

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”) 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.
- The Sole Administrator of the Fund was Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch (“FTIML” or “Fund Manager”) between 1 January and 31 March 2016. 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 Administrator, with the mutual consent of both parties, starting on 1 April 2016. Subsequent to the termination, the Fund appointed Franklin Templeton International Services S.À.R.L (“FTIS”) as its Sole Director and Alternative Investment Fund Manager under the AIFM Directive and local implementation regulations, and executed a new Management Agreement in order to reach AIFM Directive compliance (FTIS mandate commenced on 1 April 2016). As part of the new management structure, FTIS delegates the role of investment manager and 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 (“SFM”) of the London Stock Exchange (“LSE”).

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

NAV* and Share Price Developments	Notes	Q1 2016	Q1 2015	YE 2015
Total Shareholders’ Equity (RON million)	a	11,393.8	12,566.7	12,053.1
Total NAV (RON million)	b, c	11,440.1	12,605.2	12,087.8
NAV per Share (RON)	b, c	1.1004	1.1706	1.1564
NAV per Share change in the period (%)	d	-4.8%	-3.5%	-4.6%
NAV per Share Total Return (%)	d	-4.8%	-3.5%	-0.6%
Share Price as at the end of the period (RON)		0.7710	0.8635	0.8100
Share Price Low (RON)	e	0.7000	0.8315	0.7250
Share Price High (RON)	e	0.8040	0.8990	0.9270
Share Price change in the period (%)	d	-4.8%	-3.6%	-9.6%
Share Price Total Return (%)	d	-4.8%	-3.6%	-4.1%
Share Price discount to NAV as at the end of the period (%)		29.9%	26.2%	30.0%
Average Discount for the period (%)		32.7%	27.9%	28.9%
Total Share Turnover (RON million)		355.2	547.6	2,029.6
Average Daily Share Turnover (RON million)	f	5.6	8.8	8.1
GDR Price as at the end of the period (USD)		9.6600	n.a.	9.9000
GDR Price Low (USD)	h	8.5000	n.a.	9.4500
GDR Price High (USD)	h	9.9000	n.a.	11.5500
GDR Price change in the period (%)	g	-2.4%	n.a.	-13.5%
GDR Price Total Return (%)	g	-2.4%	n.a.	-4.1%
GDR Price discount to NAV as at the end of the period (%)		30.9%	n.a.	29.0%
Average GDR Price discount for the period (%)		31.4%	n.a.	29.2%
Total GDR Turnover (USD million)	i	39.0	n.a.	266.9
Average Daily GDR Turnover (USD million)	i	0.6	n.a.	1.5

Source: FTIML

* Net Asset Value

Notes:

- a. Prepared on the basis of IFRS
- b. The difference in change (%) between total NAV and NAV per share is accounted for by 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)
- c. Prepared on the basis of local rules issued by the capital market regulator
- d. Compared to the end of the previous period
- e. Source: BVB - REGS market - Closing prices
- f. Source: BVB
- g. Compared to the end of the previous year (for YE 2015, compared to the date of GDR listing on LSE, i.e. 29 April 2015)
- h. Source: LSE - Closing prices
- i. Source: LSE

Share Capital Information	31 March 2016*	31 March 2015	31 December 2015
Issued Share Capital (RON)	9,869,265,720.90	11,575,064,733.65	10,074,080,745.90
Paid Share Capital (RON)	9,541,834,605.90	11,229,443,001.15	9,746,649,630.90
Number of Shares in Issue	10,965,850,801	12,184,278,667	11,193,423,051
Number of Paid Shares	10,602,038,451	11,820,466,317	10,829,610,701
Nominal Value per Share (RON)	0.90	0.95	0.90

* 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 Financial Supervisory Authority through the Endorsement no. 74/ 25 February 2016.

Share Information

Primary Listing	Bucharest Stock Exchange
Since	25 January 2011
Secondary Listing	SFM of LSE
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-4199-3/ 23.03.2016

Shareholder Structure (as at 31 March 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	33.62%	34.78%	35.43%
Foreign institutional shareholders	24.33%	25.16%	25.65%
Romanian private individuals	20.05%	20.73%	21.14%
Romanian institutional shareholders	12.99%	13.44%	13.7%
Foreign private individuals	3.83%	3.96%	4.03%
Ministry of Public Finance ³	0.05%	0.04%	0.05%
Treasury shares ⁴	1.82%	1.89%	-
Unpaid shares ⁵	3.31%	-	-

Source: Romanian Central Depository

There were 8,061 shareholders as at 31 March 2016.

Largest Shareholders

Shareholder	As at	% 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 Out of which Fondul Proprietatea held 66,204 global depository receipts (3,310,200 shares equivalent)

³ The percentage represents the paid shares; the percentage of subscribed share capital of Ministry of Public Finance is 3.36%, including the unpaid shares

⁴ 199,908,490 treasury shares acquired by the Fund in the sixth buy-back programme (159,784,790 ordinary shares acquired and 40,123,700 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 Administrator and Alternative Investment Fund Manager of Fondul Proprietatea presents the results of the Fund in accordance with IFRS for the first quarter of 2016, with an unaudited net loss of RON 585.6 million, as compared to the net loss of RON 668.7 million for the quarter ended 31 March 2015. Total shareholders' equity was RON 11,393.8 million as at 31 March 2016, a decrease of 5.5% compared to the value of RON 12,053.1 million as at 31 December 2015. During the first quarter of 2016 Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch was the Sole Administrator and Fund Manager of Fondul Proprietatea, but the results are presented by Franklin Templeton International Services S.À.R.L as starting with 1 April 2016 it is the new Sole Administrator of the Fund.

The main factor behind the loss in the first quarter of 2016 was the unrealised negative net change in fair value related to equity investments classified at fair value through profit or loss, principally concerning OMV Petrom SA, due to the negative evolution of the share price of this company during the period (a decrease of 17.2%).

The Fund reported a Net Asset Value of RON 11,440.1 million as at 31 March 2016 and a Net Asset Value per Share ("NAV per share") of RON 1.1004 (a negative NAV per Share total return of 4.8% as compared to 31 December 2015). The NAV is prepared in accordance with the local rules issued by the capital market regulator.

In the first quarter of 2016, the Bucharest Stock Exchange had an average performance as compared to the other markets in Central Europe, in both local currency and EUR terms, as shown below:

% change in the first quarter of 2016	in local currency	in EUR
BUX (Hungary)	10.58%	10.37%
WIG20 (Poland)	7.45%	7.72%
BET-XT (Romania)	-4.55%	-3.26%
ATX (Austria)	-5.28%	-5.28%
PX (Czech Republic)	-5.90%	-5.99%

Source: Bloomberg

The discount of the Fund's share price to NAV was 29.9% as at 31 March 2016. In the first quarter of 2016, the discount ranged between 27.4% and 39.5%.

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

NAV and Share Price Developments	Note	Q1 2016	Q1 2015	YE 2015	Q1 2016 vs. Q1 2015	Q1 2016 vs. YE 2015
Total Shareholders' Equity (RON million)	a	11,393.8	12,566.7	12,053.1	-9.3%	-5.5%
Total NAV (RON million)	b, d	11,440.1	12,605.2	12,087.8	-9.2%	-5.4%
NAV per Share (RON)	b, d	1.1004	1.1706	1.1564	-6.0%	-4.8%
NAV per Share Total Return (%)	c, e	-4.8%	-3.5%	-0.6%		
Share Price as at the end of the period (RON)		0.7710	0.8635	0.8100	-10.7%	-4.8%
Share Price Total Return (%)	c, e	-4.8%	-3.6%	-4.1%		
Share Price Discount to NAV as at the end of the period (%)		29.9%	26.2%	30.0%		
GDR Price as at the end of the period (USD)		9.6600	n.a.	9.9000	n.a.	-2.4%
GDR Price Total Return (%)	f	-2.4%	n.a.	-4.1%		
GDR Price Discount to NAV as at the end of the period (%)		30.9%	n.a.	29.0%		
Return of capital to shareholders (RON per share)		-	-	0.0500		

Source: FTIML

Notes:

- Prepared on the basis of IFRS
- Prepared on the basis of local rules issued by the capital market regulator
- Calculated with dividend/ capital return reinvested, where applicable
- The difference in change (%) between total NAV and NAV per share is accounted for by 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 NAV per share computation)
- Compared to the end of the previous year
- Compared to the end of the previous year (for YE 2015, compared to the date of GDR listing on LSE, i.e. 29 April 2015)

As at 31 March 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

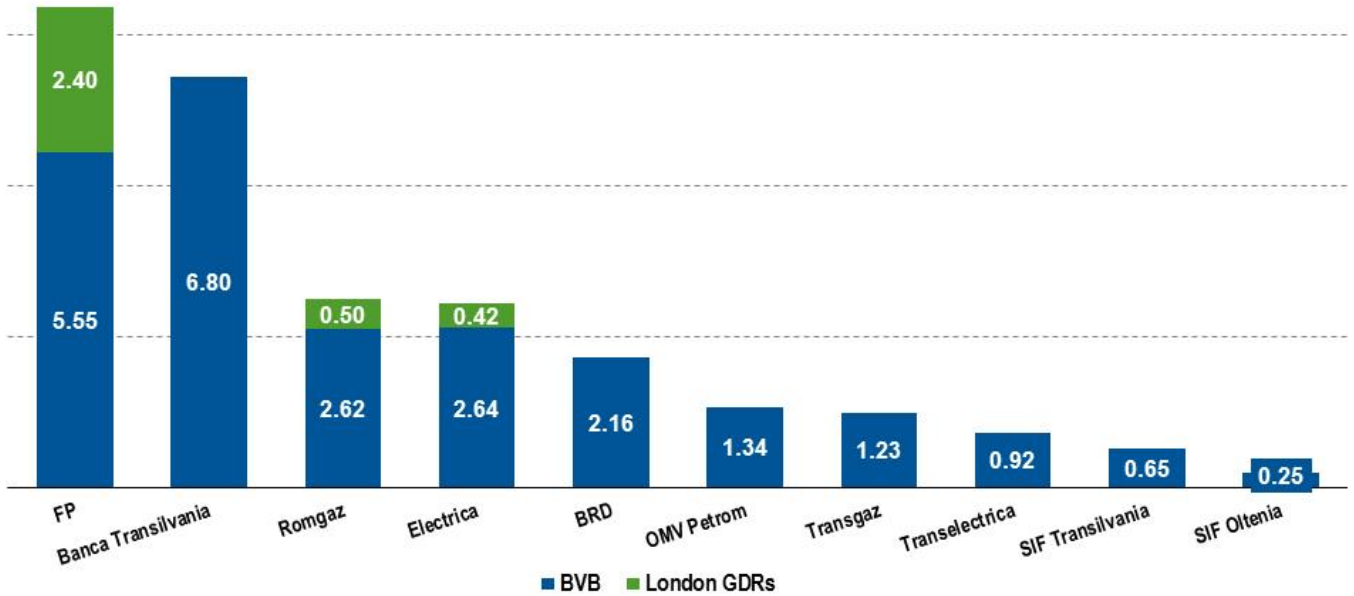
* Details on the valuation methods used for the holding in each company are presented in the Annex 2 to this report; the shares of companies under insolvency or reorganisation procedure are valued either at zero or at a value assessed by an independent authorised valuer, using valuation methods in accordance with 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, must be 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

