratification and the approval of all GSM resolutions and of all legal acts concluded, adopted and issued in the name of Fondul Proprietatea through its Sole Director/ its AIFM between 6 September 2010 and 27 February 2017.

Cancelation of the remaining shares acquired within the sixth buy-back programme

The FSA endorsed through Endorsement no. 1/ 12 January 2017, the decrease of the subscribed share capital of the Fund, following the cancellation of 712,171,156 shares repurchased by the Fund during the sixth buy-back programme in 2016. With effect from 18 January 2017 the Trade Registry registered Resolution no. 7/ 11 October 2016 of the Fund's EGM and starting this date the new value of the Fund's subscribed share capital is RON 8,562,968,634.10, being divided into 10,074,080,746 shares.

Following this decrease, the new limit for the ongoing seventh buy-back programme has been risen to a maximum number of shares to be purchased therein of up to 1,007,408,074. The new GDR facility limit, of one third of the Fund's subscribed share capital, is 67,160,538 GDRs.

Tender Offer within the seventh buy-back programme

On 27 January 2017 the Fund submitted to the FSA for approval an application for endorsement of a tender offer to accelerate the seventh buy-back programme. Under this tender offer, the Fund intends to repurchase up to 640,000,000 shares from its shareholders, both in the form of shares and GDRs.

As such, the daily execution of the seventh buy-back programme with respect to shares on the BVB and GDRs on the LSE was suspended starting with 23 January 2017.

Wood & Company Financial Services a.s. has been engaged as intermediary in relation to the purchase of shares, Goldman Sachs International and Wood & Company Financial Services a.s. have been engaged as dealer managers and The Bank of New York Mellon has been appointed as tender agent in relation to the purchase of GDRs.

The FSA approved on 8 February 2017 the Fund's application for the public tender offer in relation to the acceleration of the seventh buy-back programme. The main details of the offer are:

- Value of the offer: up to 640,000,000 shares in the form of shares and/ or GDR;
- Purchase price: RON 0.91 per share and the USD equivalent of RON 45.50 per GDR, computed in accordance with the terms and conditions of the tender offer documentation;
- Subscription period: 15 February 2017 – 20 March 2017;
- Allocation method: pro-rata.

The Tender documentation is available free of charge to the public:

a) in electronic form, on the websites of the BVB (www.bvb.ro) and LSE (www.londonstockexchange.com), as well as on the Fund's website (www.fondulproprietatea.ro), and

b) in hard copy, at the Fund's registered office, respectively 78-80 Buzesti Street, 7th floor, 1st District, Bucharest, Romania.

Status of the implementation of the Fund's Extraordinary General Shareholders Meeting resolution dated 31 October 2016

During the Extraordinary General Shareholders Meeting held on 31 October 2016, the Fund's shareholders approved two operations to reduce the share capital. These operations referred to a reduction of share capital to cover accounting losses of RON 2,473,157,472 and a reduction of share capital via distributions to shareholders of RON 0.05 per share.

These share capital decreases will be effective after the following cumulative conditions are met:

- (i) the shareholders' resolution is published in the Official Gazette of Romania, Part IV for at least two months – the shareholders' resolution was published in the Official Gazette no. 4027 / 16 November 2016 and the two months deadline expired on 16 January 2017;
- (ii) the FSA endorses the amendment of article 7 paragraph (1) and article 9 paragraph (2) of the Constitutive Act of Fondul Proprietatea as approved by the shareholders during the 31 October 2016 GSM – the Fund filed the request with the FSA in January 2017, however the FSA endorsement was not yet issued as at the date of the authorisation of these annual financial statements;
- (iii) the share capital decrease approved by the shareholders on 11 October 2016 is effective - the effective date for this share capital decrease is 18 January 2017;
- (iv) the shareholders' resolution for approving the share capital decrease is registered with the Trade Registry -this process will be performed after the FSA issues the endorsement mentioned in point (ii).

As at the date of this report, these cumulative conditions were not yet fulfilled, therefore this share capital decrease was still in progress.

Analysis of the Activity of the Fund

Analysis of the Portfolio of the Fund

Net Asset Valuation

The key performance indicator of the Fund is its Net Asset Value. The Fund is required to publish a monthly net asset value per share in accordance with local rules issued by the capital market regulator, no later than 15 calendar days after the reporting month end.

All NAV reports are published on the Fund's website at www.fondulproprietatea.ro, together with the share price and discount information.

NAV methodology

CNVM Regulation no. 4/2010, as subsequently amended, allows the NAV calculation based on best international practice suitable for a listed closed-end fund.

Listed securities are valued either at closing market prices if listed on regulated markets, or reference prices if listed on an Alternative Trading System ("ATS"). In case of shares listed on ATS the reference price is considered to be the average price.

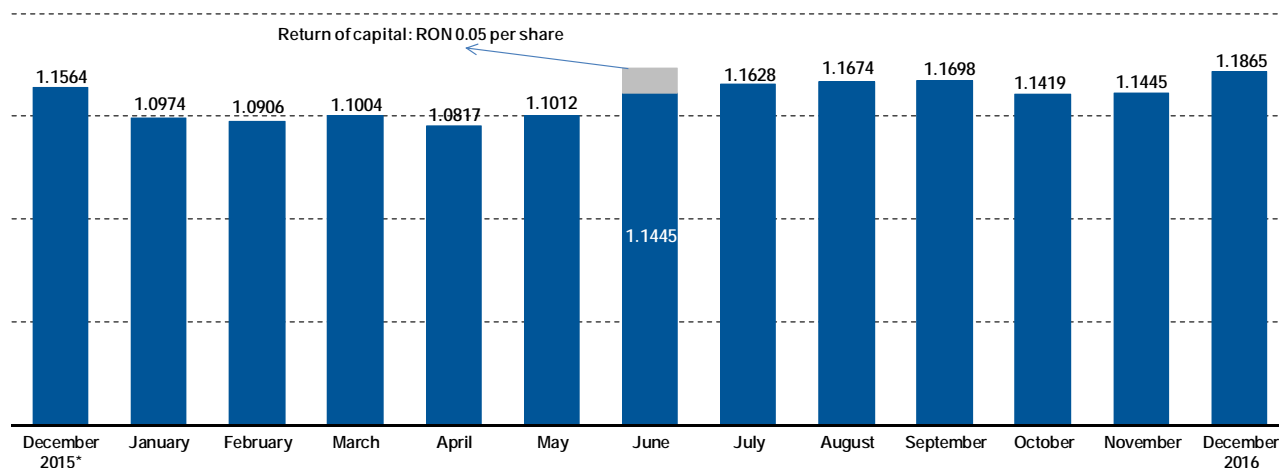
Illiquid or unlisted securities are valued using either the value of shareholders' equity, as per the latest available annual financial statements, proportionally with the stake held, or at fair value according to International Valuation Standards which permit fair valuation.

The shares in the companies under insolvency or reorganisation procedures are valued either at zero or at the value provided by an independent valuer, using the valuation methods in accordance with the International Valuation Standards. The shares in companies under a judicial liquidation procedure or any other liquidation procedures, as well as in companies under temporary or final suspension of operation, are valued at zero until the procedure is finalised.

The treasury shares acquired through buy-backs are excluded from the number of shares used in the NAV per share computation. Due to the fact that in substance the Fund's GDRs are similar to the ordinary shares to which they correspond, in the computation of the number of shares used in the calculation of NAV per share, the equivalent number of shares corresponding to the GDRs bought back and held by the Fund as at NAV reporting date are also deducted, together with the number of ordinary own shares bought back and held.

NAV per share (RON per share)

The following chart shows information on the monthly published NAVs per share for the period 31 December 2015 to 31 December 2016:



Source: FTIML, based on NAV reports submitted to the FSA, computed for the last working day of the month

*Based on Romanian Accounting Regulation for non-portfolio items

The **grey section** from June 2016, represents the impact of the 2016 return of capital per share, approved by shareholders in January 2016 and recorded in June 2016, following the FSA Endorsement no. 141/ 25 May 2016 of the share capital decrease, and following the registration with the Trade Register on 9 June 2016, which resulted in a reduction of the NAV per share.

During the **first quarter of 2016** the NAV per share decreased by 4.8%, mainly due to the negative impact of the decrease of the share prices of certain listed holdings, principally OMV Petrom SA (impact on the Fund's NAV of RON 537.9 million or RON 0.0517 per share).

During the **second quarter of 2016** the NAV per share increased by 4.0% mainly due to the update of the independent valuation for three unlisted portfolio holdings (Hidroelectrica SA, CN Aeroporturi Bucuresti SA, CN Administratia Porturilor Maritime SA) and due to the sixth buy-back programme carried out by the Fund during this period. The three unlisted holdings, representing 55.8% of the total unlisted portfolio, were valued with the assistance of KPMG Advisory, in accordance with International Valuation Standards. The overall impact was an increase of RON 785.7 million or RON 0.0762 per share, as compared to the 31 March 2016 NAV.

During the **third quarter of 2016** the NAV per share increased by 2.2%, mainly due to the positive share price evolution of the Fund's listed holdings compared with 30 June 2016, principally OMV Petrom SA (impact on the Fund's NAV of RON 43.0 million or RON 0.0042 per share) and BRD Groupe Société Générale SA (impact on the Fund's NAV of RON 30.4 million or RON 0.0030 per share) and to the tender offer for the acquisition of own shares carried out by the Fund during this period.

During the **last quarter of 2016**, the NAV per share increased by 1.4%, mainly due to the update of the independent valuation of unlisted portfolio companies (the main positive impact being related to the holdings in Hidroelectrica SA and CN Aeroporturi Bucuresti SA) and due to the positive impact of the seventh buy-back programme carried out by the Fund during this quarter.