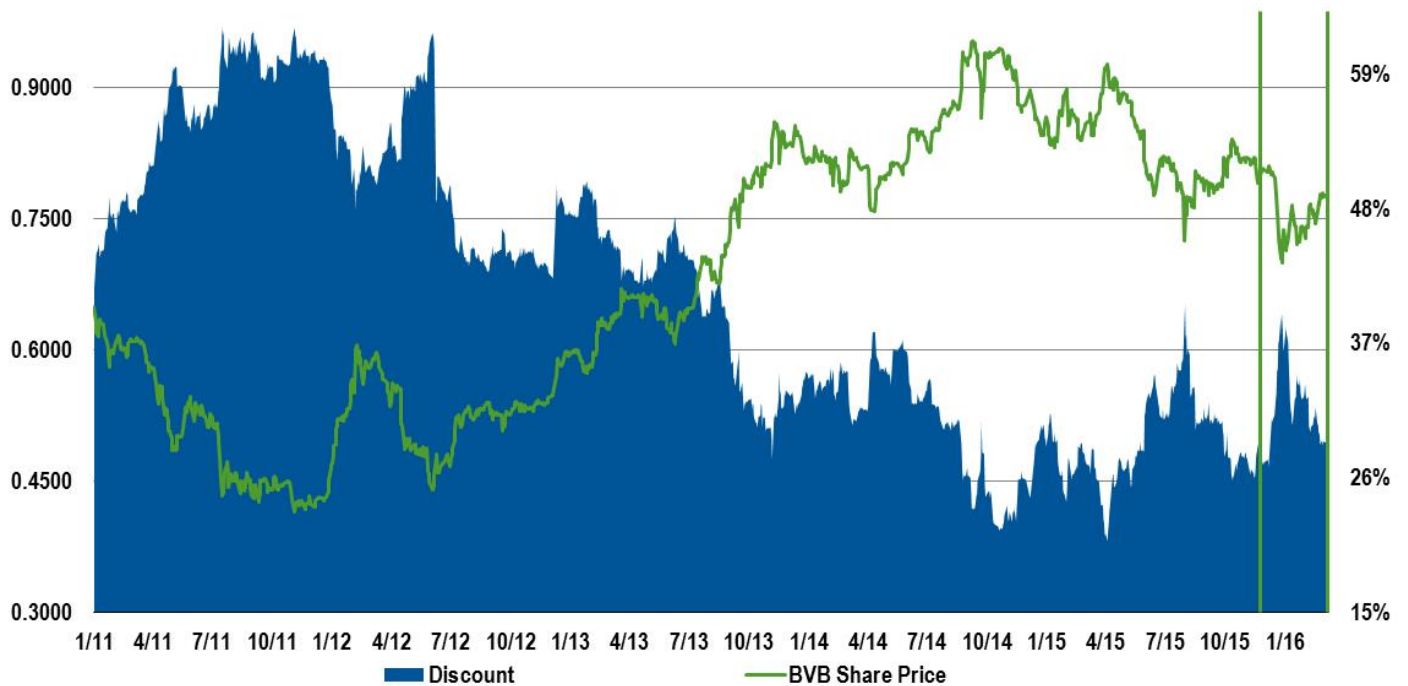
Regulated Stock Market Trading

Average Daily Turnover in the first quarter of 2016 (RON million)



Source: BVB, Bloomberg

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



Source: BVB

Performance Objectives

For the reporting period between 1 July 2015 and 30 June 2016, according to the Fund's Investment Policy Statement, there are two performance objectives that the Fund Manager is aiming to achieve. The NAV objective refers to a higher adjusted NAV⁶ per share as at 30 June 2016, 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 2015 to 30 June 2016.

NAV Objective

As at 31 March 2016, the adjusted NAV per share was 7.1% lower than the 30 June 2015 NAV per share of RON 1.1851.

During the first nine months of the reporting period, the Fund's NAV has been negatively impacted by the decrease in the value of the listed holdings in the portfolio, primarily OMV Petrom SA.

NAV Objective	Amount RON	Details
Total NAV as at 31 March 2016	11,440,104,894	
Costs related to the 2015 return of capital after 30 June 2015, until 31 March 2016	3,326	Fees charged by Central Depository and Paying Agent for the payments performed after 30 June 2015
Costs related to buy-backs after 30 June 2015, until 31 March 2016	238,702	Fees related to fifth buy-back programme after 30 June 2015 and sixth buy-back programme up to 31 March 2016
Distribution fees	3,204,540	FTIML distribution fees for distributions to shareholders (buy-backs) after 30 June 2015, up to 31 March 2016
Total Adjusted NAV as at 31 March 2016	11,443,551,462	
Number of Fund's paid shares, less treasury shares and GDRs held as at 31 March 2016	10,396,059,391	
Adjusted NAV per share as at 31 March 2016	1.1007	
NAV per share as at 30 June 2015	1.1851	
Difference	(0.0844)	
%	(7.1%)	

Source: FTIML

Discount Objective

In the period between 1 July 2015 and 31 March 2016, the discount to NAV was greater than 15%, for both shares and GDRs.

FTIML and FTIS will continue the 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 around 6%, the ongoing buy-back programmes and our transparency, disclosure, and proactive investor relations efforts.

The significant depreciation of oil prices, increased volatility in the emerging and frontier markets, as well as the delays in the IPOs of the state owned companies in the Fund's portfolio, prolonged insolvency of Hidroelectrica SA, and no agreement concluded with Electrica SA until 31 March 2016, have been the main obstacles in our efforts to further reduce the Fund's discount to NAV.

⁶ 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.

*Discount Evolution*⁷

Discount at 31 March 2016	Minimum discount in the reporting period	Maximum discount in the reporting period	Average discount for the period 1 July 2015 – 31 March 2016
29.3%	25.9%	40.1%	31.5%

Source: FTIML

Investor Relations Update

In the first quarter of 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 9 global and regional emerging and frontier market conferences in Vienna, London, New York, Singapore, Warsaw and Paris, and met with over 75 investment professionals interested in finding out more details about the Fund and its equity story, and to receive updates on the Fund, its corporate actions, and its main portfolio holdings.

FTIML also organised 5 road-shows in the most important financial centres in Europe (London), the United States (New York), Asia (Singapore), and South Africa (Cape Town). During the road-shows, FTIML participated in individual and group meetings with representatives of more than 50 international institutional investment firms, both current shareholders and potential investors.

Between 29 February and 1 March, in collaboration with WOOD & Company, FTIML organised in London the third edition of the "Romania Investor Days" event. 113 representatives of 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 Public Finance, the Secretary of State of the Ministry of Energy, a Board member of the Romanian National Bank, 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 Fund Manager 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 15 February, FTIML held a conference call to discuss the Fund's 2015 Preliminary Annual Results. 50 analysts and investors participated in the call in order to find out more details about the preliminary results for 2015, released on the same day.

In addition, during the first quarter of 2016, FTIML organised 21 individual meetings with analysts, brokers, current and prospective investors, as well as 19 conference calls with institutional investors interested in the latest developments regarding the Fund's corporate actions, and its portfolio companies.

Communication between the Fund Manager, FTIS 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 74,622,820 GDRs between 12 August 2015 and 14 March 2016 and 73,105,672 GDRs after this date, each GDR representing 50 shares. As at 31 March 2016, 33.6% of the Fund's issued shares were converted into GDRs.

On 22 January 2016 The Bank of New York Mellon, the depositary bank of the GDRs, has notified that total GDR holdings have reached the limit for GDR issuance, of one third of the Fund's issued share capital, as provided by the 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.

⁷ The daily discount is calculated in accordance with the Investment Policy Statement, i.e. the discount between the FP shares closing price on the Bucharest Stock Exchange for each trading day and the latest reported NAV per share.

Credit Facility Agreement

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

On 7 March 2016 the Fund and Citibank Europe Plc Dublin - Romania Branch signed the Addendum no. 2 to the credit facility agreement, amending certain provisions among which splitting the committed facility of RON 500 million into a committed facility of maximum RON 375 million and an uncommitted facility of maximum RON 125 million.

The Fund did not use the credit facility during the first quarter of 2016.

Buy-back Programmes

Overview of share buy-backs during the first quarter of 2016

During the first quarter of 2016 the Fund has finalised the cancellation process for the shares acquired during the fifth buy-back programme and continued the implementation of the sixth buy-back programme. The seventh buy-back programme was approved by shareholders during the October 2015 General Shareholders Meeting ("GSM") and the Fund Manager together with FTIS can start its implementation after the cancellation of the shares acquired during fifth buy-back programme is effective, i.e. 14 March 2016.

All the buy-back programmes carried out by the Fund are aimed at share capital decrease, in accordance with the shareholders' approval. During the first quarter of 2016 the Fund bought back a total number of 56,329,436 own shares within the sixth buy-back programme (out of which 50,470,236 ordinary shares and 5,859,200 ordinary shares corresponding to GDRs), representing 0.5% of the total issued shares as at 31 March 2016, for a total acquisition value, including transaction costs, of RON 42,801,664.

The shares acquired within the fifth buy-back programme were cancelled in March 2016. On 21 March 2016 the Fund converted a number of 802,474 own GDRs acquired within the sixth buy-back programme into ordinary shares (40,123,700 ordinary shares respectively).

The total number of own shares bought back and held by the Fund as at 31 March 2016 is 205,979,060 (including the equivalent number of ordinary shares corresponding to the 86,204 GDRs held), having a total nominal value of RON 185,381,154 (RON 0.9 per share).

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 global depository receipts corresponding to the shares of Fondul Proprietatea, valid until 15 November 2016. The buy-backs shall be performed at a price between RON 0.2 per share and RON 2 per share. The buy-back transactions can only be applied to fully paid shares and the repurchased shares will be cancelled. The implementation of this buy-back programme is subject to the availability of the necessary cash.

The execution of the buy-back programme started on 9 September 2015 and until 31 March 2016, the total number of shares repurchased was 205,979,060 (161,545,160 ordinary shares and 44,433,900 equivalent shares of the GDRs repurchased, where 1 GDR represents 50 ordinary shares), at a total acquisition value, including transaction costs, of RON 164,299,154.

On 14 January 2016 the Fund filed with the FSA an application for a buy-back tender offer, to accelerate the sixth buy-back programme, by acquiring 430 million shares or the equivalent number of GDRs corresponding to the shares of the Fund, from the Fund's shareholders. However this was withdrawn on 25 January 2016 due to material market volatility, which significantly impacted stock market prices and the value of portfolio holdings. The Fund Manager considered that in the market environment at that time it was important to stay prudent in cash management and limit the leverage of the Fund. In order to ensure that the tender offer is priced appropriately relative to the market price, to maximise value for the Fund's shareholders, the Fund Manager, together with FTIS, will continue to closely monitor the market developments and is prepared to restart the process when market conditions are more supportive.

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) will not exceed 10% of the issued share capital at the relevant time, starting with 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 that cannot be lower than RON 0.2 per share or higher than RON 2 per share. The transactions can only be applied to fully paid shares, global depository receipts or depository interests corresponding to the shares of the Fund, which will be cancelled. The implementation of this buy-back programme will be subject to the availability of the necessary cash.

Share Capital Decrease

Share cancellation after the fifth buy-back programme

During the 29 October 2015 GSM the shareholders approved the cancellation of 227,572,250 shares repurchased by the Fund during the fifth buy-back programme. The shareholders resolution was published in the Official Gazette of Romania on 12 November 2015.

On 14 March 2016, the Trade Registry registered Resolution no. 8/ 29 October 2015 of the Fund's 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 Endorsement no. 74/ 25 February 2016. Therefore, starting with 14 March 2016, the new value of the Fund's subscribed share capital is RON 9,869,265,720.90, being divided into 10,965,850,801 shares with a nominal value of RON 0.90 per share. The value of the paid-in share capital is RON 9,541,834,605.90, being divided into 10,602,038,451 shares.

The share capital decrease through the return of capital to shareholders

In 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 and the endorsement by the FSA of the new Constitutive Act reflecting the share capital decrease is expected in May 2016. The shareholders registered with Central Depository on 6 June 2016 will 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 date is 27 June 2016.