In December, valuation updates were prepared for 20 unlisted holdings, representing 99.7% of the total unlisted portfolio, with the assistance of KPMG Advisory and Ernst & Young Service, in accordance with International Valuation Standards. The overall impact was an increase of RON 174.3 million or RON 0.0181 per share, compared to the 29 November 2016 NAV, as detailed in the table below:

No.	Portfolio company name	Value in 30 Dec 2016 NAV (RON million)	Value in 29 Nov 2016 NAV (RON million)	Impact on Total NAV (RON million)	% 30 Dec 2016 NAV vs. 29 Nov 2016 NAV	Impact on NAV per share ¹ (RON)
1	Hidroelectrica SA	3,384.0	3,269.0	115.0	3.5%	0.0119
2	CN Aeroporturi Bucuresti SA	761.0	632.5	128.5	20.3%	0.0133
3	E-Distributie Banat SA*	599.9	624.0	(24.1)	-3.9%	(0.0025)
4	Engie Romania SA**	453.4	446.1	7.3	1.6%	0.0008
5	E-Distributie Muntenia SA*	449.4	455.4	(6.0)	-1.3%	(0.0006)
6	E-Distributie Dobrogea SA*	380.2	401.2	(21.0)	-5.2%	(0.0022)
7	SDEE Muntenia Nord SA***	255.2	253.9	1.3	0.5%	0.0001
8	SDEE Transilvania Sud SA***	246.2	222.3	23.9	10.8%	0.0025
9	CN Administratia Porturilor Maritime SA	216.0	211.3	4.7	2.2%	0.0005
10	SDEE Transilvania Nord SA***	208.3	215.6	(7.3)	-3.4%	(0.0008)
11	Societatea Nationala a Sarii SA	181.0	177.4	3.6	2.0%	0.0004
12	Electrica Furnizare SA	167.7	149.6	18.1	12.1%	0.0019
13	Enel Energie SA	75.5	76.6	(1.1)	-1.4%	(0.0001)
14	Enel Energie Muntenia SA	70.3	64.0	6.3	9.8%	0.0007
15	Posta Romana SA	43.0	58.7	(15.7)	-26.7%	(0.0016)
16	Zirom SA	25.5	23.3	2.2	9.4%	0.0002
17	Aeroportul International Timisoara - Traian Vuia SA	3.6	2.6	1.0	38.5%	0.0001
18	Plafar SA	2.2	1.9	0.3	15.8%	0.0000
19	Aeroportul International Mihail Kogalniceanu - Constanta SA	1.7	1.6	0.1	6.3%	0.0000
20	Complexul Energetic Oltenia SA	-	62.8	(62.8)	-100.0%	(0.0065)
	TOTAL	7,524.1	7,349.8	174.3	2.4%	0.0181

*Starting with November 2016 Enel Distributie companies changed their names into E-Distributie Banat SA, E-Distributie Muntenia SA and E-Distributie Dobrogea SA

**Starting with February 2016 GDF Suez Energy Romania SA changed its name into Engie Romania SA

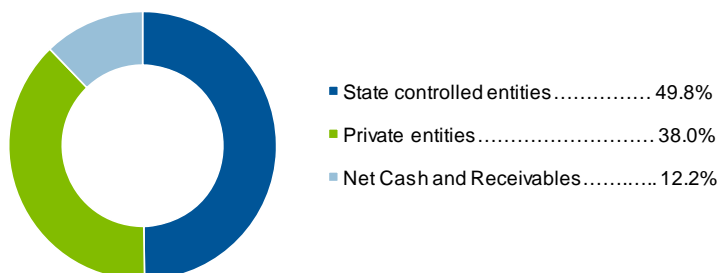
***Starting with 2016 year end Electrica Distributie companies changed their names into SDEE Muntenia Nord, SDEE Transilvania Sud, SDEE Transilvania Nord

¹ Computed based on the number of shares used in NAV per share computation as at 29 November 2016

Investment Strategy and Portfolio Analysis

The Fund's Investment Objective is the maximisation of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities. The equity exposure amounted to 87.8% of the Fund's NAV as at 30 December 2016. As at that date, the portfolio was composed of holdings in 45 companies (13 listed and 32 unlisted), a combination of privately held and state-controlled entities.

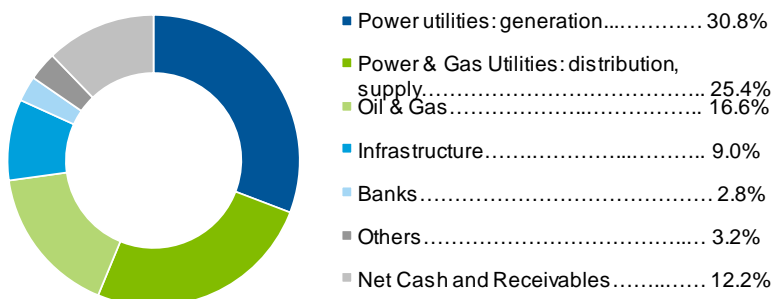
Portfolio Structure – by Controlling Ownership



- Net cash and receivables includes bank deposits, current bank accounts, short-term government securities, other receivables and assets, net of all liabilities (including liabilities to shareholders related to the returns of capital) and provisions.

Source: FTIML, data as at 30 December 2016

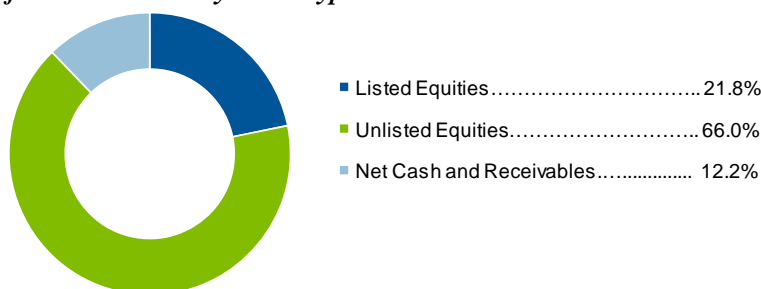
Portfolio Structure - by Sector



- The portfolio remains heavily weighted in power, oil and gas sectors (approx. 72.8% of the NAV), through a number of listed and unlisted Romanian companies

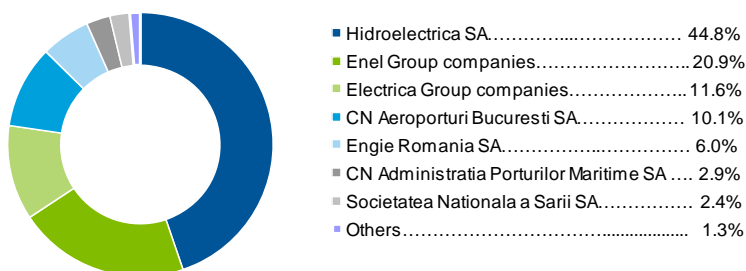
Source: FTIML, data as at 30 December 2016

Portfolio Structure – by Asset Type



Source: FTIML, data as at 30 December 2016

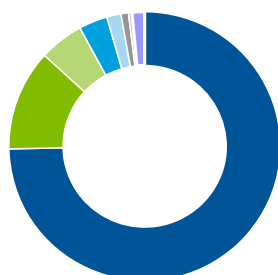
Portfolio Structure – Unlisted holdings



- The largest unlisted holding is Hidroelectrica SA (44.8% of the total value of unlisted holdings in the portfolio)

Source: FTIML, data as at 30 December 2016; the chart reflects the company NAV value as a % in total NAV value of unlisted holdings

Portfolio Structure – Listed holdings



OMV Petrom SA	74.7%
BRD Groupe Societe Generale SA	12.1%
Nuclearelectrica SA	5.3%
Alro SA	3.4%
Conpet SA	1.7%
Romaero SA	0.9%
Primcom SA	0.4%
Others	1.5%

- The largest listed holding is OMV Petrom SA (74.7% of the total value of listed holdings in the portfolio)

Source: FTIML, data as at 30 December 2016; the chart reflects the company NAV value as a % in total NAV value of listed holdings

Top 20 equity investments

No	Name	Fund's stake (%)	Value as at 31 December 2016 ¹ (RON million)	% of NAV as at 31 December 2016 ¹
1	Hidroelectrica SA	19.94%	3,384.0	29.6%
2	OMV Petrom SA	12.56%	1,857.7	16.3%
3	CN Aeroporturi Bucuresti SA	20.00%	761.0	6.7%
4	E-Distributie Banat SA*	24.12%	599.9	5.2%
5	Engie Romania SA**	11.99%	453.4	4.0%
6	E-Distributie Muntenia SA*	12.00%	449.4	3.9%
7	E-Distributie Dobrogea SA*	24.09%	380.2	3.3%
8	BRD Groupe Societe Generale SA	3.63%	301.3	2.6%
9	SDEE Muntenia Nord SA***	21.99%	255.2	2.2%
10	SDEE Transilvania Sud SA***	21.99%	246.2	2.2%
11	CN Administratia Porturilor Maritime SA	19.99%	216.0	1.9%
12	SDEE Transilvania Nord SA***	22.00%	208.3	1.8%
13	Societatea Nationala a Sarii SA	48.99%	181.0	1.6%
14	Electrica Furnizare SA	22.00%	167.7	1.5%
15	Nuclearelectrica SA	9.09%	131.7	1.2%
16	Alro SA	10.21%	85.3	0.7%
17	Enel Energie SA	12.00%	75.5	0.7%
18	Enel Energie Muntenia SA	12.00%	70.3	0.6%
19	Posta Romana SA	25.00%	43.0	0.4%
20	Conpet SA****	6.05%	41.3	0.4%
Top 20 equity holdings			9,908.4	86.8%
Total equity holdings			10,033.5	87.8%
Net cash and receivables			1,393.9	12.2%
Total NAV			11,427.4	100.0%

Source: FTIML, data as at 31 December 2016, based on NAV reports submitted to FSA (30 December 2016 NAV report)

¹Rounded to one decimal

*Starting with November 2016 Enel Distributie companies changed their names into E-Distributie Banat SA, E-Distributie Muntenia SA and E-Distributie Dobrogea SA

**Starting with February 2016 GDF Suez Energy Romania SA changed its name into Engie Romania SA

***Starting with 2016 year end Electrica Distributie Companies changed their names into SDEE Muntenia Nord, SDEE Transilvania Sud, SDEE Transilvania Nord

****In the IFRS financial statements of the Fund Conpet is valued at zero, as a result of the ongoing litigation on the Fund's shares in this company

Key Portfolio Developments in the Period

Acquisitions and disposals

Share capital increases and bonus shares

During the year, the Fund contributed in cash to the share capital increases of Zirom SA, Administratia Porturilor Maritime SA, and Hidroelectrica SA (for which the registration with the Trade Register has not been finalised until 31 December 2016).

In July 2016, Banca Transilvania SA completed the registration with the Central Depository of the share capital increase from incorporation of reserves. As a consequence, a number of 8,622,073 bonus shares received by the Fund were reflected as part of its portfolio.

Disposals

In April the Fund sold its entire holding of 22,542,960 shares in Romgaz SA (20,286,910 in the form of ordinary shares and 2,256,050 in the form of GDRs) in an accelerated bookbuilding offering. The shares were priced at RON 24/ USD 6.09 (in relation to disposals via dollar-denominated global depositary receipts, based on the National Bank of Romania's exchange rate of RON 3.9434 per USD as at 20 April 2016).

In June the Fund sold its entire participations in E.ON Distributie Romania SA (56,749,014 shares representing 18.3% of the company's share capital), and E.ON Energie Romania SA (9,903,524 shares representing 13.4% of the company's share capital). During the year, the Fund has also sold part of its holdings in Banca Transilvania SA, and BRD Groupe Société Générale SA, as well as a part of its holding in OMV Petrom SA, as detailed below.

Secondary public offering regarding the partial sale of shares in OMV Petrom SA

On 5 October 2016 the FSA approved the Prospectus for the secondary public offering by the Fund regarding a partial sale of its shares in OMV Petrom SA. The value of the offer was up to 3,641,100,108 shares, representing approx. 6.4% of the company's share capital, in the form of shares and GDRs (the company has also applied for the admission to listing of GDRs on the London Stock Exchange).