Official Accounting Regulations

According to 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"), starting with 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 Investment Management Agreement – Addendum 4

The FSA issued Endorsement no. 1/ 7 January 2016 whereby it endorsed with comments the Addendum no. 4/ 2 November 2015 to the Investment Management Agreement concluded between the Fund and the Fund Manager on 29 April 2014, proposing a different wording related to the calculation of the distribution fee between 1 November 2015 and 31 March 2016, which was approved by shareholders during 26 April 2016 GSM.

In consequence, the distribution fee rate applicable is 100 basis points for the period between 1 November 2015 and 6 January 2016 and 200 basis points for the period between 7 January 2016 and 31 March 2016.

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 needs to comply with the provisions of the law implementing AIFM Directive and Regulation 10/2015 before 24 May 2016.

On 29 October 2015 the GSM 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 a new Management Agreement, in order to comply with the AIFM Directive requirements (FTIS’ mandate commenced on 1 April 2016); considering that the replacement of the Fund Manager with another entity from the group was proposed in view of complying with the AIFM Directive and the related national implementation laws and regulations, the shareholders agreed and 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 Endorsements no. 25, respectively Endorsement 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 Constitutive Act of the Fund, effective as of 1 April 2016, approved by the EGM Resolution no. 13/ 29 October 2015, endorsed by the FSA’s Endorsement no. 25/ 2016 with minor rewording proposals, which were approved by the shareholders during the 26 April 2016 GSM.
- Addendum no. 5/ 2 November 2015 to the Investment Management Agreement concluded between the Fund and the Fund Manager on 29 April 2014, effective as of 1 April 2016, as approved by the Ordinary General Meeting of Shareholders (“OGM”) Resolution no. 8/ 29 October 2015 and endorsed by FSA’s Endorsement no. 26/ 2016.

According to the FSA Board Resolution from 27 January 2016, the new Management Agreement signed between Fondul Proprietatea and FTIS, as its AIFM and Sole Director, as approved by OGM Resolution no. 8/ 29 October 2015 with effect as of 1 April 2016, 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 the new Management Agreement.

General Shareholders Meeting Decisions in the First Quarter of 2016

The main decisions of the shareholders during 27 January 2016 GSM were the following:

- 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 shares of the Fund from RON 0.90 to RON 0.85 and the approval of 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 is 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.

Subsequent Events

The change of the management of Fondul Proprietatea starting with 1 April 2016

The plan for implementing 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 starting with 1 April 2016 FTIS is the Sole Director and Alternative Investment Fund Manager 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 Investment Policy Statement (“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 depository 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 to 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 relation 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).

26 April 2016 GSM decisions

The main shareholders decisions at the 26 April 2016 GSM were the following:

- 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 by cancelling a part of the shares acquired within the sixth buy-back programme;
- the ratification of the Addendum no. 6/ 2 March 2016 to the previous Investment Management Agreement, 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 Administrator 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 have 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 the 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 Administrator and/ or its Alternative Investment Fund Manager as well as of any management/ administration measures adopted and/ or implemented by its Sole Administrator and/ or its Alternative Investment Fund Manager, between 6 September 2010 and 25 April 2016.

Disposal of the holding in Romgaz SA

On 21 April 2016 the Fund sold its entire holding of 22,542,960 existing shares in Romgaz SA (20,286,910 in the form of ordinary shares and 2,256,050 in the form of global depository receipts) to qualified investors and certain other investors, not exceeding 150 natural or legal persons per Member State, other than qualified investors (all within the meaning of paragraphs (2)(a) and (2)(b) of Article 3 of the Prospectus Directive). The shares were priced at RON 24/ USD 6.09 (in relation to disposals via dollar-denominated global depository receipts, based on the National Bank of Romania's exchange rate of RON 3.9434 per USD as of 20 April 2016).

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 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 according to International Valuation Standards which permit fair valuation.

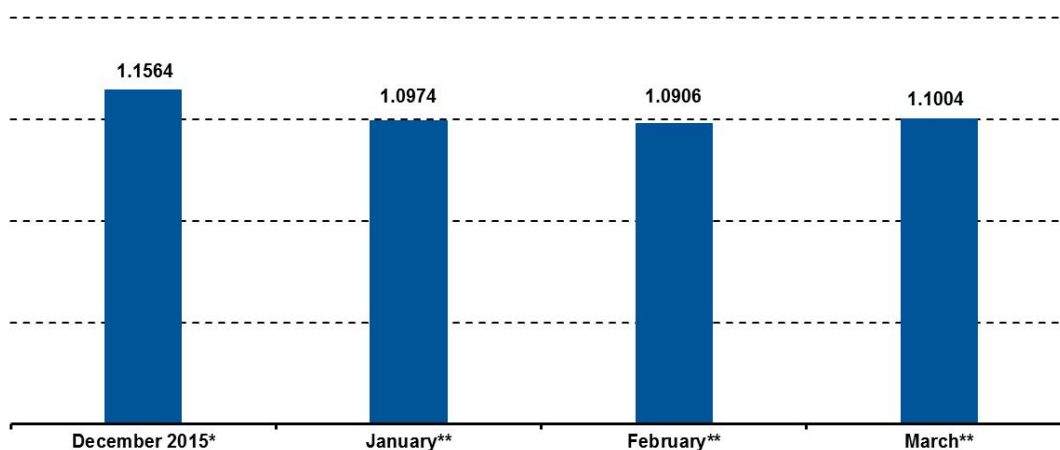
The shares in the companies under insolvency or reorganisation procedures are valued either at zero, or at the value provided by an independent valuer, using the valuation methods in accordance with the International Valuation Standards. The shares in the companies under a judicial liquidation procedure, or any other liquidation procedures, as well as in the 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 (treasury shares).

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

NAV per share (RON per share)



Source: FTIML, based on NAV reports submitted to FSA

*Based on Romanian Accounting Regulation for non-portfolio items

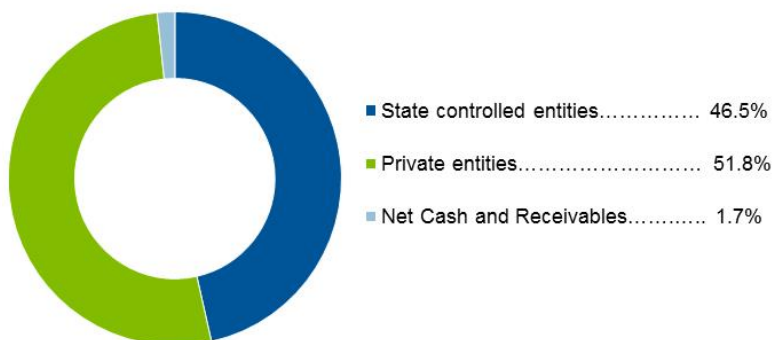
** Based on IFRS for non-portfolio items

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).

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 98.3% of the Fund’s NAV as at 31 March 2016. As at that date, the portfolio was composed of holdings in 48 companies (14 listed and 34 unlisted), containing a combination of privately held and state-controlled entities.

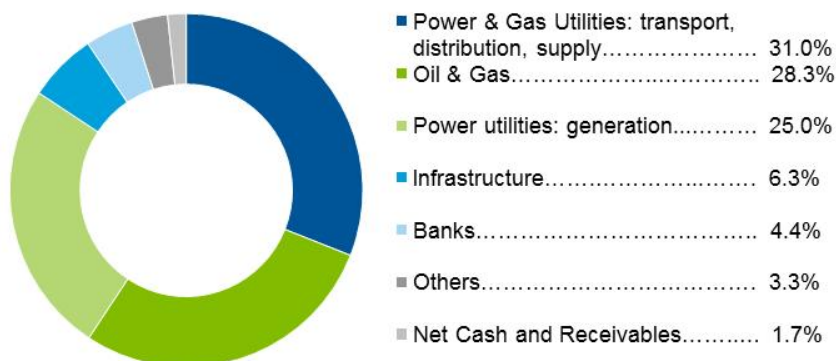
Portfolio Structure – by Controlling Ownership



- Net cash and receivables includes bank deposits, current bank accounts, bonds, dividend receivables, as well as other assets, net of all liabilities (including liabilities to shareholders related to the returns of capital and dividends from previous years) and provisions.

Source: FTIML, data as at 31 March 2016

Portfolio Structure - by Sector



- The portfolio remained heavily weighted in power, oil and gas sectors (approx. 84.3% of the NAV), through a number of listed and unlisted Romanian companies.

Source: FTIML, data as at 31 March 2016

Portfolio Structure – by Asset Type



Source: FTIML, data as at 31 March 2016

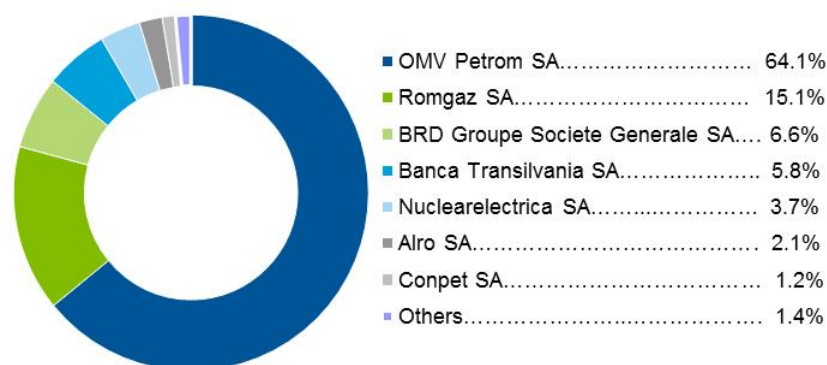
Portfolio Structure – Unlisted holdings



- The largest unlisted holding is Hidroelectrica SA (36.8% of the total value of unlisted holdings in the portfolio)

Source: FTIML, data as at 31 March 2016

Portfolio Structure – Listed holdings



- The largest listed holding is OMV Petrom SA (64.1% of the total value of listed holdings in the portfolio)

Source: FTIML, data as at 31 March 2016

Top 20 equity investments

No	Name	Fund's stake (%)	Value as at 31 March 2016 (RON million)	% of NAV as at 31 March 2016
1	Hidroelectrica SA	19.94%	2,654.1	23.2%
2	OMV Petrom SA	18.99%	2,582.1	22.6%
3	ENEL Distributie Banat SA	24.13%	624.0	5.5%
4	Romgaz SA*	5.85%	607.5	5.3%
5	E.ON Distributie Romania SA	18.35%	510.4	4.5%
6	CN Aeroporturi Bucuresti SA	20.00%	497.8	4.4%
7	ENEL Distributie Muntenia SA	12.00%	455.4	4.0%
8	Engie Romania SA	12.00%	446.1	3.9%
9	ENEL Distributie Dobrogea SA	24.09%	401.2	3.5%
10	BRD Groupe Societe Generale SA	3.64%	266.1	2.3%
11	Electrica Distributie Muntenia Nord SA	22.00%	253.9	2.2%
12	Banca Transilvania SA	2.88%	234.3	2.0%
13	Electrica Distributie Transilvania Sud SA	22.00%	222.3	1.9%
14	Electrica Distributie Transilvania Nord SA	22.00%	215.6	1.9%
15	Societatea Nationala a Sarii SA	49.00%	177.4	1.6%
16	CN Administratia Porturilor Maritime SA	20.00%	175.1	1.5%
17	Electrica Furnizare SA	22.00%	149.6	1.3%
18	Nuclearelectrica SA	9.09%	146.4	1.3%
19	E.ON Energie Romania SA	13.40%	126.5	1.1%
20	Alro SA	10.21%	86.0	0.8%
Top 20 equity holdings			10,831.8	94.8%
Total equity holdings			11,246.5	98.3%
Net cash and receivables			193.6	1.7%
Total NAV			11,440.1	100.0%

Source: FTIML, data as at 31 March 2016, based on NAV reports submitted to FSA.

*The Fund sold the entire holding in Romgaz SA on 21 April 2016.

Key Portfolio Developments in the Period

Acquisitions and disposals

In the first quarter of 2016 there were no changes in the Fund's portfolio.

Negotiations with Electrica SA

On 28 March 2016 the Fund Manager publicly announced that no agreement has been reached in the recent negotiations with Electrica SA ("Electrica") regarding a potential transaction between the Fund and Electrica in relation to the Fund's holdings in the four companies in which Electrica is the majority shareholder, respectively Electrica Distributie Transilvania Sud SA, Electrica Distributie Transilvania Nord SA, Electrica Distributie Muntenia Nord SA and Electrica Furnizare SA.

After several rounds of negotiations, the final asking price of the Fund for Electrica would have been RON 769 million. The effective price offered by Electrica for the Fund's holdings in the four subsidiaries was RON 684 million, which is more than an 18% discount to the valuation of those holdings in the Fund's monthly NAV of RON 841 million, as at 29 February 2016.

Despite the resilient efforts and willingness to find a realistic middle ground, it was not possible to reach a satisfactory agreement on price and conclude a deal in the negotiations with Electrica. The Fund Manager remains committed and willing to resume negotiations at a future point if there is a similar commitment from Electrica.

Energy sector updates

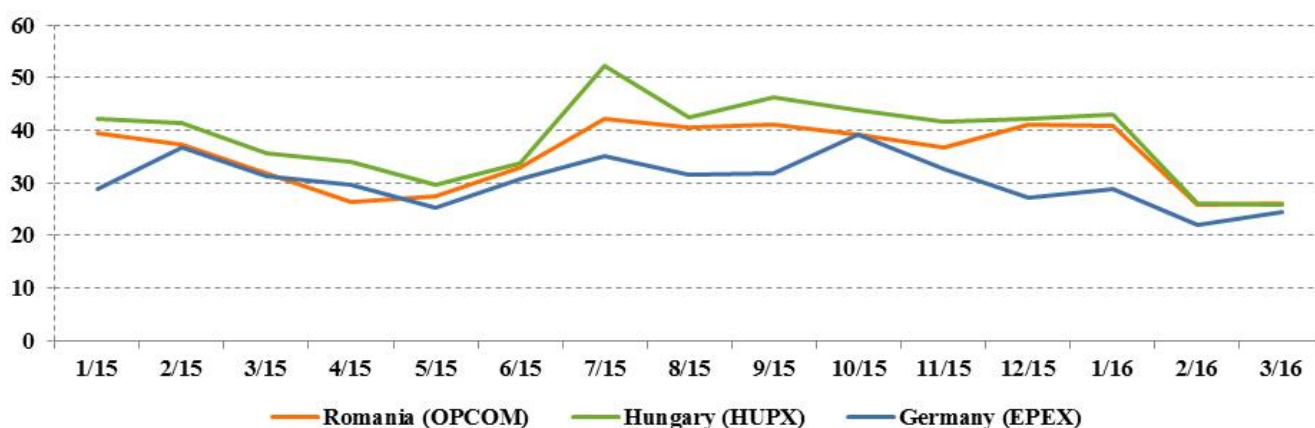
Energy tariff changes

The proposed timetable for 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)

	January – February 2016			January – February 2015			% change		
	Total	Production	Import	Total	Production	Import	Total	Production	Import
Coal	941.7	857.2	84.5	935.5	821.5	114.0	0.7	4.3	(25.9)
Oil	1,709.5	591.4	1,118.1	1,674.5	611.3	1,063.2	2.1	(3.3)	5.2
Natural gas	1,530.0	1,471.3	112.7	1,495.9	1,497.0	52.9	2.3	(1.7)	113.0
Hidro, Nuclear, and Import energy	924.7	863.7	61.0	929.2	882.6	46.6	(0.5)	(2.1)	30.9
Import oil products	273.5	0.0	273.5	267.0	0.0	267.0	2.4	0.0	2.4
Others	84.8	0.0	84.8	76.6	0.0	76.6	10.7	0.0	10.7
Total resources	5,464.2	3,783.6	1,734.6	5,378.7	3,812.4	1,620.3	1.6	(0.8)	7.1

Source: National Institute of Statistics webpage

Gas tariff changes

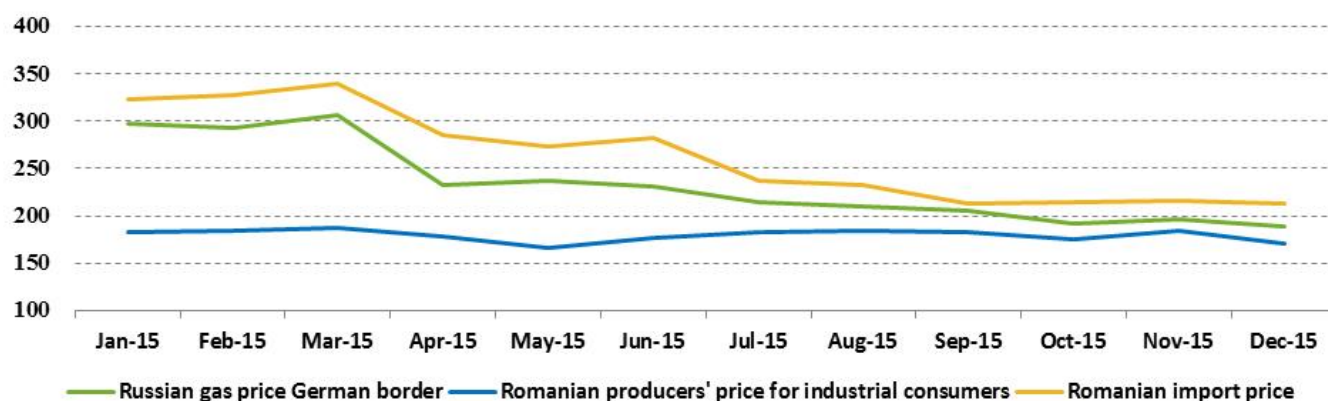
Gas prices have increased starting 1 February 2013, pursuant to the schedule for gradual elimination of regulated gas prices. As of 1 January 2015, prices for supply to non-household consumers are determined freely, based on direct negotiation or acceptances of supplier's standard offer. Based on Government Decision no. 488/2015, the Government

approved the updated schedule for 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.

Starting date	Household prices (RON/ MWh)
01.07.2015	60.00
01.07.2016	66.00
01.04.2017	72.00
01.04.2018	78.00
01.04.2019	84.00
01.04.2020	90.00

Source: Government Decision no. 488/2015

Gas prices (EUR/ thousand m³)



Source: Bloomberg, ANRE

Update on the largest 20 portfolio holdings

Alro SA

RON million	2014	2015	Budget 2015*	Budget 2016*
Turnover	2,108.4	2,422.8	2,665.6	2,191.9
Operating profit	51.0	185.9	318.1	133.7
Net profit/ (loss)	(63.6)	(0.02)	255.5	55.9
Dividends	-	-	-	-

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)

January: The company informed the market that following an investigation regarding the electricity contracts signed with Hidroelectrica SA, the Competition Council imposed on Alro SA a fine of RON 21.2 million or 1.1% of 2014 turnover.

Banca Transilvania SA

RON million	2014	2015	Q1 2015	Q1 2016	Budget 2015*	Budget 2016***
Operating income	2,078.0	2,854.3	561.5	620.7	2,015.0	2,738.3
Net impairment losses	684.4	797.6	133.9	59.0	550.0	693.9
Net profit	442.5	2,448.0	159.1	231.1	596.0**	848.2

Source: Consolidated IFRS financial statements

*Budgeted figures before revision in October 2015

** Refers to budgeted gross profit, 2015 budget does not include a line for net profit

***Budgeted figures as stated in 2015 Report of the Board of Directors

January: The merger of Banca Transilvania and Volksbank Romania, in which Banca Transilvania is the acquiring company, has been finalised on schedule, the effective date of the merger being 31 December 2015.

March: BT Securities, the brokerage company of Banca Transilvania Financial Group, took over the investment banking activity of Capital Partners, Romania's leading independent M&A and Corporate Finance consultant. As a result, BT Securities will be rebranded as BT Capital Partners.

The bank published the 2015 audited consolidated financial results. Highlights include: 32.9% increase in total assets to RON 47,579.1 million, 37.4% increase of operating income to RON 2,854.3 million and net profit of RON 2,448.0 million from RON 442.5 million in 2014. A significant part of the growth in total assets and an extraordinary gain of RON 1.7 billion recorded as revenue in 2015 are as a result of Volksbank Romania integration.

April: The bank reported results for the first three months of 2016 and the highlights on the consolidated numbers include: 10.5% increase y.o.y of operating income to RON 620.7 million, 45.3% increase of net profit to RON 231.1 million and 1.5% increase in total net loans to RON 25.6 billion.

BRD – Groupe Societe Generale SA

RON million	2014	2015	Q1 2015*	Q1 2016	Budget 2015**	Budget 2016**
Net banking income	2,623.0	2,507.2	628.6	647.3	Around 3% increase	Around 5% increase
Net operating profit	1,295.3	1,209.9	216.7	242.7		Around 5% increase
Net cost of risk	1,215.4	658.2	114.5	151.5	Significant decrease	Further normalisation trajectory
Net profit	63.1	465.8	84.5	71.4	Significant improvement	n.a.
Dividends	-	223.0	-	-	-	-

Source: Consolidated IFRS financial statements

*Restated values

** Budgeted figures based on individual IFRS financial statements

April 2016: For the full year 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 the similar period of the previous year, to RON 658.2 million.

CN Administratia Porturilor Maritime SA

RON million	2014	2015*	Budget 2015	Budget 2016
Total revenue	305.8	325.6	306.1	322.9
Operating profit	83.8	114.0	55.1	61.3
Net profit	70.3	97.4	39.8	48.9
Dividends	32.3	45.7	17.6	24.5

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

* The financial statements for the year ended 31 December 2015 are subject to shareholders approval on 27 May 2016

February: Total traffic for the first 2 months of 2016 reached 8.4 million tons, which represents a decrease of 7.6% compared to the same period of 2015. The decline was mostly due to a 36.9% decrease of activity for cereals, while most of other goods recorded slight increases.

CN Aeroporturi Bucuresti SA

RON million	2014	2015*	Budget 2015	Budget 2016**
Total revenue	689.7	783.7	725.8	842.9
Operating profit	124.4	222.1	40.6	127.4
Net profit	98.8	185.7	44.3	104.8
Dividends	51.2	95.1	24.4	55.4

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

* Preliminary figures

** Draft 2016 Budget, to be approved by shareholders

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.

E.ON Distributie Romania SA

RON million	2014*	2015**	Budget 2015	Budget 2016
Operating revenue	798.8	1,683.3	1,448.0***	1,423.0***
Operating profit	96.8	320.1	217.0	281.0
Net profit	83.0	260.3	180.0	236.0

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

* 2014 figures reflect only gas distribution business

** The financial statements for the year ended 31 December 2015 are subject to shareholders approval on 26 May 2016

*** Power and gas distribution revenue

April: Based on ANRE Order 21 published in the Official Gazette of Romania on 28 April 2016, starting 1 May 2016 the gas distribution tariffs for E.ON Distributie Romania SA have been reduced on average by around 8.9%.