The Final Offer Price was RON 0.21 per share and USD 7.70 per GDR. The price per share for investors in the Small Retail Tranche during the first four working days of the offer was of 95% of the Final Offer Price (i.e. RON 0.1995 per share), and 97% of the Final Offer Price (i.e. RON 0.2040 per share) starting with the fifth working day of the offer.

The subscription period was six business days from 6 October to 13 October 2016. The number of shares sold in the offer was 3,641,100,108, out of which 3,267,250,908 in the form of shares and 373,849,200 in the form of GDRs, where 1 GDR represents 150 ordinary shares. The gross proceeds received from the sale amount to RON 682,342,730.23 for the Shares and USD 19,190,925.60 for the GDRs sold.

In respect of its residual ownership interest in OMV Petrom SA following this transaction, the Fund has committed to a 360-day lock-up period following closing of the offering, subject to certain exceptions.

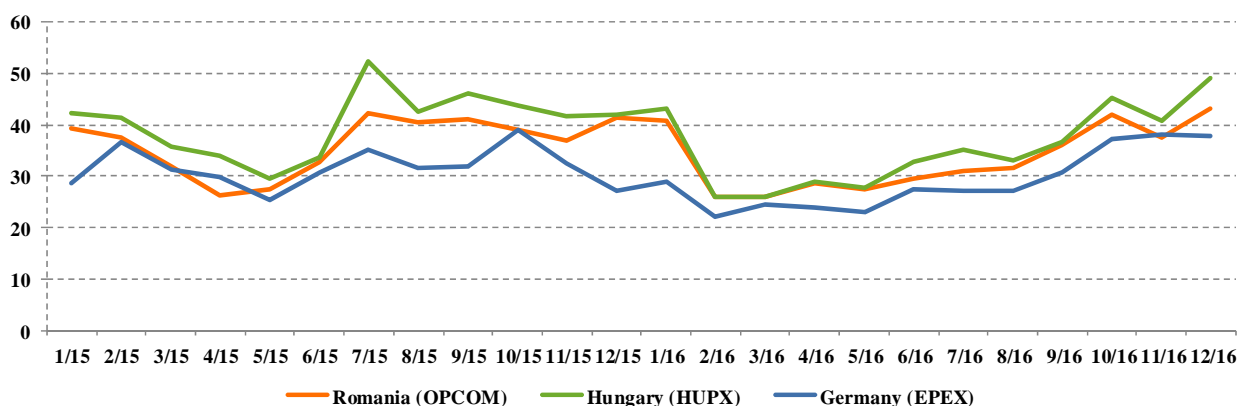
Energy sector updates

Energy tariff changes

The proposed timetable for the gradual elimination of the regulated electricity prices for non-household consumers and for household consumers is according with the table below:

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

Source: ANRE webpage

Electricity prices (EUR/ MWh)

Source: Bloomberg, Hidroelectrica SA

Note: Day Ahead Market – monthly average for base load

Energy resources (thousand tons barrels of oil equivalent)

	2016			2015			% change		
	Total	Production	Import	Total	Production	Import	Total	Production	Import
Coal	4,738.5	4,217.3	521.2	5,247.4	4,693.0	554.4	(0.10)	(0.10)	(0.06)
Oil	11,045.8	3,577.5	7,468.3	10,333.6	3,738.1	6,595.5	0.07	(0.04)	0.13
Natural gas	8,672.6	7,487.2	1,185.4	8,723.0	8,560.4	162.6	(0.01)	(0.13)	6.29
Hidro, nuclear, and import energy	5,504.7	5,197.7	307.0	5,395.3	5,070.6	324.7	0.02	0.03	(0.05)
Import oil products	2,691.8	-	2,691.8	2,706.7	-	2,706.7	(0.01)	-	(0.01)
Others	508.6	-	508.6	502.5	-	502.5	0.01	-	0.01
Total resources	33,162.0	20,479.7	12,682.3	32,908.5	22,062.1	10,846.4	0.01	(0.07)	0.17

Source: National Institute of Statistics webpage

Gas tariff changes

Gas prices have increased starting 1 February 2013, pursuant to the schedule for the gradual elimination of regulated gas prices. As of 1 January 2015, prices for supply to non-household consumers are determined freely, based on direct negotiation or acceptances of supplier's standard offer. Based on Government Decision no. 488/2015, the Government approved the updated schedule for the gas price liberalisation for household consumers and heat producers (for the energy used in residential heating) for the period 1 July 2015 – 1 April 2020. In late June 2016, ANRE announced that gas prices for households will not increase with effect from 1 July 2016, and will remain unchanged until at least March 2017. This decision was prompted by the fall of gas prices in Europe to a level close to the current price for households in Romania.

Update on the largest 20 portfolio holdings**Alro SA**

RON million	2014	2015	9 months 2015**	9 months 2016**	Budget 2015*	Budget 2016*
Turnover	2,108.4	2,422.8	1,769.2	1,577.6	2,665.6	2,191.9
Operating profit	51.0	185.9	218.1	111.1	318.1	133.7
Net profit/ (loss)	(63.6)	(0.02)	72.7	63.8	255.5	55.9
Dividends	-	-	n.a.	n.a.	-	-

Source: Consolidated IFRS financial statements

*Budgeted figures do not include any change in the fair value of the derivative embedded in the electricity purchase contract concluded with Hidroelectrica SA. Budget refers to Alro SA individual financial statements. The amounts were converted from USD to RON using the RON/ USD National Bank of Romania exchange rate at budget publishing date (i.e. 27 March 2015/ 28 March 2016)

** Individual IFRS financial statements

January: The company informed the market that following an investigation regarding the electricity contracts signed with Hidroelectrica SA, the Competition Council imposed a fine of RON 21.2 million, or 1.1% of the company's 2014 turnover. Subsequently, in May, the company informed the market that it appealed the Competition Council's decision.

May: Based on the individual IFRS financial statements for the first quarter of 2016, the company registered a turnover of RON 564.1 million, down 5.7% y.o.y., an operating profit of RON 22.5 million, compared to RON 96.1 million during the similar period of the previous year, and a net profit of RON 27.3 million, compared to RON 5.7 million during the first quarter of 2015. While sales volumes, both on the primary and processed aluminium, advanced during the period by 23% y.o.y., and 4% y.o.y. respectively, according to the management the operating result of the period was negatively affected by the lower levels of aluminium prices on the London Metal Exchange.

August: For the first six months of the year, Alro reported consolidated sales of RON 1,203.5 million, down 5.9% compared to the similar period of the previous year, an EBITDA of RON 137 million compared to RON 248 million in the similar period of 2015, and a net consolidated profit after minority interest of RON 35.2 million compared to RON 84.4 million a year before.

While on a consolidated basis the primary aluminium sales volumes increased by 18.8% y.o.y. to 65,367 tonnes, and sales of processed aluminium advanced 5.8% y.o.y. to 54,519 tonnes, according to management the results for the period were negatively impacted by pricing pressure coming from a weak price environment as reflected by lower London Metal Exchange aluminium prices and lower conversion premiums.

The company announced that it was selected as provider of aluminium products by Airbus. According to the company, the agreement is for several years starting 2017. Under the terms of the contract, Alro will supply Flat Rolled Products for aircraft manufacturing.

November: Based on the individual IFRS financial statements for the first nine months of 2016, the company recorded a turnover of RON 1,577.6 million, down 10.8% y.o.y., an operating profit of RON 111.1 million, compared to RON 218.1 million during the similar period of the previous year, and a net profit of RON 63.8 million, compared to RON 72.7 million during the similar period of 2015. Overall, sales volumes during the first nine months of the year increased by 4.0% y.o.y.. During the period, the average reference aluminium prices on the London Metal Exchange were down 8.6% y.o.y. to USD 1,570 per tonne.

BRD – Groupe Société Générale SA

RON million	2014	2015*	2016**	Budget 2015***	Budget 2016***
Net banking income	2,623.0	2,595.2	2,777.6	Around 3% increase	Around 5% increase
Net operating profit	1,295.3	1,209.9	1,390.1		Around 5% increase
Net cost of risk	1,215.4	658.2	483.5	Significant decrease	Further normalisation trajectory
Net profit	63.1	467.2	763.5	Significant improvement	n.a.
Dividends	-	223.0	n.a.	-	-

Source: Consolidated IFRS financial statements

*Restated values

**Based on preliminary consolidated IFRS financial statements

*** Budgeted figures based on individual IFRS financial statements

April: For 2015 the bank reported a net profit of RON 465.8 million compared to a net profit of RON 63.1 million in 2014. The net banking income decreased by 4.4% y.o.y. to RON 2,507.2 million, while general operating expenses decreased by 2.3% y.o.y. to RON 1,297.2 million, leading to a net operating profit of RON 1,209.9 million, representing a decrease of 6.6% y.o.y. Net cost of risk decreased by 45.8% compared to 2015, to RON 658.2 million.

August: For the first six months of 2016, the bank reported a net profit of RON 378.0 million compared to a net profit of RON 231.3 million during the similar period of the previous year. The net banking income increased by 12.9% y.o.y. to RON 1,433.9 million. According to the bank, excluding non-recurring elements booked in other income and amounting to RON 121 million in H1 2016 (vs. RON 21 million in H1 2015) of which the most important was the RON 103 million gain from the VISA Europe transaction, the net banking income advanced by 5.1% y.o.y. During the period, the general operating expenses decreased by 2.1% y.o.y. to RON 705.5 million, leading to a net operating profit of RON 728.4 million, representing an increase of 32.7% y.o.y. Net cost of risk increased by 5.0% compared to the similar period of the previous year, to RON 282.4 million. The cost of risk for H1 2016 was influenced by the recognition of a provision of RON 90 million regarding the in-kind payment law (RO: Legea darii in plata).

The Board of Directors of BRD appointed Mr Francois Bloch to replace Philippe Lhotte as CEO with effective date 1 November 2016, subject to the approval of the National Bank of Romania.

November: For the first nine months of the year the bank reported a net profit of RON 606.1 million, compared to a net profit of RON 361.0 million during the similar period of the previous year. Net banking income advanced by 9.6% y.o.y. (an increase of 4.2% y.o.y. excluding non-recurring items), while operating expenses were down 0.94% y.o.y. to RON 1,031.8 million, leading to a net operating profit of RON 1,078.9 million, 22.1% higher compared to the similar period of the previous year. Cost of risk was down 20.4% y.o.y. over the first nine months of the year, and was down 57.1% over the third quarter of 2016 compared to the third quarter of 2015.

December: The bank announced that the appointment of Mr Francois Bloch as CEO was approved by the National Bank of Romania.

February 2017: The bank reported a preliminary net profit for the full year 2016 of RON 763.5 million compared to a net profit of RON 467.2 million in 2015. The net banking income increased by 7.0% y.o.y to RON 2,777.6 million driven by the improvement in the net interest income (+4.6% vs. 2015), higher net fee and commission income (+3.1% vs. 2015) and Visa Europe transaction gain recorded in the second quarter. According to the bank, excluding non-recurring elements, the net banking income advanced by 3.0% y.o.y. During the period, the general operating expenses marginally increased by 0.2% y.o.y to RON 1,387.5 million, leading to a net operating profit of RON 1,390.1 million, representing an increase of 14.9% y.o.y. Net cost of risk decreased by 26.5% y.o.y. to RON 483.5 million. The Board also informed shareholders that it has decided to propose a dividend corresponding to a payout ratio of 70% of the 2016 bank net profit.