E.ON Energie Romania SA

RON million	2014	2015*	Budget 2015	Budget 2016
Operating revenue	4,871.9	5,005.4	4,821.4**	5,040.5**
Operating profit	108.6	123.7	125.1	143.1
Net profit	94.0	111.8	110.3	121.1

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

* The financial statements for the year ended 31 December 2015 are subject to shareholders approval on 27 May 2016

**Power and gas sales revenue

Electrica Distributie Muntenia Nord SA (“EDMN”)

RON million	2014	2015*	Budget 2015	Budget 2016
Total revenue	805.4	798.6	778.3	741.8
Operating profit	159.7	182.9	165.5	147.6
Net profit	140.3	153.2	139.0	123.9
Dividends	112.1	122.3	111.1	-

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

* The financial statements for the year ended 31 December 2015 are subject to shareholders approval on 17 May 2016

Electrica Distributie Transilvania Nord SA (“EDTN”)

RON million	2014	2015*	Budget 2015	Budget 2016
Total revenue	674.8	720.2	685.1	707.1
Operating profit	119.7	186.6	146.0	173.6
Net profit	95.3	158.8	120.3	145.6
Dividends	75.9	127.1	96.1	-

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

* The financial statements for the year ended 31 December 2015 are subject to shareholders approval on 17 May 2016

Electrica Distributie Transilvania Sud SA (“EDTS”)

RON million	2014	2015*	Budget 2015	Budget 2016
Total revenue	739.3	775.3	779.3	775.9
Operating profit	121.5	178.1	142.2	154.1
Net profit	100.1	152.6	110.4	127.3
Dividends	79.9	119.7	87.8	-

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

* The financial statements for the year ended 31 December 2015 are subject to shareholders approval on 17 May 2016

Electrica Furnizare SA

RON million	2014	2015*	Budget 2015	Budget 2016
Total revenue	4,055.4	4,205.7	4,097.5	4,196.7
Operating profit	223.7	143.1	108.4	126.5
Net profit	204.7	131.1	95.1	113.4
Dividends	174.0	111.5	-	-

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

* The financial statements for the year ended 31 December 2015 are subject to shareholders approval on 26 May 2016

ENEL Distributie Banat SA (“EDB”)

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.

ENEL Distributie Dobrogea SA (“EDD”)

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

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.

ENEL Distributie Muntenia SA (“EDM”)

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

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.

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 the 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, starting with 1 May 2016 the regulated supply tariffs for households were increased by approximately 11%.

Hidroelectrica SA

RON million	2014	Budget 2015
Turnover	3,406.0	2,851.3*
Operating profit	1,207.9	489.7
Net profit	941.5	371.9
Dividends	646.4	174.5

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

*Operating revenue

April: According to the preliminary results for 2015, the gross profit was RON 1,105 million.

May: In May 2016 the company had only two ongoing cases with Bucharest Court (syndic judge) as part of the insolvency procedure. The following hearings for the two files are on 25 May 2016 and 8 June 2016.

Nuclearelectrica SA

RON million	2014	2015	Budget 2015**	Budget 2016**
Sales	1,794.6	1,748.7	1,884.0	1,700.3
Operating profit/ (loss)	173.8	159.1	57.7	59.7
Net profit	131.4	147.4	30.8	41.1
Dividends*	90.4	99.5	15.7	20.9

Source: Consolidated IFRS financial statements

*Dividends are based on the separate 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).

OMV Petrom SA

RON million	2014	2015	Q1 2015	Q1 2016	Budget 2015**	Budget 2016**
Sales	21,541.3	18,145.0	4,270.7	3,558.5	12,571.0	10,764.0
Operating profit/(loss)	3,338.3	(529.8)	494.2	342.6	1,121.0	62.0
Net profit/ (loss)	2,099.7	(689.7)	345.3	288.2	1,102.0	199.0
Dividends*	634.4	-	-	-	-	-

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: sales declined 15.8% to RON 18,145.0 million, the company recorded 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 to pay no dividends in 2016. This proposal was approved by shareholders at the Annual GSM held on 26 April 2016.

May: The company reported results for the first quarter of 2016. The highlights include: sales declined by 16.7% compared to the same period of 2015 to RON 3,558.5 million, EBIT declined by 30.7% compared to the same period of 2015 to RON 342.6 million and net profit declined by 16.5% compared to the same period of 2015 to RON 288.2 million. The declines were despite the 41% decrease of the average realised oil price to 26.7 USD 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.

Romgaz SA

RON million	2014	2015	Budget 2015*	Budget 2016**
Sales	4,493.3	4,052.6	4,587.5	4,497.9
Net profit	1,409.9	1,194.3	1,511.9	1,323.9
Dividends	1,214.1	1,040.6	-	1,043.6

Source: Separate IFRS financial statements

*Budgeted figures based on the Romanian Accounting Regulations

**The proposal for 2016 Budget was not approved by GSM

March: Aristotel Jude was appointed as a member of the Board of Directors following the expiration of the mandate of Dragos Dorcioman. Mr. Jude was recommended to this position by the Ministry of Energy and his mandate will expire on 17 May 2017.

Sebastian-Gabriel Tcaciuc was appointed as a member of the Board of Directors, following the resignation of Sorana-Rodica Baciu. Mr. Tcaciuc has been recommended to this position by the European Bank for Reconstruction and Development.

April: The company's Board of Directors has decided to continue the commercial relationship with Electrocentrale Bucuresti SA until the end of May, under the same terms as contract no. 34/ 2015. The company announced that due to lack of response to the company's offer from Electrocentrale Bucuresti SA by 29 April, starting 1 May 2016 all contractual arrangements with this client have expired.

Romgaz SA announced that a contract previously signed with E.ON Energie Romania SA has been cancelled. The estimated value of gas still to be delivered on that contract was RON 281.4 million. The contract did not stipulate any penalties in case of cancellation.

Societatea Nationala a Sarii SA (Salrom)

RON million	2014	Budget 2015	Budget 2016
Operating revenue	297.6	324.6	329.7
Operating profit	31.8	47.0	69.5
Net profit	24.5	40.2	57.3
Dividends	20.9	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 Government Emergency Ordinance 109/2011 will be completed, which is expected to happen by mid-June 2016.

Financial Statements Analysis

The unaudited Financial Statements for the three-month period ended 31 March 2016 prepared in compliance with IAS 34 Interim Financial Reporting, based on IFRS are included in full in Annex 1 to this Report.

Starting with the annual financial statements for the year ended 31 December 2015, according to the FSA Norm 39/2015, IFRS are the official accounting regulations (the statutory basis of accounting) for the Fund.

This section provides a commentary on the principal elements of the Fund's financial position and results for the quarter ended 31 March 2016.

Statement of Financial Position

RON million	31 March 2016	31 December 2015
	Unaudited	Audited
Cash and current accounts	0.5	0.6
Deposits with banks	89.6	197.8
Treasury bills	-	20.0
Government bonds	125.0	59.0
Equity investments	11,200.1	11,800.7
Other assets	31.1	29.6
Total assets	11,446.3	12,107.7
Total liabilities	52.5	54.6
Total equity	11,393.8	12,053.1
Total liabilities and equity	11,446.3	12,107.7

As at 31 March 2016, **deposits with banks** included bank deposits denominated in RON with maturities of up to one month, held with banks in Romania.

As at 31 March 2016, **government bonds** comprised short-term government bonds with coupon, denominated in RON, with residual maturities up to one month, issued by the Ministry of Public Finance of Romania.

The overall decrease in liquid assets in the first quarter of 2016 of RON 62.3 million was mainly due to the cash outflows used for funding the sixth buy-back programme carried out by the Fund during this period (RON 41.5 million in total).

Equity investments

Classification and measurement of equity investments

Starting 1 January 2014, Fondul Proprietatea applied the Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities, the Fund being an investment entity. As a result, the Fund classified and measured its investments in subsidiaries and associates as financial assets at fair value through profit or loss. The other equity investments were 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. Subsequent measurement is at fair value and all changes in fair value are accounted for through profit or loss. Equity investments at fair value through profit or loss are not subject to the review for impairment.

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 by transferring the cumulative loss that was recognised in other comprehensive income to profit or loss. If, in a subsequent period, the fair value of an impaired equity investment classified as available for sale increases, this is recognised in other comprehensive income (equity).

Valuation

As at 31 March 2016, all the equity investments of the Fund were carried at fair value.

Listed shares traded in an active market were measured at fair value, using quoted prices in an 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 ongoing basis.

In case of *unlisted shares* and *listed shares that are not traded in an active market*, where sufficient information was available, the fair values of equity investments were determined by independent valuers, using valuation techniques, in accordance with International Valuation Standards (99.7% of the total unlisted portfolio).

Investments in equity securities that do not have a quoted price in an active market, and whose fair values determined by independent valuers were not available, are measured at values considered to be equivalent to fair values, being the values used in the calculation of the net asset value of the Fund, determined in accordance to the regulations issued by the FSA/CNVM and reported on monthly basis (only an insignificant part of the portfolio).

The decrease of **equity investments** by RON 600.6 million in the first quarter of 2016 was mainly due to the 17.2% decrease of OMV Petrom SA share price (impact of RON 537.9 million).

As at 31 March 2016, the net deferred tax position is nil due to the fact that the Fund recognised a deferred tax asset for the unused tax losses carried forward, only to the level of the deferred tax liability arising from the taxable temporary differences (with impact recognised in profit or loss or other comprehensive income, depending on the nature of the corresponding item).

Statement of Comprehensive Income

RON million	31 March 2016	31 March 2015
	Unaudited	Unaudited
Net loss from equity investments at fair value through profit or loss	(535.9)	(476.2)
Impairment losses on equity investments available for sale	(29.8)	(20.1)
Interest income	1.2	1.1
Other items of income/ (expense), net*	1.9	0.1
Net operating loss	(562.6)	(495.1)
Operating expenses	(18.9)	(20.9)
Finance costs	(0.2)	-
Loss before income tax	(581.7)	(516.0)
Income tax expense	(3.9)	(152.7)
Loss for the period	(585.6)	(668.7)
Other comprehensive income	(30.9)	15.4
Total comprehensive income for the period	(616.5)	(653.3)

* Other items of income/ (expense), net included the net foreign exchange losses, the (reversal of) impairment losses on receivables and other income.

The **net loss from equity investments at fair value through profit or loss** for the first three months of 2016 and 2015 represent the unrealised loss from the negative net change in fair value related to equity investments classified at fair value through profit or loss, principally OMV Petrom SA, due to the negative evolution of the share price of this company.

In performing the impairment test for the equity investments available for sale, 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 investment, financial conditions and near-term prospects of the issuer, any specific adverse events that may influence the issuer's operations, recent losses of the issuer. The most significant **impairment losses on equity investments available for sale** in the first quarter of 2016 were related to the holding in Nuclearelectrica SA (RON 29.6 million). In the first three months of 2015 the most significant impairment losses recorded were related to the holdings in Nuclearelectrica SA (RON 12.1 million) and in Alro SA (RON 8.0 million).

Interest income arose from deposits held with banks and from short-term government securities.

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

The **income tax expenses** for the first three months of 2016 represent the partial reversal of the deferred tax asset for the unused tax losses carried forward recognised as at 31 December 2015, as this is recognised, at each reporting date, only to the level of the deferred tax liability arising from the taxable temporary differences. The income tax expense in

the first three months of 2015 represents the reversal of the deferred tax asset recorded as at 31 December 2014 as a result of the postponement of the adoption of IFRS as official accounting regulation (and fiscal basis).

Operating expenses

RON million	31 March 2016 Unaudited	31 March 2015 Unaudited
Investment management and administration fees	12.6	14.1
FSA monthly fees	2.7	2.9
Depositary fees	0.2	0.3
Other operating expenses	3.4	3.6
Operating expenses	18.9	20.9

Investment management and administration fees payable to the Fund Manager represent the main **operating expenses** component, which decreased compared to the previous period in line with the decrease of the Fund's share price, upon which these fees are based. The total investment management and administration fees in the first quarter of 2016 included the base fee in amount of RON 11.8 million (quarter ended 31 March 2015: RON 13.8 million) and the distribution fee in amount of RON 0.8 million (quarter ended 31 March 2015: RON 0.3 million).

FSA monthly fees recorded a slight decrease generated by the decrease of the Fund's total NAV basis on which these fees are calculated.

Other operating expenses in the first three months of 2016 included mainly litigation assistance, Board of Nominees related expenses, advisory expenses and GSM organisation related expenses.