CN Administratia Porturilor Maritime SA

RON million	2014	2015	H1 2015	H1 2016	Budget 2015	Budget 2016
Total revenue	305.8	325.6	157.1	157.8	306.1	322.9
Operating profit	83.8	114.0	70.7	73.6	55.1	61.3
Net profit	70.3	97.4	61.4	62.9	39.8	48.9
Dividends	32.3	70.4	n.a.	n.a.	17.6	24.5

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

May: Total traffic for the first 5 months of 2016 reached 17.4 million tons, which represents an increase of 0.5% compared to the same period of 2015. Cereals continue to be the main source of weakness, registering a decline of 20.3% y.o.y, which was offset by increases in oil (+11.9%), general merchandise (+10.5%), and oil products (+21.8%).

August: The company reported financial results for the first 6 months of 2016. Highlights include a 0.8% increase in operating revenues to RON 151.8 million, 4.1% increase of EBIT to RON 73.6 million, and 2.5% increase of net profit to RON 62.9 million.

September: Total cargo traffic in the first 8 months of 2016 increased by 0.4% to 39.0 million tons, mainly due to strong performance across most types of goods, except cereals where volumes declined 11.9% compared to the same period of 2015. Cereals represented 32.6% of total cargo processed.

December: Total cargo traffic in the first 10 months of 2016 increased by 5.9% to 46.2 million tons, mainly due to strong performance across most types of goods such as grains (+8.9%), crude oil (+13.6%), refined oil products (+5.7%), and fertilizers (+48%).

CN Aeroporturi Bucuresti SA

RON million	2014	2015	H1 2015	H1 2016	Budget 2015	Budget 2016
Total revenue	689.7	783.4	361.7	416.0	725.8	842.9
Operating profit	124.4	213.5	106.7	145.7	40.6	127.4
Net profit	98.8	178.8	90.4	122.2	44.3	104.8
Dividends	51.2	137.1	n.a.	n.a.	24.4	55.4

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

February: Total traffic reached 1.4 million passengers in the first 2 months of 2016, which represents an 18.1% increase compared to the same period of 2015.

June: Total passenger traffic reached 4.9 million passengers in the first 6 months of 2016, which represents an increase of 16.5% compared to the same period of 2015. Total cargo traffic reached 16.6 thousand tones, which represents an increase of 11% compared to the first half of 2015.

The General Manager, who had been appointed on an interim basis in May 2014, was dismissed by the Board and replaced by Cosmin Pestesan, who was previously a non-executive member of the Board. Mr Pestesan was also appointed on an interim basis, which is now limited to a maximum of 6 months by Law 111/2016 (which approved Government Emergency Ordinance 109/2011 regarding Corporate Governance in state owned entities – “GEO 109/2011”).

August: The company reported financial results for the first 6 months of 2016. Highlights include 15.4% increase in operating revenues to RON 402.9 million, 36.6% increase of EBIT to RON 145.7 million, and 35.2% increase of net profit to RON 122.2 million.

September: Total passenger traffic for the first 8 months of 2016 increased 16.5% to 7.14 million, with July and August being the first 2 months in the history of the company with over 1 million passengers per month.

November: The General Manager who was previously appointed based on the provisions of corporate governance legislation, but suspended in 2014 irrevocably won the case started by the company against him, and was reconfirmed as General Manager by the Board of Directors.

December: Total traffic for the first 11 months of 2016 increased by 17.7% compared to the same period of 2015, to 10.1 million passengers.

The members of the Board of Directors who were previously appointed based on the provisions of corporate governance legislation but dismissed in 2014 irrevocably won the case started by the company against them, and were reappointed by the general meeting of shareholders.

Conpet SA

RON million	2014	2015	2016*	Budget 2015	Budget 2016
Operating revenues	403.1	413.8	412.5	410.4	409.1
Operating profit/ (loss)	54.8	69.5	75.1	59.0	71.3
Net profit/ (loss)	51.4	63.2	64.4	52.7	62.6

Source: Financial statements prepared in accordance with IFRS

* Based on Preliminary IFRS financial statements

February: The National Agency for Mineral Resources approved the increase of the transport tariffs related to the Domestic and Import subsystems pursuant to Order no. 32/ 2 February 2016.

January 2017: According to preliminary results for the financial year 2016, the company reported total operating revenues of RON 412.5 million down 0.3% y.o.y., an operating profit of RON 75.1 million, up 8.1% y.o.y. and net profit of RON 64.4 million up 1.9% y.o.y.. Total transported volumes increased in 2016 by 1.3% y.o.y. to around 7.1 million tones, driven by the 10.0% y.o.y. increase to nearly 3.4 million tones in the volumes of crude transported through the import sub-system while the volume of crude transported through the domestic sub-system decreased by 5.6% y.o.y. to nearly 3.7 million tones.

SDEE Muntenia Nord SA

RON million	2014	2015	H1 2015	H1 2016	Budget 2015	Budget 2016
Total revenue	805.4	798.6	394.2	357.1	778.3	741.8
Operating profit	159.7	182.9	94.3	64.9	165.5	147.6
Net profit	140.3	153.2	83.1	59.2	139.0	123.9
Dividends	112.1	122.3	n.a.	n.a.	111.1	-

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

March: Ms Iuliana Andronache (interim CEO Electrica) and Ms Gabriela Marin (Head of HR Electrica) have been appointed Board members, replacing Mr Ioan Rosca and Mr Aurel Gubandru.

December: The majority shareholder, Electrica SA, has decided in a general shareholders meeting to change the bylaws of the company. Since we disagree with some of the new provisions, the Fund decided to contest in Courts the EGM resolution through which the new bylaws of the company were approved. The number of Board members has also been decreased from 5 to 3, and the current Board members are: Catalin Stancu (Electrica's

CEO), Alexandra Borislavschi (Electrica's Head of Strategy Corporate Governance Department) and Oana Truta (Investment Manager's employee).

SDEE Transilvania Nord SA

RON million	2014	2015	H1 2015	H1 2016	Budget 2015	Budget 2016
Total revenue	674.8	720.2	352.0	347.7	685.1	707.1
Operating profit	119.7	186.6	93.4	70.5	146.0	173.6
Net profit	95.3	158.8	80.0	48.7	120.3	145.6
Dividends	75.9	127.1	n.a.	n.a.	96.1	-

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

March: Ms Iuliana Andronache (interim CEO Electrica) and Ms Gabriela Marin (Head of HR Electrica) have been appointed Board members, replacing Mr Ioan Rosca and Mr Costica Vlad.

December: The majority shareholder, Electrica SA, has decided in a general shareholders meeting to change the bylaws of the company. Since we disagree with some of the new provisions, the Fund decided to contest in Courts the EGM resolution through which the new bylaws of the company were approved. The number of Board members has also been decreased from 5 to 3, and the current Board members are: Catalin Stancu (Electrica's CEO), Alexandra Borislavschi (Electrica's Head of Strategy Corporate Governance Department) and Oana Truta (Investment Manager's employee).

SDEE Transilvania Sud SA

RON million	2014	2015	H1 2015	H1 2016	Budget 2015	Budget 2016
Total revenue	739.3	775.3	383.0	361.2	779.3	775.9
Operating profit	121.5	178.1	90.9	69.4	142.2	154.1
Net profit	100.1	152.6	77.3	58.6	110.4	127.3
Dividends	79.9	119.7	n.a.	n.a.	87.8	-

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

March: Ms Iuliana Andronache (interim CEO Electrica) and Ms Gabriela Marin (Head of HR Electrica) have been appointed Board members, replacing Mr Geanta Marian and Ms Carmen Mihaela Pirnea.

December: The majority shareholder, Electrica SA, has decided in a general shareholders meeting to change the bylaws of the company. Since we disagree with some of the new provisions, the Fund decided to contest in Courts the EGM resolution through which the new bylaws of the company were approved. The number of Board members have also been decreased from 5 to 3, and the current Board members are: Catalin Stancu (Electrica's CEO), Alexandra Borislavschi (Electrica's Head of Strategy Corporate Governance Department) and Simona Fatu (Fund's recommendation to the Board).

Electrica Furnizare SA

RON million	2014	2015	H1 2015	H1 2016	Budget 2015	Budget 2016
Total revenue	4,055.4	4,205.7	2,056.2	2,129.2	4,097.5	4,196.7
Operating profit	223.7	143.1	73.5	142.4	108.4	126.5
Net profit	204.7	131.1	66.2	126.3	95.1	113.4
Dividends	174.0	111.5	n.a.	n.a.	-	-

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

March: Ms Mariana Alina Calugareanu (Electrica) has been appointed Board member, replacing Mr Ioan Rosca.

June: Ms Raluca Bulumacu (Electrica) and Mr Vlad Gheorghe (Electrica) have been appointed Board members, replacing Mr Ramiro Angelescu and Ms Alina Calugareanu.

December: The majority shareholder, Electrica SA, has decided in a general shareholders meeting to change the bylaws of the company. Since we disagree with some of the new provisions, the Fund decided to contest in Courts the EGM resolution through which the new bylaws of the company were approved.

E-Distributie Banat SA

RON million	2014	2015	Budget 2015	Budget 2016
Total revenue	649.7	646.9	587.2	559.8
Operating profit	188.4	181.5	188.1	175.6
Net profit	172.2	157.9	161.8	143.3
Dividends	85.7	69.7	-	-

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

February: Following the resignation of Toni Volpe as CEO and Country Manager, Georgios Stassis was appointed as head of Enel operations in Romania.

March: Following the resignations of Toni Volpe, Giuseppe Fanizi, Alessandra Proietti and Ludovica Parodi, Enel recommended and shareholders approved the appointment of Georgios Stassis, Mina Kolarova, Federico Panone and Alexandra Burcea as board members.

November: Due to regulatory requirements, the company changed its name from Enel Distributie Banat into E-Distributie Banat.

December: Starting 1 January 2017, the regulated electricity distribution tariffs decreased on average by 9.0% (based on ANRE Order no. 108 published on 19 December 2016).

E-Distributie Dobrogea SA

RON million	2014	2015	Budget 2015	Budget 2016
Total revenue	533.4	546.0	481.7	476.2
Operating profit	102.7	136.3	154.7	129.7
Net profit	87.7	114.8	129.3	97.3
Dividends	43.6	50.0	-	-

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

February: Following the resignation of Toni Volpe as CEO and Country Manager, Georgios Stassis was appointed as head of Enel operations in Romania.

March: Following the resignations of Toni Volpe, Giuseppe Fanizi, Alessandra Proietti and Ludovica Parodi, Enel recommended and shareholders approved the appointment of Georgios Stassis, Mina Kolarova, Federico Panone and Alexandra Burcea as board members.

November: Due to regulatory requirements, the company changed its name from Enel Distributie Dobrogea into E-Distributie Dobrogea.

December: Starting 1 January 2017, the regulated electricity distribution tariffs decreased on average by 6.4% (based on ANRE Order no. 109 published on 19 December 2016).

E-Distributie Muntenia SA

RON million	2014	2015	Budget 2015	Budget 2016
Total revenue	1,073.1	1,055.8	931.8	885.4
Operating profit	246.3	256.3	244.1	189.9
Net profit	240.8	237.9	211.7	151.0
Dividends	-	-	-	-

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

February: Following the resignation of Toni Volpe as CEO and Country Manager, Georgios Stassis was appointed as head of Enel operations in Romania.

March: Following the resignations of Toni Volpe, Giuseppe Fanizi and Alessandra Proietti, Enel recommended and shareholders approved the appointment of Georgios Stassis, Federico Panone and Alexandra Burcea as board members.

November: Due to regulatory requirements, company changed its name from Enel Distributie Muntenia into E-Distributie Muntenia.

December: Starting 1 January 2017, the regulated electricity distribution tariffs decreased on average by 8.4% (based on ANRE Order no. 107 published on 19 December 2016).

Enel Energie SA

RON million	2014	2015	Budget 2015	Budget 2016
Total revenue	1,943.7	1,814.6	1,828.7	1,729.4
Operating profit	128.3	42.9	47.7	32.8
Net profit	129.9	34.8	43.2	21.3
Dividends	61.8	17.4	-	-

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

February: Following the resignation of Toni Volpe as CEO and Country Manager, Georgios Stassis was appointed as head of Enel operations in Romania.

March: Following the resignations of Toni Volpe and Maurizio Rossetto, Enel recommended and shareholders approved the appointment of Georgios Stassis and Giorgio Mengali as board members.

August: The company appointed a new board member, Mrs Alina Oprea, following the request coming from the state agency managing minority participations in energy companies, SAPE.

Enel Energie Muntenia SA

RON million	2014	2015	Budget 2015	Budget 2016
Total revenue	1,866.6	1,756.2	1,615.2	1,570.5
Operating profit	46.0	25.3	16.2	29.5
Net profit	46.8	24.9	10.7	19.3

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

February: Following the resignation of Toni Volpe as CEO and Country Manager, Georgios Stassis was appointed as head of Enel operations in Romania.

March: Following the resignations of Toni Volpe, Maurizio Rossetto and Emil Vasiliu, Enel recommended and shareholders approved the appointment of Georgios Stassis, Giorgio Mengali and Alexandra Burcea as board members.

Engie Romania SA

RON million	2014	2015	Budget 2015*	Budget 2016*
Turnover	4,290.9***	4,416.4	4,441.4	4,529.1
Operating profit	560.9	474.9	262.1	287.2
Net profit	443.1	378.5	278.8	238.8
Dividends**	200.0	-	-	-

Source: Consolidated IFRS financial statements

*Budgeted figures based on separate IFRS financial statements

**Dividends are based on the separate IFRS financial statements

*** Restated values

February: Shareholders approved the change of the company name from GDF Suez Energy Romania SA to Engie Romania SA, following the rebranding strategy of GDF Suez Group at global level.

April: The Romanian State revoked Gelu Diaconu and Ghimpau Aurelian as board members, while Engie revoked Pierre Chatain, Bart Boesmans and Valerie Limpens. The new board members are Vlad Vasiliu and Catalin Deaconescu recommended by the Romanian State and Etienne Jacolin, Olivier Bloeyaert and Marleene Delvaux recommended by Engie. According to ANRE Order no. 20/2016, with effect from 1 May 2016 the regulated supply tariffs for households were increased by approximately 11%.

September: The local district heating company operating in the Bucharest area announced its insolvency. According to press reports¹, the gas distribution company owned by Engie Romania has RON 155 million outstanding receivables with the company which entered the insolvency process.

¹ <http://m.adevarul.ro> from 26 September 2016

October: The company appointed two new board members, Mr. Ivan Stefan Valeriu and Mrs. Aurelia Carmen Slate, following the request coming from the Ministry of Energy.

Hidroelectrica SA

RON million	2014	2015	9 months 2015	9 months 2016	Budget 2015
Turnover	3,406.0	3,183.2	1,948.5	1,996.8	2,851.3*
Operating profit	1,207.9	1,127.4	883.4	1,118.4	489.7
Net profit	941.5	899.4	709.2	890.9	371.9
Dividends	646.4	675.1	n.a.	n.a.	174.5

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

*Operating revenue

May: The company agreed with the intermediary syndicate comprising Morgan Stanley and Raiffeisen Bank to resume the obligations under the Engagement Letter regarding Hidroelectrica's IPO.

June: The company exited insolvency by the decision of the syndic judge. An interim Board composed of 7 members and an interim Directorate composed of 3 members have been appointed to run the company.

November: The pre-tax profits of the company reached RON 1.4 billion.

Nuclearelectrica SA

RON million	2014	2015	9 months** 2015	9 months** 2016	Budget 2015**	Budget 2016**
Sales	1,794.6	1,748.7	1,283.7	1,180.9	1,884.0	1,700.3
Operating profit/ (loss)	173.8	159.1	107.3	64.2	57.7	59.7
Net profit/ (loss)	131.4	147.4	131.2	64.5	30.8	41.1
Dividends*	90.4	99.5	n.a.	n.a.	15.7	20.9

Source: Consolidated IFRS financial statements

*Dividends are based on the individual IFRS financial statements

**Based on individual IFRS financial statements

March: The budget for 2016 was approved by the GSM with sales at RON 1,700.3 million (a decrease of 2.8% compared to 2015), operating profit of RON 59.7 million (a decrease of 62.7% compared to 2015) and a net profit of RON 41.1 million (a decrease of 72.4% compared to 2015).

May: The company released Q1 2016 financial results with an electricity quantity sold of 2.81 TWh which represents a 0.2% increase y.o.y., sales of electricity of RON 446.4 million (+1.4% y.o.y.), EBIT of RON 76.0 million (+71.9% y.o.y.), and net profit of RON 66.9 million (+89.0% y.o.y.). The improvement in profitability came from the cut by 36% of taxes on buildings, land and special constructions, and also from the reduction of the operating expenses which decreased by 21% y.o.y.

August: The company reported results for Q2 2016/ H1 2016 with a net loss of RON 104.7 million in Q2 2016, 3.2 times higher y.o.y due to 21% lower y.o.y revenues from electricity sales, affected by the extended planned outage of Cernavoda NPP Unit 1, which reduced Q2 2016 production to 2.00 TWh (-15% y.o.y). Moreover, the gradual decrease in electricity prices also negatively impacted revenues. Despite lower operating expenses (-4% y.o.y), the company posted a negative operating result of RON 102.7 million in Q2 2016, 3.2 times wider y.o.y which, cumulated with a higher negative result from foreign exchange losses, deepened quarterly losses.

November: The company published the results for the first 9 months of 2016 with a 4.4% decrease y.o.y. in the electricity quantity sold, down to 7.76 TWh, operating revenues of RON 1,157.7 million (-5.1% y.o.y.), EBIT of RON 64.2 million (a decrease of 40.2% y.o.y.), net profit of RON 64.5 million (a decrease of 50.8% y.o.y.). The main reasons for the poor results were the extended outage (51 days instead of 30 days as it was initially planned) which led to a significant drop in the quantity sold (a decrease of 7% in quantity and RON 52 million in forgone profits), and also the increase in the quantities sold on the Day Ahead Market at a lower price (increase to 33.6% vs. 12.3% in the same period of 2015). The price decreased by 4.3% in H1 2016 compared with H1 2015, and by 17% in Q3 2016 compared with Q3 2015.

OMV Petrom SA

RON million	2014	2015	9 months 2015	9 months 2016	Budget 2015**	Budget 2016**
Sales	21,541.3	18,145.0	13,626.8	11,652.1	12,571.0	10,764.0
Operating profit/ (loss)	3,338.3	(529.8)	1,314.7	1,133.8	1,121.0	62.0
Net profit/ (loss)	2,099.7	(689.7)	990.7	877.7	1,102.0	199.0
Dividends*	634.4	-	n.a.	n.a.	-	-

Source: Consolidated IFRS financial statements

*Based on separate IFRS financial statements

**Budget based on separate IFRS financial statements for OMV Petrom SA only

January: Peter Rudolf Zeilinger was appointed on the Executive Board of OMV Petrom SA, in charge of the Upstream activity starting 1 April 2016. The appointment follows the resignation of Gabriel Selinschi, who will continue his career in OMV Group as Senior Vice President responsible for the Group's activities in Australasia area.

March: The company published the audited consolidated financial statements for 2015 with a decline in sales of 15.8% to RON 18,145.0 million, losses at EBIT level of RON 529.8 million from RON 3,338.3 million profit in 2014, and a net loss of RON 689.7 million from a net profit of RON 2,099.7 million in 2014. The results include extraordinary items with a total impact of RON 2.48 billion on the net result.

The Supervisory Board approved the recommendation of the Executive Board not to pay dividends in 2016. This proposal was approved by shareholders during the Annual GSM held on 26 April 2016.

May: The company reported results for the first quarter of 2016. The highlights include: sales decline of 16.7% compared to the same period of 2015 to RON 3,558.5 million, EBIT decline of 30.7% compared to the same period of 2015 to RON 342.6 million, and net profit decline of 16.5% compared to the same period of 2015 to RON 288.2 million. The declines were mainly as a result of a 41% decrease of the average realised oil price to USD 26.7 per barrel. Total hydrocarbons production declined 3% to 15.9 million barrels of oil equivalent while sales of refined products increased 4% to 1.1 million tons.

July: The company announced the appointment of Reinhard Florey as member and Deputy President of the Supervisory Board, following David Davies's waiver of his mandate in the same roles. Mr. Florey had been appointed as the new CFO of OMV AG in July 2016.

August: OMV Petrom reported the financial results for the first half of 2016. Sales declined 18.4% compared to the same period in 2015 to RON 7,192 million, mainly due to lower realised oil prices (a decrease of 35.8% to 31.77 USD per barrel), while net profit declined 60.9% to RON 405 million as the downstream activity reported results below expectations, with refining margins declining 13.5% to 7.43 USD per barrel and refined product volumes sold declining 2% to 2.3 million tonnes.

September: The company published additional details regarding its dividend policy, adding to its previously published statement, a minimum distribution of 30% from 2016 net income, subject to adverse developments in the external market, and in case these are fully covered by the company's free cash flows before dividends.

October: The secondary public offering carried out by Fondul Proprietatea of approximately 6.4% of its stake in the company was successfully completed in October. The transaction included a secondary listing of OMV Petrom shares on the London Stock Exchange through global depository receipts.