Financial Ratios

Description	31 March 2016		
1. Current liquidity ratio			
<u>Current Assets</u>	=		4.69
Current Liabilities			
2. Debt-to-equity ratio (%)			
<u>Borrowings</u>	x 100 =		-
Shareholders' Equity			
<i>*The Fund had no borrowings as at 31 March 2016, therefore this ratio is nil</i>			
3. Receivables turnover ratio - customers (number of days)			
<u>Average balance of receivables</u>	x 365 =		n.a.
Turnover or sales			
<i>This ratio is not applicable to an investment fund and cannot be calculated.</i>			
4. Turnover of non-current assets			
<u>Gross turnover</u>	=		0.00011
Non-current assets			
<i>For the computation of this ratio "Gross turnover" included interest income and dividend income, while "Non-current assets" included equity investments (which do not have a fixed maturity)</i>			
<i>This ratio has no real significance for an investment fund.</i>			

Signatures:

Franklin Templeton International Services S.À.R.L acting in the capacity of Sole Director of Fondul Proprietatea SA

Oana Truta
Permanent Representative
13 May 2016

Prepared by
Mihaela Moleavin
Financial Reporting Manager

Annex 1

FONDUL PROPRIETATEA SA

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED

31 MARCH 2016

Prepared in accordance with IAS 34 Interim Financial Reporting

(This is a translation from the official Romanian version)

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	3 months ended 31 March 2016	3 months ended 31 March 2015
Net loss from equity investments at fair value through profit or loss	5	(535,892,358)	(476,204,320)
Impairment losses on equity investments available for sale	9	(29,845,379)	(20,130,037)
Interest income		1,217,700	1,063,387
(Impairment losses) / Reversal of impairment losses on receivables, net		(451,572)	15,272
Net foreign exchange losses		(3,547)	(29,004)
Other income, net		2,328,655	195,204
Net operating loss		(562,646,501)	(495,089,498)
Operating expenses	6	(18,854,194)	(20,904,677)
Finance costs	7	(170,313)	-
Loss before income tax		(581,671,008)	(515,994,175)
Income tax expense	8	(3,937,454)	(152,678,949)
Loss for the period		(585,608,462)	(668,673,124)
Other comprehensive income			
Net change in fair value of available for sale equity investments		(34,856,399)	15,329,641
Deferred tax on other comprehensive income		3,937,454	-
Total other comprehensive income		(30,918,945)	15,329,641
Total comprehensive income for the period		(616,527,407)	(653,343,483)
Basic and diluted earnings per share		(0.0525)	(0.0545)

The financial statements were authorised for issue on 13 May 2016 by:

Franklin Templeton International Services S.À.R.L acting in the capacity of Sole Director of Fondul Proprietatea SA

Oana Truta
Permanent Representative

Prepared by
Mihaela Moleavin
Financial Reporting Manager

The notes on pages 37 to 55 are an integral part of these financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016
 (all amounts are in RON unless otherwise stated)

	<i>Note</i>	31 March 2016	31 December 2015
Assets			
Cash and current accounts		491,254	648,858
Deposits with banks		89,636,579	197,825,552
Treasury bills		-	19,957,311
Government bonds		125,018,667	59,004,410
Equity investments	9	11,200,110,482	11,800,704,619
Other assets		31,032,623	29,577,289
Total assets		11,446,289,605	12,107,718,039
Liabilities			
Other liabilities	11	52,526,461	54,625,824
Total liabilities		52,526,461	54,625,824
Equity			
Share capital	12	9,869,265,721	10,074,080,746
Fair value reserve on available for sale financial assets	12	4,201,891,455	4,232,810,400
Other reserves		545,671,056	527,397,886
Treasury shares	12	(164,299,154)	(308,039,345)
Retained earnings		(3,058,765,934)	(2,473,157,472)
Total equity		11,393,763,144	12,053,092,215
Total liabilities and equity		11,446,289,605	12,107,718,039

The notes on pages 37 to 55 are an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016
 (all amounts are in RON unless otherwise stated)

	Share capital	Fair value reserve on available for sale financial assets	Other reserves	Treasury shares	Retained earnings / (Accumulated losses)	Total attributable to the equity holders of the Fund
Balance as at 1 January 2016	10,074,080,746	4,232,810,400	527,397,886	(308,039,345)	(2,473,157,472)	12,053,092,215
Comprehensive income for the period						
Loss for the period	-	-	-	-	(585,608,462)	(585,608,462)
Other comprehensive income						
Net change in fair value of available for sale equity investments	-	(34,856,399)	-	-	-	(34,856,399)
Deferred tax on other comprehensive income	-	3,937,454	-	-	-	3,937,454
Total other comprehensive income	-	(30,918,945)	-	-	-	(30,918,945)
Total comprehensive income for the period	-	(30,918,945)	-	-	(585,608,462)	(616,527,407)
Transactions with owners, recorded directly in equity						
Acquisition of treasury shares	-	-	-	(42,801,664)	-	(42,801,664)
Cancellation of treasury shares	(204,815,025)	-	18,273,170	186,541,855	-	-
Total transactions with owners recorded directly in equity	(204,815,025)	-	18,273,170	143,740,191	-	(42,801,664)
Balance as at 31 March 2016	9,869,265,721	4,201,891,455	545,671,056	(164,299,154)	(3,058,765,934)	11,393,763,144

The notes on pages 37 to 55 are an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016
 (all amounts are in RON unless otherwise stated)

	Share capital	Fair value reserve on available for sale financial assets	Other reserves	Treasury shares	Retained earnings / (Accumulated losses)	Total attributable to the equity holders of the Fund
Balance as at 1 January 2015	11,815,279,887	4,020,355,472	610,197,299	(1,189,918,464)	(1,908,041,171)	13,347,873,023
Comprehensive income for the period						
Loss for the period	-	-	-	-	(668,673,124)	(668,673,124)
Other comprehensive income						
Net change in fair value of available for sale equity investments	-	15,329,641	-	-	-	15,329,641
Total other comprehensive income	-	15,329,641	-	-	-	15,329,641
Total comprehensive income for the period	-	15,329,641	-	-	(668,673,124)	(653,343,483)
Transactions with owners, recorded directly in equity						
Acquisition of treasury shares	-	-	-	(127,830,669)	-	(127,830,669)
Cancellation of treasury shares	(240,215,153)	-	36,762,174	203,452,979	-	-
Total transactions with owners recorded directly in equity	(240,215,153)	-	36,762,174	75,622,310	-	(127,830,669)
Balance as at 31 March 2015	11,575,064,734	4,035,685,113	646,959,473	(1,114,296,154)	(2,576,714,295)	12,566,698,871

The notes on pages 37 to 55 are an integral part of these financial statements.

CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

	3 months ended 31 March 2016	3 months ended 31 March 2015
Cash flows from operating activities		
Disposals/ maturity of treasury bills and bonds	51,217,097	94,533,114
Interest received	596,001	999,051
Suppliers and other taxes and fees paid	(21,413,224)	(25,035,972)
Acquisitions of treasury bills and bonds	(94,428,901)	(9,526,507)
Remunerations and related taxes paid	(356,100)	(274,454)
Subscriptions to share capital increase of portfolio companies	(3,070,150)	(88,350)
Realised foreign exchange loss on cash and cash equivalents	(19,330)	(7,676)
Other receipts	1,161,209	64,120
Net cash flows from/ (used in) operating activities	(66,313,398)	60,663,326
Cash flows from financing activities		
Return of capital to shareholders	(104,156)	(599,737)
Acquisition of treasury shares	(41,896,079)	(130,843,593)
Dividends paid (including related taxes)	(26,822)	(114,187)
Net cash flows used in financing activities	(42,027,057)	(131,557,516)
Net decrease in cash and cash equivalents	(108,340,455)	(70,894,190)
Cash and cash equivalents at the beginning of the period	198,467,448	116,158,127
Cash and cash equivalents at the end of the period	90,126,993	45,263,937
	31 March 2016	31 March 2015
Cash	491,254	1,274,011
Bank deposits with original maturities of less than three months	89,635,739	43,989,926
	90,126,993	45,263,937

The notes on pages 37 to 55 are an integral part of these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

1. General information

Fondul Proprietatea SA (referred to as “Fondul Proprietatea” or “the Fund”) was incorporated as a joint stock company and is operating as an undertaking for collective investment, in the form of a closed end investment company, established in accordance with Law 247/2005 regarding the reform in property and justice, as well as certain adjacent measures, as subsequently amended (“Law 247/2005”) and registered in Bucharest on 28 December 2005. The address of the Fund’s registered office is 78 - 80, Buzești Street, 7th Floor, District 1, Bucharest. Fondul Proprietatea is an alternative investment fund starting 1 April 2016.

The Fund undertakes its activities in accordance with Law 247/2005, Law 297/2004 regarding the capital market, as subsequently amended (“Law 297/2004”), Law 31/1990 regarding companies, republished as subsequently amended (“Law 31/1990”), and Law 74/2015 regarding Alternative Investment Fund Managers (“Law 74/2015”) and it is an entity authorised, regulated and supervised by the Financial Supervisory Authority (“FSA”), formerly known as the National Securities Commission (“CNVM”).

In accordance with its Constitutive Act, the main activity of the Fund is the management and administration of its portfolio.

The Fund was established to allow the payment in shares equivalent of compensations in respect of abusive expropriations undertaken by the Romanian State during the communist period, when properties were not returned in kind.

The Sole Administrator of the Fund was Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch (“FTIML” or “Fund Manager”) until and including 31 March 2016. 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 Administrator, with the mutual consent of both parties, starting with 1 April 2016. Subsequent to the termination, the Fund appointed Franklin Templeton International Services S.À.R.L (“FTIS”) as its Sole Administrator and Alternative Investment Fund Manager under AIFM Directive and local implementation regulations, and executed a new Management Agreement in order to reach AIFM Directive compliance (the FTIS mandate commenced on 1 April 2016). As part of the new management structure, FTIS delegates the role of investment manager and certain administrative functions to FTIML.

Starting 25 January 2011, Fondul Proprietatea became a listed company on the spot regulated market managed by the Bucharest Stock Exchange in Tier I shares of the Equity Sector of the market (renamed as of 5 January 2015 as Premium Tier shares), under ISIN number ROFPTAACNOR5 with the market symbol “FP”.

Starting 29 April 2015, the Fund’s Global Depositary Receipts (“GDR”) have been listed on the London Stock Exchange – Specialist Fund Market, under ISIN number US34460G1067, with the market symbol “FP.”. The Bank of New York Mellon has been appointed by the Fund to act as depositary bank in relation to the GDR facility. The GDR facility is limited to one-third of the Fund’s subscribed share capital under the Romanian securities regulations, each GDR representing 50 shares, and the currency of the GDRs is US dollar.

These condensed interim financial statements for the three month period ended 31 March 2016 are not audited.

2. Basis of preparation

(a) Statement of compliance

According to the provisions of FSA Norm no. 39/ 28 December 2015, regarding the approval of the accounting regulations in accordance with International Financial Reporting Standards as adopted by European Union (“IFRS”), applicable to the entities authorised, regulated and supervised by FSA – Financial Investments and Instruments Sector (“Norm 39/2015”), IFRS became the official accounting regulations for the regulated entities, including Fondul Proprietatea, starting with the annual financial statements for the year ended 31 December 2015.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

2. Basis of preparation (continued)**(a) Statement of compliance (continued)**

These condensed interim financial statements for the three month period ended 31 March 2016 have been prepared in accordance with *IAS 34 Interim financial reporting*. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, prepared in accordance with IFRS.

Due to the application of the *Amendments to IFRS 10, IFRS 12 and IAS 27 (Investment Entities)* starting 1 January 2014, being an investment entity, the Fund no longer consolidates its subsidiaries and in consequence, the Fund no longer prepares consolidated financial statements, the separate financial statements being the Fund's only financial statements. The Fund has reassessed the criteria for being an investment entity for the quarter ended 31 March 2016 and continues to meet them.