November: The company reported results for the first 9 months of 2016. Compared to the same period of 2015, sales declined by 14.5% to RON 11,652.1 million, EBIT declined 13.8% to RON 1,133.8 million, and net profit declined 11.4% to RON 877.7 million. The most important factors contributing to these evolutions include a 30% decline of average realised oil price to USD 33.6 per barrel, and a 2% decline of total hydrocarbons production. These were only partially offset by a further 12% decline of production cost per barrel to USD 11.87. For the Downstream business the most important evolution was the 23% decline of refining margins to USD 6.9 per barrel, which was a normalisation from the very high levels achieved in 2015. The management's efforts to adjust capital expenditures to the current oil price environment were reflected in the 39% reduction of investments to RON 1,820 million during the period.

Posta Romana SA

RON million	2014	2015	H1 2015	H1 2016	Budget 2015	Budget 2016
Total revenue	1,196.1	1,103.0	564.9	562.8	1,199.1	1,175.7
Operating profit/(loss)	40.6	(25.8)	21.2	19.6	6.1	8.4
Net profit/ (loss)	22.9	(33.0)	15.5	15.8	1.3	0.8

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

May: According to the Minister of Communications, Posta Romana is in discussions with the European Bank for Reconstruction and Development for an EUR 47 million loan to be used for investments in the IT, transportation and automation infrastructure.

The National Bank of Romania approved the setting up of a partnership between Posta Romana and Patria Bank for offering a range of financial and banking services through the branch network operated by Posta Romana. The first stage of implementation will be a pilot program in a selected number of locations, followed by national deployment in 2017.

June: The company received a fine of RON 33.1 million from the Competition Council for alleged anticompetitive practices during 2009-2011. Management has stated publically that they view the fine as unjustified and they will take all legal actions necessary in order to cancel it in courts.

September: The company published results for the first 6 months of 2016, showing flat evolution of operating revenues at RON 557.6 million, a 7.4% decline of operating income to RON 19.6 million, and a 9% increase of net income to RON 15.8 million.

December: The proposed capital increase of around RON 220 million with the purpose of paying amounts due to the State budget which are currently scheduled for monthly instalments was not completed due to ongoing discussions between shareholders regarding the structuring of the transaction.

Societatea Nationala a Sarii SA (Salrom)

RON million	2014	2015	H1 2015	H1 2016	Budget 2015	Budget 2016
Operating revenue	297.6	319.1	154.2	146.2	324.6	329.7
Operating profit	31.8	27.5	35.0	33.5	47.0	69.5
Net profit	24.5	15.8	29.4	26.0	40.2	57.3
Dividends	20.9	-	n.a.	n.a.	37.0	45.4

Source: Financial statements prepared in accordance with applicable Romanian Accounting Regulations

February: Alexandra Pana, the Chairman of the Board of Directors, resigned for personal reasons.

According with the latest shareholders resolution, the initial public offering approval was postponed until the selection of a new board based on the GEO 109/2011 is completed.

July: Shareholders appointed a new board which was selected based on the GEO 109/2011. The Ministry proposed three board members, recruited according with the provisions of the corporate governance regulation for state owned entities: Mrs Oana Bizgan, the Adviser of the Deputy Prime Minister which previously worked for Lafarge and Roland Berger, Mr Mugur Popescu who works as Investment Director for BCR Pensii, one of the largest pension funds in Romania, and Mr Laurentiu-Georgian Puiu who is Managing Partner at his own consultancy firm in the mining sector. The other board two members proposed by the Fund and reconfirmed in the GSM are Ms Simona Fatu and Mr Dan Gheorghe (Investment Manager's employee).

August: The H1 2016 unaudited financial results were released showing revenues of RON 146.2 million (-5.2% y.o.y), operating profit of RON 33.5 million (-4.3% y.o.y.), and a net profit of RON 26.0 million (-11.6% y.o.y.). The decrease is mainly due to a mild winter (2015/2016), which affected the sales of de-icing salt; another negative factor which had a weight in the slight decrease in revenues and profitability was the instability of the company's management- the company changed three general managers in less than one year.

November: The Board of Directors finalised the selection process according with Law 111/2016 and appointed Mr. Dumitru Matei as General Manager for a four-year mandate. The new General Manager has a very strong background in restructuring and turnaround of former SOEs, as well as in M&A and IPO processes. He has an MBA in Marketing and Finance from ASE Bucharest, HEC Montreal and University of Ottawa and he is also a CFA Chart holder.

Financial Analysis

The Statement of Comprehensive Income and Statement of Financial Position for the year ended 31 December 2016, extracted from the audited annual financial statements prepared in compliance with IFRS, are included in full in Annex 1 to this Report.

According to the FSA Norm 39/2015, starting with the financial year ended 31 December 2015, IFRS is the basis of accounting for preparation of the financial statements of the Fund.

This section provides an overview on the main elements of the Fund's financial position and performance for the period ended 31 December 2016.

Statement of Financial Position

RON million	31 December 2016	31 December 2015	31 Dec 2016 vs. 31 Dec 2015
	Audited	Audited	(%)
Cash and current accounts	5.8	0.6	
Deposits with banks	305.3	197.8	
Treasury bills	781.4	20.0	
Government bonds	328.6	59.0	
Equity investments	9,992.2	11,800.7	
Other assets	20.8	29.6	
Total assets	11,434.1	12,107.7	-5.6%
Payables	27.1	18.7	
Other liabilities	21.0	35.9	
Total liabilities	48.1	54.6	-11.9%
Total equity	11,386.0	12,053.1	-5.5%
Total liabilities and equity	11,434.1	12,107.7	-5.6%

As at 31 December 2016 **deposits with banks** include bank deposits denominated in RON with maturities of up to one month, held with banks in Romania, **treasury bills** caption include discount treasury bills, denominated in RON, with residual maturities up to five months, issued by the Ministry of Public Finance of Romania and **government bonds** caption comprises, short-term coupon government bonds, denominated in RON, with residual maturities below to one year, issued by the Ministry of Public Finance of Romania.

The overall increase in liquid assets in 2016, of RON 1,143.7 million is mainly due to the cash inflows from the disposal of portfolio companies (entire holdings in Romgaz SA, E.ON Distributie Romania SA, E.ON Energie Romania SA and partial disposal of the holdings in OMV Petrom SA, Banca Transilvania SA and BRD Groupe Société Générale SA) in amount of RON 2,116.1 million and the dividends collected from portfolio companies during the period in amount of RON 351.3 million, net of tax, which were netted off mainly by the cash outflows for the payments in respect of the return of capital to shareholders (RON 512.4 million) and for funding the payment of the own shares acquired within the sixth and seven buy-back programmes (RON 674.2 million).

Equity investments

Classification and measurement of equity investments

Starting 1 January 2014, Fondul Proprietatea applies the Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities, the Fund being an investment entity. As a result, the Fund classifies and measures its investments in subsidiaries and associates as financial assets at fair value through profit or loss. The other equity investments are classified as financial assets available for sale.

The equity investments at fair value through profit or loss are initially recognised at fair value and the transaction costs are recorded in profit or loss. They are subsequently measured at fair value with all changes in fair value accounted for through profit or loss. Equity investments at fair value through profit or loss are not subject to impairment testing.

The equity investments classified as available for sale are measured at fair value, with the changes in fair value recognised in other comprehensive income (equity). At the derecognition of an available for sale equity investment, the cumulative gain or loss previously recognised in other comprehensive income is transferred to profit or loss.

Impairment losses on available for sale equity investments are recognised in profit or loss and are not reversed through profit or loss. If, in a subsequent period, the fair value of an impaired available for sale equity investment increases, it is recognised in other comprehensive income (equity).

Valuation

As at 31 December 2016, substantially all the equity investments of the Fund are carried at fair value.

Listed shares traded in an active market are measured at fair value, using quoted prices in the active market for that instrument at the reporting date. A market is considered active if transactions for the asset take place with sufficient frequency and volume to provide pricing information on an on-going basis.

The fair value of *unlisted shares* and *listed shares that are not traded in an active market*, for which sufficient information is available, is estimated with the assistance of independent valuers, using valuation techniques, in accordance with IFRS 13 Fair Value Measurement and the International Valuation Standards (99.7% of the total unlisted portfolio).

Equity investments that do not have a quoted price in an active market and whose fair value cannot be reliably estimated are measured at the values used in the calculation of the net asset value of the Fund, in accordance to the regulations issued by the FSA/ CNVM and reported on a monthly basis. These values are considered to be equivalent to fair value and this approach is applied to an insignificant part of the portfolio.

The decrease in **equity investments** of RON 1,808.5 million for the year ended 31 December 2016 is mainly due to the disposal of certain portfolio companies (entire holdings in Romgaz SA, E.ON Distributie Romania SA and E.ON Energie Romania SA and partial disposal of the holdings in OMV Petrom SA, Banca Transilvania SA and BRD Groupe Societe Generale SA - total impact RON 2,250.1 million) and to a 10.0% decrease in value of the OMV Petrom SA share price (negative impact of RON 373.9 million), which were compensated by the net increase in the fair value of certain equity investments, following the revaluation process for unlisted portfolio companies, in total amount of approx. RON 960.0 million (mainly triggered by the increase in fair value for Hidroelectrica SA and CN Aeroporturi Bucuresti SA).

Statement of Comprehensive Income

RON million	2016	2015
	Audited	Audited
Net gain on disposal of equity investments classified as available for sale	926.0	344.8
Gross dividend income	353.1	569.3
Reversal of impairment losses on receivables, net	17.9	17.6
Interest income	7.9	3.9
Net unrealised loss from equity investments at fair value through profit or loss	(377.8)	(1,244.0)
Net realised gain from equity investments at fair value through profit or loss	-	3.2
Realised loss from disposal of non-current assets held for sale	(127.5)	-
Impairment losses on equity investments classified as available for sale	(122.4)	(90.5)
Other income/ (expenses), net*	(0.5)	1.8
Net operating income/ (loss)	676.7	(393.9)
Investment management and administration fees	(70.6)	(68.3)
Other operating expenses	(61.5)	(56.8)
Operating expenses	(132.1)	(125.1)
Finance costs	(0.3)	(2.5)
Profit/ (Loss) before income tax	544.3	(521.5)
Income tax expense	(97.3)	(43.6)
Profit/ (Loss) for the year	447.0	(565.1)
Other comprehensive income	100.7	212.4
Total comprehensive income for the year	547.7	(352.7)

* Other items of income/ (expense), net included mainly the net loss from revaluation of government securities through profit or loss, net foreign exchange gain and other operating income/ (expenses).

The **net gain on disposal of equity investments classified as available for sale** represents the difference between the proceeds from disposals and the carrying amount of the equity investments as at disposal date, plus the net unrealised gain related to these investments transferred from other comprehensive income to profit or loss upon their de-recognition. The increase in this caption is mainly due to the disposal of several portfolio companies during

2016 (entire holdings in Romgaz SA, E.ON Distributie Romania SA and E.ON Energie Romania SA and partial disposal of the holdings in Banca Transilvania SA and BRD Groupe Societe Generale SA).

Gross dividend income for the year ended 31 December 2016 included the dividend income earned from the Fund's portfolio companies, mainly from Hidroelectrica SA (RON 134.6 million), SDEE Transilvania Nord SA (RON 28.0 million), CN Aeroporturi Bucuresti SA (RON 27.4 million), SDEE Muntenia Nord SA (RON 26.9 million), SDEE Transilvania Sud SA (RON 26.3 million) and Electrica Furnizare SA (RON 24.5 million). The decrease compared to the previous year was mainly due to the decision of OMV Petrom SA to not distribute dividends in 2016, which was partially offset by the higher dividends received from other portfolio companies.

Interest income is related to the deposits held with banks and to the short-term government securities.

The **net unrealised loss from equity investments at fair value through profit or loss** for the year ended 31 December 2016 represents the unrealised losses from the negative change in fair value of equity investments classified at fair value through profit or loss, mainly OMV Petrom SA, as a result of the negative evolution of the share price for this company (RON 373.9 million loss for the year ended 31 December 2016).

As at 30 September 2016 the Fund reclassified the part of its holding in OMV Petrom SA subject to the secondary public offering as non-current asset held for sale, in accordance with the requirements of IFRS 5 Non-current assets held for sale and discontinued operations. The offering was completed in October 2016 and the number of shares sold in the offer was 3,641,100,108 (representing approximately 6.4% of OMV Petrom SA share capital).

The **realised loss from disposal of non-current assets held for sale** for the year ended 31 December 2016 represents the difference between proceeds from disposal and the carrying amount of non-current assets held for sale as at reclassification date.

In performing the impairment test for the available for sale equity investments, the Fund considers all relevant factors, such as: significant or prolonged decline in fair value below cost, market and industry conditions, to the extent that they influence the recoverable amount of the equity investment, financial conditions and near-term prospects of the issuer, any specific adverse events that may influence the issuer's operations and recent losses of the issuer. **Impairment losses on equity investments classified as available for sale** caption for year ended 31 December 2016 mainly relate to the holding in Complexul Energetic Oltenia SA (RON 62.8 million) and Nuclearelectrica SA (RON 44.2 million).

The **investment management and administration fees** for the year ended 31 December 2016 included the base fee of RON 46.8 million (31 December 2015: RON 53.4 million) and the distribution fee of RON 23.8 million (31 December 2015: RON 14.9 million).

The **income tax expense** for year ended 31 December 2016 represents among others the partial reversal of the deferred tax asset recognised as at 31 December 2015, due to the fact that the deferred tax asset for the unused tax losses is recognised at the level of the deferred tax liability arising from the taxable temporary differences from equity investments.

The **other comprehensive income** comprises the changes in fair value of equity investments available for sale, net of related deferred tax, where applicable.

The main categories of other operating expenses are detailed in the table below:

Other operating expenses

RON million	2016	2015
	Audited	Audited
Intermediaries and other fees related to disposal of portfolio holdings	33.2	8.9
FSA monthly fees	10.7	11.5
Depositary fees	0.8	1.3
Secondary listing expenses	-	16.6
Other expenses	16.8	18.5
Other operating expenses	61.5	56.8

Intermediaries and other fees related to disposal of portfolio holdings were higher in 2016 as compared to 2015, as a result of the costs with the sale of portfolio companies during 2016 (costs incurred in 2016 were related mainly to OMV Petrom SA, Banca Transilvania SA, BRD Groupe Societe Generale SA and Romgaz SA).

The decrease in **FSA monthly fees** is mainly due to the decrease of the Fund's total NAV, the basis on which these fees are calculated.

Other expenses comprise mainly juridical consulting services, notary fees, services related to the promotional activities for the Fund, valuation services in relation with the Fund's portfolio and the financial auditor's fees.

Signatures:

Franklin Templeton International Services S.à r.l acting in the capacity of Sole Director of Fondul Proprietatea SA

Grzegorz Maciej Konieczny
Permanent Representative FTIS
in relation to Fondul Proprietatea SA

Prepared by
Catalin Cadaru
Financial Reporting Manager

15 February 2017

Annex 1

FONDUL PROPRIETATEA SA
STATEMENT OF COMPREHENSIVE INCOME AND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS"), extracted from the IFRS Financial Statements

(This is a translation from the official Romanian version)

FONDUL PROPRIETATEA SA
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016
(all amounts are in RON)

	Financial year ended	
	31 December 2016	31 December 2015
	Audited	Audited
Gain on disposal of equity investments classified as available for sale, net	925,976,144	344,844,397
Gross dividend income	353,070,538	569,303,345
Reversal of impairment losses on receivables, net	17,917,700	17,564,622
Interest income	7,941,346	3,901,282
Net foreign exchange gain	871,278	641,280
Net loss from equity investments at fair value through profit or loss	(377,839,664)	(1,240,768,384)
Realised loss from disposal of non-current assets held for sale	(127,542,995)	-
Impairment losses on equity investments classified as available for sale	(122,383,339)	(90,504,867)
Other (expenses) / income, net	(1,344,101)	1,109,227
Net operating income/ (loss)	676,666,907	(393,909,098)
Operating expenses	(132,115,263)	(125,100,835)
Finance costs	(323,438)	(2,465,292)
Profit/ (Loss) before income tax	544,228,206	(521,475,225)
Income tax expense	(97,258,350)	(43,641,076)
Profit/ (Loss) for the period	446,969,856	(565,116,301)
Other comprehensive income		
Net change in fair value of available for sale equity investments	987,353,576	774,415,013
Deferred tax on other comprehensive income	95,361,591	(110,863,914)
Decrease in fair value reserve following the disposal of available for sale equity investments	(981,988,443)	(451,096,171)
Total other comprehensive income	100,726,724	212,454,928
Total comprehensive income for the year	547,696,580	(352,661,373)
Basic and diluted earnings / (loss) per share	0.0440	(0.0530)

FONDUL PROPRIETATEA SA
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(all amounts are in RON)

	Balance as at	
	31 December 2016	31 December 2015
	Audited	Audited
Assets		
Cash and current accounts	5,781,621	648,858
Deposits with banks	305,337,134	197,825,552
Treasury bills	781,445,213	19,957,311
Government bonds	328,638,303	59,004,410
Equity investments	9,992,183,244	11,800,704,619
Other assets	20,728,167	29,577,289
Total assets	11,434,113,682	12,107,718,039
Liabilities		
Payable to shareholders	20,208,049	24,322,089
Other liabilities and provisions	27,953,985	30,303,735
Total liabilities	48,162,034	54,625,824
Equity		
Share capital	9,168,314,117	10,074,080,746
Fair value reserve on available for sale financial assets net of deferred tax	4,333,537,124	4,232,810,400
Other reserves	585,468,652	527,397,886
Treasury shares	(654,145,163)	(308,039,345)
Retained earnings	(2,047,223,082)	(2,473,157,472)
Total equity	11,385,951,648	12,053,092,215
Total liabilities and equity	11,434,113,682	12,107,718,039

Annex 2

DETAILED STATEMENT OF INVESTMENTS AS AT 30 DECEMBER 2016, prepared in accordance with CNVM Regulation 4/2010

Securities admitted or traded on a regulated market in Romania, out of which:

1.1 listed shares traded in the last 30 trading days

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alro Slatina SA	ALR	30/Dec/2016	72,884,714	0.5	1.1700	85,275,115.38	10.21%	0.7431%	0.7462%	Closing price
Banca Transilvania SA	TLV	30/Dec/2016	8,622,074	1	2.3850	20,563,646.49	0.23%	0.1792%	0.1800%	Closing price
BRD Groupe Soci�t� G�n�rale SA	BRD	30/Dec/2016	25,363,456	1	11.8800	301,317,857.28	3.63%	2.6258%	2.6368%	Closing price
Conpet SA	COTE	30/Dec/2016	524,366	3.3	78.8000	41,320,040.80	6.05%	0.3601%	0.3616%	Closing price
IOR SA	IORB	22/Nov/2016	2,622,273	0.1	0.4000	1,048,909.20	2.81%	0.0091%	0.0092%	Reference price - Average price
Mecon SA	MECP	27/Dec/2016	60,054	11.6	3.0000	180,162.00	12.51%	0.0016%	0.0016%	Reference price - Average price
Oil Terminal SA	OIL	30/Dec/2016	36,796,026	0.1	0.0942	3,466,185.65	6.31%	0.0302%	0.0303%	Closing price
OMV Petrom SA	SNP	30/Dec/2016	7,117,548,078	0.1	0.2610	1,857,680,048.36	12.56%	16.1884%	16.2564%	Closing price
Palace SA	PACY	19/Dec/2016	5,832,482	0.1	0.4680	2,729,601.58	15.42%	0.0238%	0.0239%	Reference price - Average price
Primcom SA	PRIB	30/Dec/2016	1,275,032	0.1	8.0200	10,225,756.64	75.48%	0.0891%	0.0895%	Reference price - Average price
Romaero SA	RORX	30/Dec/2016	1,311,691	2.5	16.5500	21,708,486.05	20.99%	0.1892%	0.1900%	Reference price - Average price
Nuclearelectrica SA	SNN	30/Dec/2016	27,408,381	10	4.8050	131,697,270.71	9.09%	1.1477%	1.1525%	Closing price
Total						2,477,213,080.14		21.5873%	21.6780%	

1.2 listed shares but not traded in the last 30 trading days

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alcom SA	ALCQ	27/Jul/2015	89,249	2.5	113.5418	10,133,492.11	71.89%	0.0883%	0.0887%	Shareholders' equity as of 31 December 2015
Total						10,133,492.11		0.0883%	0.0887%	

FONDUL PROPRIETATEA SA
Instruments mentioned at art. 187 letter a) of the Regulation no.15/2004, out of which:

Unlisted shares

Issuer	No. of shares held	Date of acquisition *	Acquisition price (total price of acquisition of shares)	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Company status	Evaluation method
Aeroportul International Mihail Kogalniceanu - Constanta SA	23,159	19/Jul/2005	1,490,898	73.2328	1,695,998.42	20.00%	0.0148%	0.0148%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	113.2558	3,625,997.69	20.00%	0.0316%	0.0317%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
BAT Service SA	194,022	19/Jul/2005	656,686	0.0000	0.00	33.00%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Cetatea SA	354,468	19/Jul/2005	118,840	0.9855	349,328.21	20.43%	0.0030%	0.0031%	Unlisted companies, in function	Shareholders' equity as of 31 December 2015/ share
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	84.9222	17,252,794.15	20.00%	0.1503%	0.1510%	Unlisted companies, in function	Fair value / share (Shareholders' equity as of 31 December 2015 adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	109.2594	3,010,533.51	20.00%	0.0262%	0.0263%	Unlisted companies, in function	Shareholders' equity as of 31 December 2015/ share
CN Administratia Porturilor Dunarii Maritime SA	56,675	19/Jul/2005	1,706,051	20.8520	1,181,787.10	7.70%	0.0103%	0.0103%	Unlisted companies, in function	Fair value / share (Shareholders' equity as of 31 December 2015 adjusted with dividends declared/ share)
CN Administratia Porturilor Maritime SA	2,658,128	19/Jul/2005	65,511,444	81.2601	215,999,747.09	19.99%	1.8823%	1.8902%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
CN Aeroporturi Bucuresti SA **	2,875,443	5/Feb/2010	131,168,263	264.6548	760,999,792.08	20.00%	6.6316%	6.6595%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Complexul Energetic Oltenia SA****	27,387,940	31/May/2012	670,353,852	0.0000	0.00	21.55%	0.0000%	0.0000%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Comsig SA	75,655	19/Jul/2005	132,633	3.2816	248,269.45	69.94%	0.0022%	0.0022%	Unlisted companies, in function	Fair value / share (Shareholders' equity as of 31 December 2015 adjusted with dividends declared/ share)
E-Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	65.0605	599,899,708.96	24.12%	5.2277%	5.2497%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
E-Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	56.2998	380,199,699.47	24.09%	3.3132%	3.3271%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
E-Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	138.0053	449,399,906.90	12.00%	3.9162%	3.9327%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
SDEE Muntenia Nord SA (former Electrica Distributie Muntenia Nord SA)	7,796,022	19/Jul/2005	165,221,141	32.7346	255,199,661.76	21.99%	2.2239%	2.2332%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
SDEE Transilvania Nord SA (former Electrica Distributie Transilvania Nord SA)	8,167,813	19/Jul/2005	113,299,904	25.5025	208,299,651.03	22.00%	1.8152%	1.8228%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
SDEE Transilvania Sud SA (former Electrica Distributie Transilvania Sud SA)	9,327,282	19/Jul/2005	125,918,629	26.3956	246,199,204.76	21.99%	2.1455%	2.1545%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Electrica Furnizare SA ***	1,366,412	22/Jul/2011	17,819,672	122.7470	167,722,973.76	22.00%	1.4616%	1.4677%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	158.3140	70,299,964.96	12.00%	0.6126%	0.6152%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Enel Energie SA	1,680,000	19/Jul/2005	26,124,808	44.9404	75,499,872.00	12.00%	0.6579%	0.6607%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Engie Romania SA	2,390,698	19/Jul/2005	62,610,812	189.6517	453,399,939.89	11.99%	3.9511%	3.9677%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	0.0000	0.00	9.76%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Hidroelectrica SA	89,378,235	19/Jul/2005	3,107,667,996	37.8615	3,383,994,044.45	19.94%	29.4892%	29.6131%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Plafar SA	132,784	28/Jun/2007	3,160,329	16.2444	2,156,996.41	48.99%	0.0188%	0.0189%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	2.8913	42,999,260.36	25.00%	0.3747%	0.3763%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Romplumb SA	1,595,520	28/Jun/2007	19,249,219	0.0000	0.00	33.28%	0.0000%	0.0000%	Judicial reorganisation	Priced at zero
Salubriserv SA	43,263	19/Jul/2005	207,601	0.0000	0.00	17.48%	0.0000%	0.0000%	Judicial reorganisation	Priced at zero
Simtex SA	132,859	28/Jun/2007	3,059,858	0.0000	0.00	30.00%	0.0000%	0.0000%	Judicial reorganisation	Priced at zero
Societatea Nationala a Sarii SA	2,005,884	28/Jun/2007	76,347,715	90.2345	180,999,939.80	48.99%	1.5773%	1.5839%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	0.0000	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
World Trade Hotel SA	17,912	19/Jul/2005	17,912	0.0000	0.00	19.90%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (lack of annual financial statements for the year-ended 31 December 2015)
Zirom SA	5,405,083	28/Jun/2007	53,838,072	4.7200	25,511,991.76	100.00%	0.2223%	0.2233%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2016)
Total			5,115,702,791		7,546,147,063.97		65.7595%	66.0359%		

Legend:

* = where the date of acquisition is shown as earlier than Fondul Proprietatea's date of incorporation (28 December 2005), the date of acquisition refers to the date of publishing in the Official Gazette of Law no. 247 / 19 July 2005, which determined that these investments would be transferred to Fondul Proprietatea on its future incorporation.

** = company resulting from the merger of CN "Aeroportul International Henri Coanda - Bucuresti" S.A. and S.N. "Aeroportul International Bucuresti Baneasa - Aurel Vlaicu" S.A.

*** = company resulting from the merger of Electrica Furnizare Transilvania Nord S.A., Electrica Furnizare Transilvania Sud S.A. and Electrica Furnizare Muntenia Nord S.A.

**** = company resulting from the merger of Complexul Energetic Turceni S.A., Complexul Energetic Craiova S.A., Complexul Energetic Rovinari S.A., Societatea Nationala a Lignitului Oltenia S.A.

Bonds or other debt instruments issued or guaranteed by the state or central public administration authorities

Treasury bills with discount

Series and number of the issue	No. of instruments	Date of acquisition	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total	Stake in Fondul Proprietatea net	Intermediary Bank	Evaluation method
								asset	asset		
RO1617CTN017	15,000	19/Sep/2016	18/Jan/2017	74,910,108.00	749.10	76,408.20	74,986,516.20	0.6535%	0.6562%	BRD Groupe Société Générale SA	Acquisition price cumulated with the related interest since the acquisition date
RO1617CTN017	20,000	20/Sep/2016	18/Jan/2017	99,886,795.00	943.38	96,224.25	99,983,019.25	0.8713%	0.8749%	BRD Groupe Société Générale SA	
RO1617CTN017	20,000	19/Oct/2016	18/Jan/2017	99,924,224.00	832.70	60,787.34	99,985,011.34	0.8713%	0.8750%	BRD Groupe Société Générale SA	
RO1617CTN033	7,000	26/Sep/2016	6/Feb/2017	34,952,222.20	359.23	34,486.23	34,986,708.43	0.3049%	0.3062%	BRD Groupe Société Générale SA	
RO1617CTN033	19,400	17/Oct/2016	6/Feb/2017	96,885,459.49	1,022.68	76,701.24	96,962,160.73	0.8450%	0.8485%	BRD Groupe Société Générale SA	
RO1617CTN033	13,000	19/Oct/2016	6/Feb/2017	64,934,524.20	595.23	43,452.12	64,977,976.32	0.5662%	0.5686%	BRD Groupe Société Générale SA	
RO1617CTN066	15,000	19/Oct/2016	5/Apr/2017	74,853,287.25	873.29	63,750.18	74,917,037.43	0.6529%	0.6556%	ING Bank	
RO1617CTN074	11,600	20/Oct/2016	8/May/2017	57,855,361.34	723.19	52,069.92	57,907,431.26	0.5046%	0.5067%	Raiffeisen Bank	
RO1617CTN074	10,000	21/Oct/2016	8/May/2017	49,886,508.00	582.01	38,994.69	49,925,502.69	0.4351%	0.4369%	Raiffeisen Bank	
RO1617CTN090	10,000	16/Dec/2016	29/May/2017	49,854,646.00	886.30	13,294.58	49,867,940.58	0.4346%	0.4364%	Raiffeisen Bank	
RO1617CTN0B7	3,400	19/Oct/2016	8/Feb/2017	16,981,509.10	165.10	12,052.10	16,993,561.20	0.1481%	0.1487%	Raiffeisen Bank	
RO1617CTN0E1	6,000	19/Oct/2016	20/Mar/2017	29,954,469.30	299.54	21,866.72	29,976,336.02	0.2612%	0.2623%	Raiffeisen Bank	
RO1617CTN0E1	2,000	19/Oct/2016	20/Mar/2017	9,984,823.10	99.85	7,288.91	9,992,112.01	0.0871%	0.0874%	Raiffeisen Bank	
RO1617CTN0E1	4,000	16/Dec/2016	20/Mar/2017	19,971,729.00	310.67	3,728.04	19,975,457.04	0.1741%	0.1748%	Raiffeisen Bank	
Total							781,436,770.50	6.8099%	6.8382%		

Government bonds

Issuer	ISIN code	No. of instruments	Date of acquisition	Coupon date	Due Date	Initial Value	Daily interest	Cumulated interest	Market price / Reference composite price	Current value	Stake in FP total assets	Stake in FP net asset	Evaluation method
Ministry of Finance	RO0717DBN038	10,000	19/Oct/2016	11/Jun/2017	11/Jun/2017	100,000,000.00	18,493.15	3,754,109.59	10,254.70	106,301,109.59	0.9263%	0.9302%	Fair value (reference composite price published by Reuters, including the cumulated interest)
Ministry of Finance	RO0717DBN038	3,500	20/Oct/2016	11/Jun/2017	11/Jun/2017	35,000,000.00	6,472.60	1,313,938.36	10,254.70	37,205,388.36	0.3242%	0.3256%	
Ministry of Finance	RO0717DBN038	7,500	19/Dec/2016	11/Jun/2017	11/Jun/2017	75,000,000.00	13,869.86	2,815,582.19	10,254.70	79,725,832.19	0.6948%	0.6977%	
Ministry of Finance	RO1217DBN046	2,500	21/Oct/2016	26/Jul/2017	26/Jul/2017	25,000,000.00	4,041.10	638,493.15	10,279.70	26,337,743.15	0.2295%	0.2305%	
Ministry of Finance	RO1217DBN046	7,500	21/Oct/2016	26/Jul/2017	26/Jul/2017	75,000,000.00	12,123.29	1,915,479.45	10,279.70	79,013,229.45	0.6885%	0.6914%	
Total										328,583,302.74	2.8633%	2.8754%	

Bank deposits

Name of the bank	Starting date	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
CITI Bank	14/Dec/2016	4/Jan/2017	46,800,000.00	234.00	3,978.00	46,803,978.00	0.4079%	0.4096%	Bank deposit value cumulated with the daily related interest for the period since starting date
ING BANK	19/Dec/2016	16/Jan/2017	33,100,000.00	183.89	2,206.67	33,102,206.67	0.2885%	0.2897%	
Banca Comerciala Romana	20/Dec/2016	10/Jan/2017	36,000,000.00	280.00	3,080.00	36,003,080.00	0.3137%	0.3151%	
BRD Groupe Société Générale	28/Dec/2016	3/Jan/2017	44,800,000.00	248.89	746.67	44,800,746.67	0.3904%	0.3920%	
BRD Groupe Société Générale	29/Dec/2016	5/Jan/2017	46,300,000.00	257.22	514.44	46,300,514.44	0.4035%	0.4052%	
BRD Groupe Société Générale	30/Dec/2016	3/Jan/2017	2,453,607.90	34.08	34.08	2,453,641.98	0.0214%	0.0215%	
BRD Groupe Société Générale	30/Dec/2016	3/Jan/2017	9,670,258.77	40.29	40.29	9,670,299.06	0.0843%	0.0846%	
Banca Comerciala Romana	30/Dec/2016	12/Jan/2017	43,100,000.00	335.22	335.22	43,100,335.22	0.3756%	0.3772%	
Unicredit Tiriac Bank	30/Dec/2016	3/Jan/2017	43,100,000.00	359.17	359.17	43,100,359.17	0.3756%	0.3772%	
Total						305,335,161.21	2.6609%	2.6721%	



FONDUL
PROPRIETATEA

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