(b) Basis of measurement

These condensed interim financial statements have been prepared on a fair value basis for the main part of the Fund's assets (equity investments, treasury bills and short-term government bonds respectively), and on a historical cost or amortised cost basis for the rest of the items included in the condensed interim financial statements.

(c) Functional and presentation currency

These condensed interim financial statements are presented in Romanian Lei (RON), which is the Fund's functional currency. All financial information presented in RON has been rounded to the nearest unit.

(d) Use of estimates

The preparation of the condensed interim financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant impact on the amounts recognised in the condensed interim financial statements is included in the following notes:

- Note 6 – Operating expenses;
- Note 9 – Equity investments;
- Note 10 – Deferred tax;
- Note 11 – Other liabilities;
- Note 13 – Contingencies.

3. Significant accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Fund's financial statements as at and for the year ended 31 December 2015 and have been applied consistently to all periods presented in these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016
 (all amounts are in RON unless otherwise stated)

4. Financial assets and financial liabilities
Accounting classifications and fair values

The table below presents the carrying amounts and fair values of the Fund's financial assets and financial liabilities:

	Loans and receivables	Available for sale	At fair value through profit or loss	Other amortised cost	Total carrying amount	Fair value
31 March 2016						
Cash and current accounts	491,254	-	-	-	491,254	491,254
Deposits with banks	89,636,579	-	-	-	89,636,579	89,636,579
Government bonds	-	125,018,667	-	-	125,018,667	125,018,667
Equity investments	-	8,386,978,183	2,813,132,299	-	11,200,110,482	11,200,110,482
Other receivables	22,276,350	-	-	-	22,276,350	22,276,350
Other liabilities	-	-	-	(39,897,839)	(39,897,839)	(39,897,839)
	112,404,183	8,511,996,850	2,813,132,299	(39,897,839)	11,397,635,493	11,397,635,493

	Loans and receivables	Available for sale	At fair value through profit or loss	Other amortised cost	Total carrying amount	Fair value
31 December 2015						
Cash and current accounts	648,858	-	-	-	648,858	648,858
Deposits with banks	197,825,552	-	-	-	197,825,552	197,825,552
Treasury bills	-	19,957,311	-	-	19,957,311	19,957,311
Government bonds	-	59,004,410	-	-	59,004,410	59,004,410
Equity investments	-	8,451,679,962	3,349,024,657	-	11,800,704,619	11,800,704,619
Other receivables	19,721,473	-	-	-	19,721,473	19,721,473
Other liabilities	-	-	-	(41,962,841)	(41,962,841)	(41,962,841)
	218,195,883	8,530,641,683	3,349,024,657	(41,962,841)	12,055,899,382	12,055,899,382

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

5. Net loss from equity investments at fair value through profit or loss

	3 months ended 31 March 2016	3 months ended 31 March 2015
Unrealised net loss from equity investments	535,892,358	476,204,320
Total	535,892,358	476,204,320

The net loss from equity investments at fair value through profit or loss for the first three months of 2016 and 2015 was unrealised and was mainly generated by the negative net change in the fair value for the holding in OMV Petrom SA, due to the decrease of the share price of the shares of this company. No realised net gain or loss from equity investments at fair value through profit or loss was recorded in the three month periods ended 31 March 2016 and 31 March 2015 as there was no disposal.

6. Operating expenses

	3 months ended 31 March 2016	3 months ended 31 March 2015
Investment management and administration fees	12,567,842	14,061,723
Financial Supervisory Authority monthly fees	2,703,775	2,925,317
Depository fee	225,766	347,950
Remunerations and related taxes	357,951	275,268
Third party services	2,571,356	2,987,738
Other operating expenses	427,504	306,681
	18,854,194	20,904,677

Investment management and administration fees decreased in the first quarter of 2016 as compared to the first quarter of 2015 in line with the decrease of the Fund's share price upon which these fees are based. The total investment management and administration fees in the first quarter of 2016 included the base fee in amount of RON 11.8 million (quarter ended 31 March 2015: RON 13.8 million) and the distribution fee in amount of RON 0.8 million (quarter ended 31 March 2015: RON 0.3 million). The investment management and administration fees are invoiced and paid on a quarterly basis.

Financial Supervisory Authority monthly fees slightly decreased due to the decrease of the Fund's total NAV based on which these fees are calculated.

Remunerations and related taxes included the remunerations paid to the members of the Board of Nominees and to the special administrator appointed in Hidroelectrica SA (portfolio company in insolvency) as required by the insolvency legislation in force and the related taxes and contributions payable to the Romanian state budget, as follows:

	3 months ended 31 March 2016	3 months ended 31 March 2015
Members of the Board of Nominees	300,000	225,000
Special administrator appointed in portfolio companies in insolvency	3,987	3,987
Contributions to social security fund	38,124	34,341
Contributions to health insurance fund	15,840	11,940
	357,951	275,268

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

7. Finance costs

In the first quarter of 2016 the finance costs category comprised the commitment fee on undrawn amounts from the credit facility concluded by Fondul Proprietatea with Citibank Europe Plc, Dublin – Romania Branch. The purpose of the credit facility is for general corporate use, including share buy-backs (via ordinary shares or GDRs) and return of capital, but excluding investments. It is intended to be a bridging loan.

In December 2015, the Fund and Citibank Europe Plc, Dublin - Romania Branch agreed to extend the revolving committed credit facility of RON 500 million. The availability period of the facility started on 4 January 2016 and ends on 31 August 2016, while the final reimbursement should take place no later than 30 September 2016. On 7 March 2016, the Fund and Citibank Europe Plc, Dublin - Romania Branch agreed to split the credit facility into a committed facility of maximum RON 375 million and an uncommitted facility of maximum RON 125 million.

In the first quarter of 2016 the Fund did not use the credit facility, the outstanding balance as at 31 March 2016 being nil (31 December 2015: nil).

8. Income tax expense

	3 months ended 31 March 2016	3 months ended 31 March 2015
Current tax expense		
Current tax (16%)	-	-
	<u>-</u>	<u>-</u>
Deferred tax related to:		
Equity investments	-	(152,678,949)
Fiscal loss	(3,937,454)	-
	<u>(3,937,454)</u>	<u>(152,678,949)</u>
Income tax expense	<u><u>(3,937,454)</u></u>	<u><u>(152,678,949)</u></u>

The effective tax rate used to calculate the deferred tax position of the Fund was 16% (standard tax rate).

	3 months ended 31 March 2016	3 months ended 31 March 2015
Reconciliation of effective tax rate		
Loss for the period	(585,608,462)	(668,673,124)
Income tax expense	(3,937,454)	(152,678,949)
Loss excluding income tax	<u>(581,671,008)</u>	<u>(515,994,175)</u>
Income tax using the standard tax rate (16%)	93,067,361	82,559,068
Effect of:		
Gain on cancellation of treasury shares (taxable equity item)	(1,778,480)	(17,007,926)
Non-taxable income	170,411,077	2,975
Non-deductible expenses	(256,382,634)	(18,837)
Impact of non-recognition of deferred tax on fiscal loss	(5,317,324)	(507,432,672)
Fiscal impact of the transition to IFRS	-	441,897,392
Reversal through profit or loss of deferred tax previously recognised	(3,937,454)	(152,678,949)
Income tax expense	<u><u>(3,937,454)</u></u>	<u><u>(152,678,949)</u></u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

8. Income tax expense (continued)

	3 months ended 31 March 2016	3 months ended 31 March 2015
Income tax recognised directly in equity:		
On equity investments carried at fair value	3,937,454	-

Please see note 10 for details regarding deferred tax computation and recognition.

9. Equity investments

The equity investments of the Fund are classified as financial assets at fair value through profit or loss (respectively Fund's associates and subsidiaries) or as financial assets available for sale (all the other equity investments) and are valued as follows:

- Either at fair value, determined by reference to published bid price quotations on the stock exchange where shares are traded (listed and liquid securities), or assessed by independent valuers, using valuation techniques in accordance with International Valuation Standards (unlisted securities);
- Or at values considered to be equivalent to fair values, being the values used in the calculation of the net asset value of the Fund, determined in accordance to the regulations issued by the FSA/CNVM (listed but illiquid securities and unlisted securities for which fair values assessed by independent valuers were not available at that date), only for an insignificant part of Fund's portfolio.

The movement in the carrying amounts of equity investments in the first quarter of 2016 and the first quarter of 2015 is presented below:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016
 (all amounts are in RON unless otherwise stated)

9. Equity investments (continued)

	Equity investments at fair value through profit or loss	Equity investments available for sale	Total equity investments
1 January 2016	3,349,024,657	8,451,679,962	11,800,704,619
Impairment losses	-	(29,845,379)	(29,845,379)
Net change in fair value of available for sale equity investments (recorded in other comprehensive income)	-	(34,856,400)	(34,856,400)
Net loss from equity investments at fair value through profit or loss	(535,892,358)	-	(535,892,358)
31 March 2016	2,813,132,299	8,386,978,183	11,200,110,482

	Equity investments at fair value through profit or loss	Equity investments available for sale	Total equity investments
1 January 2015	4,591,866,101	8,335,790,680	12,927,656,781
Impairment losses	-	(20,130,037)	(20,130,037)
Net change in fair value of available for sale equity investments (recorded in other comprehensive income)	-	15,329,641	15,329,641
Net loss from equity investments at fair value through profit or loss	(476,204,320)	-	(476,204,320)
31 March 2015	4,115,661,781	8,330,990,284	12,446,652,065

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

9. Equity investments (continued)**Impairment losses**

During the first quarter of 2016 the Fund recorded impairment adjustments of RON 29,845,379 (first quarter of 2015: RON 20,130,037) for the equity investments available for sale presented below (only listed holdings), based on fair values assessed by reference to published prices quotations on the stock exchange. All impairment losses are recognised through profit or loss.

The equity investments for which the Fund recorded impairment losses were the following:

Company	3 months ended 31 March 2016	3 months ended 31 March 2015
Nuclearelectrica SA	29,601,051	12,059,688
Mecon SA	244,328	-
Alro SA	-	8,017,319
SIFI CJ Agro SA	-	53,030
Total	29,845,379	20,130,037

The structure of the Fund's portfolio was the following:

	31 March 2016	31 December 2015
Equity investments at fair value through profit or loss		
OMV Petrom SA	2,582,075,565	3,120,007,974
Societatea Nationala a Sarii SA	177,419,000	177,419,000
Zirom SA	23,275,000	23,275,000
Primcom SA	16,320,410	14,280,358
Other	14,042,325	14,042,325
	2,813,132,299	3,349,024,657

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

9. Equity investments (continued)

Equity investments available for sale	31 March 2016	31 December 2015
Hidroelectrica SA	2,654,133,000	2,654,133,000
Enel Distributie Banat SA	624,000,000	624,000,000
Romgaz SA	607,532,772	613,168,512
E.ON Distributie Romania SA	510,400,000	510,400,000
CN Aeroporturi Bucuresti SA	497,841,000	497,841,000
Enel Distributie Muntenia SA	455,400,000	455,400,000
Engie Romania SA	446,100,000	446,100,000
Enel Distributie Dobrogea SA	401,200,000	401,200,000
BRD Groupe Societe Generale SA	266,060,539	307,188,218
Electrica Distributie Muntenia Nord SA	253,900,000	253,900,000
Electrica Distributie Transilvania Sud SA	222,300,000	222,300,000
Electrica Distributie Transilvania Nord SA	215,600,000	215,600,000
Banca Transilvania SA	234,250,053	211,608,784
Nuclearelectrica SA	146,360,755	175,961,806
Administratia Porturilor Maritime SA	175,109,000	175,109,000
Electrica Furnizare SA	149,600,000	149,600,000
E.ON Energie Romania SA	126,500,000	126,500,000
Alro SA	86,003,963	96,207,822
Enel Energie SA	76,600,000	76,600,000
Enel Energie Muntenia SA	64,000,000	64,000,000
Complexul Energetic Oltenia SA	62,840,000	62,840,000
Posta Romana SA	58,698,000	58,698,000
Other	52,549,102	53,323,820
	8,386,978,183	8,451,679,962
Total equity investments	11,200,110,482	11,800,704,619

None of the equity investments are pledged as collateral for liabilities.

Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement, the different levels being defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

9. Equity investments (continued)

The table below presents the classification of the financial instruments carried at fair value by fair value hierarchy level, based on the inputs used in making the measurement:

As at 31 March 2016:

	Level 1	Level 2	Level 3	Total
Equity investments	3,925,830,782	-	7,201,015,000	11,126,845,782
Government bonds	125,018,667	-	-	125,018,667
	4,050,849,449	-	7,201,015,000	11,251,864,449

As at 31 December 2015:

	Level 1	Level 2	Level 3	Total
Equity investments	4,528,025,097	-	7,201,015,000	11,729,040,097
Treasury bills	19,957,311	-	-	19,957,311
Government bonds	59,004,410	-	-	59,004,410
	4,606,986,818	-	7,201,015,000	11,808,001,818

The level in the fair value hierarchy within which the fair value measurement is categorised, is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that financial instrument is classified in Level 3. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset. The assessment of what constitutes observable requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For all Level 3, the equity investments valuation was performed by independent valuers, based on financial information provided by the Fund, using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs, under the supervision and review of the Fund's management, who ensures that all underlying data used in the report is accurate, and appropriate inputs are used in the valuation.

As the valuation reports were prepared as at 30 September 2015 or 31 August 2015, in case of the holdings in Electrica Distributie Muntenia Nord SA, Electrica Distributie Transilvania Sud SA, Electrica Distributie Transilvania Nord SA and Electrica Furnizare SA (for 31 March 2015: as at 30 September 2014), based on financial information available for the companies under valuation as at the respective dates, the Fund's management has analysed, based on the available information, the period between the date of the valuation reports and the reporting date. There was no information known or available to the Fund's management which may have significant impact on the fair values of the equity investments as at the reporting date, as they are presented in these condensed interim financial statements.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties to the extent that the Fund believes that a third party market participant would take into account these factors in pricing a transaction.

As a result of strong volatility in the capital market and restrictions in the credit markets both globally and in Romania, notwithstanding any potential economic stabilisation measures that may be put into place by the Romanian State, economic uncertainties arose surrounding the continual availability and cost of credit for the Fund's counterparties, future development of the market and demand for goods and services they produce. The economic uncertainties are expected to continue in the foreseeable future and, as a consequence, there is a possibility that assets of the Fund are not recovered at their carrying amount in the ordinary course of business.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

9. Equity investments (continued)

A corresponding impact on the Fund's profitability cannot be estimated reliably as of the date of these condensed interim financial statements.

For the equity investments classified under Level 1, the Fund had sufficient available information with respect to active markets, with sufficient trading volume for accurate price discovery.

As at 31 March 2016, the equity investments included equity investments valued at values used in the calculation of the net asset value of the Fund as at that date, determined in accordance to the regulations issued by the FSA/CNVM, in amount of RON 73,264,700 (31 December 2015: RON 71,664,522).

As at 31 March 2016, unlisted equity investments with a carrying amount of RON 7,201,015,000 (31 December 2015: RON 7,201,015,000) were classified into Level 3 of the fair value hierarchy. Out of this, an amount of RON 3,619,032,941 represents total net change in fair value recognised in equity (other comprehensive income) as at 31 March 2016 (31 December 2015: RON 3,619,032,941). The fair values for these equity investments were assessed by independent valuers, using valuation methods in accordance with International Valuation Standards.

The following table sets out information about significant unobservable inputs used at 31 March 2016 and 31 December 2015 in measuring equity instruments categorised on Level 3 of the fair value hierarchy:

Financial assets	Fair value as at 31 March 2016	Valuation technique	Unobservable inputs range (weighted average)	Relationship between unobservable inputs and fair value
Total	7,201,015,000			
Unlisted equity instruments	6,875,297,000	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 4.19 to 10.45 (6.75) Discount for lack of marketability: 15% or 20% (17%)	The higher EBITDA multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	202,606,000	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 10.81% to 14.31% (13.98%) Discount for lack of marketability ranging from 12% to 16.7% (14.9%) Discount for lack of control ranging from 0% to 22.96% (20%) Long-term revenue growth rate: 1.5% (1.5%)	The lower the weighted average cost of capital, the higher the fair value. The lower discount for lack of marketability, the higher the fair value. The lower discount for lack of control, the higher the fair value. The higher the long-term revenue growth rate, the higher the fair value.
Unlisted equity instruments	62,840,000	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.93 (0.93) Discount for lack of marketability: 20% (20%)	The higher Revenue multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	58,698,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price Earnings value: 10.29 (10.29) Discount for lack of marketability: 24% (24%)	The higher Price /Earnings multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	1,574,000	Market approach - comparable companies (based on Price/ Book value multiple)	Price/ Book value: 0.48 (0.48) Discount for lack of marketability: 15% (15%)	The higher Price/ Book value multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

9. Equity investments (continued)

Financial assets	Fair value as at 31 December 2015	Valuation technique	Unobservable inputs range (weighted average)	Relationship between unobservable inputs and fair value
Total	7,201,015,000			
Unlisted equity instruments	6,875,297,000	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 4.19 to 10.45 (6.75) Discount for lack of marketability: 15% or 20% (17%)	The higher EBITDA multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	202,606,000	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 10.81% to 14.31% (13.98%) Discount for lack of marketability ranging from 12% to 16.7% (14.9%) Discount for lack of control ranging from 0% to 22.96% (20%) Long-term revenue growth rate: 1.5% (1.5%)	The lower the weighted average cost of capital, the higher the fair value. The lower discount for lack of marketability, the higher the fair value. The lower discount for lack of control, the higher the fair value. The higher the long-term revenue growth rate, the higher the fair value.
Unlisted equity instruments	62,840,000	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.93 (0.93) Discount for lack of marketability: 20% (20%)	The higher Revenue multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	58,698,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price Earnings value: 10.29 (10.29) Discount for lack of marketability: 24% (24%)	The higher Price /Earnings multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	1,574,000	Market approach - comparable companies (based on Price/ Book value multiple)	Price/ Book value: 0.48 (0.48) Discount for lack of marketability: 15% (15%)	The higher Price/ Book value multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

9. Equity investments (continued)

Significant unobservable inputs are the following:

Revenue multiple: is a tool used to appraise businesses based on market comparison to similar public companies. Revenue based business value estimation may be preferred to earnings multiple valuation whenever there is uncertainty or doubt regarding some of the company's expenses. The most common tendency is to value a firm based on its sales whenever this number is the most direct indication of the company's earning capacity.

EBITDA multiple: represents the most relevant multiple used when pricing the investments and it is calculated using information from comparable public companies (similar geographic location, industry size, target markets and other factors that valuers consider to be reasonable). The traded multiples for the comparable companies are determined by dividing the enterprise value of the company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

Discount for lack of marketability: represents the discount applied to the comparable market multiples to reflect the liquidity differences between a portfolio company relative to the comparable peer group. Valuers estimate the discount for lack of marketability based on professional judgement after considering market liquidity conditions and company-specific factors.

Discount for lack of control: represents the discount applied to reflect the absence of the control power and it was considered under the discounted cash flow method, in order to derive the value of a minority shareholding in the equity of the subject companies.

Weighted average cost of capital: represents the calculation of a company's cost of capital in nominal terms (including inflation), based on the "Capital Asset Pricing Model". All capital sources – shares, bonds and any other long-term debts - are included in a weighted average cost of capital calculation.

Price / Earnings multiple: the P/E ratio is a market prospect ratio that calculates the market value of an investment relative to its earnings by comparing the market price per share by the earnings per share. It shows what the market is willing to pay for an investment based on its current earnings. Investors often use this ratio to evaluate what an investment's fair market value should be by predicting future earnings per share.

Price /book value multiple: often expressed simply as "price-to-book", measures a company's market price in relation to its book value (net assets). It reflects how many times the book value per share investors are ready to pay for a share. The Price/book ratio varies dramatically between industries. A company that requires more assets (e.g. a manufacturing company with factory space and machinery) will generally post a drastically lower price to book than a company whose earnings come from the provision of a service (e.g. a consulting firm).

10. Deferred tax

	31 March 2016	31 December 2015
Temporary differences on equity investments	(658,662,014)	(683,271,099)
Fiscal loss carried forward	658,662,014	683,271,099
Recognised deferred tax at 16%	-	-

The effective tax rate used to calculate the deferred tax position of the Fund was 16% (standard tax rate).

As at 31 March 2016 and 31 December 2015, the net deferred tax position is nil due to the fact that the Fund recognised a deferred tax asset for the unused tax losses carried forward, only to the level of the deferred tax liability arising from the taxable temporary differences (recognised either in profit or loss or other comprehensive income, depending on the nature of the corresponding item).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

11. Other liabilities

	31 March 2016	31 December 2015
Payable to shareholders related to the return of capital	22,629,131	22,972,691
Investment management and administration fees	12,567,842	13,878,424
Provision for litigations	11,606,329	11,567,805
Payables related to treasury shares under settlement	1,741,933	848,468
Prior years dividends payable	1,330,950	1,349,398
Financial Supervisory Authority fees	886,271	905,581
Other liabilities	1,764,005	3,103,457
	52,526,461	54,625,824

The provisions for litigations are related to the legal case started by World Trade Center București SA against the Fund in August 2013, requesting the Fund to pay back the amounts recovered from the enforcement procedure against this company during 2010 and 2011 and to pay the related legal interest.

12. Shareholders' equity
(a) Share capital

As at 31 March 2016, the subscribed share capital was RON 9,869,265,720.90 (31 December 2015: RON 10,074,080,745.90) representing 10,965,850,801 shares (31 December 2015: 11,193,423,051 shares) with a nominal value of RON 0.90 per share (31 December 2015: RON 0.90 per share), out of which 363,812,350 shares were unpaid (31 December 2015: 363,812,350 unpaid shares). The paid-in share capital of the Fund as at 31 March 2016 was RON 9,541,834,605.90 (31 December 2015: RON 9,746,649,630.90) representing 10,602,038,451 shares (31 December 2015: 10,829,610,701 shares) with a nominal value of RON 0.90 per share (31 December 2015: RON 0.90 per share).

During first quarter of 2016, the paid-in share capital of the Fund decreased by RON 204,815,025 following the cancellation of 227,572,250 treasury shares acquired by the Fund during the fifth buy-back programme carried on in 2015.

Unpaid share capital as at 31 March 2016, in amount of RON 327,431,115 (31 December 2015: RON 327,431,115), represents the net value of certain contributions due to the Fund by the Romanian State represented by the Ministry of Public Finance as shareholder, that were recorded in previous years as paid-in share capital (based on Law 247/2005) and subsequently were considered unpaid following the results of several litigations that took place in the past. Holders of unpaid shares are not entitled to vote or to receive dividends or other cash distributions, until the matters are legally clarified.

The Fund recorded an impairment adjustment for the entire receivable related to the unpaid share capital from Ministry of Public Finance.

As at 31 March 2016, the Romanian State's share in the Fund's subscribed share capital was 3.36% (31 December 2015: 3.29%) and the share in the Fund's paid-in share capital was of only 0.04% (31 December 2015: 0.04%).

(b) Fair value reserve on available for sale financial assets

The fair value reserve of RON 4,201,891,455 as at 31 March 2016 (31 December 2015: RON 4,232,810,400) comprised the cumulative net change in the fair value of available for sale financial assets recognised in other comprehensive income until the investments are derecognised or impaired, net of the related deferred tax recognised through equity, where applicable.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

12. Shareholders' equity (continued)

(c) Treasury shares

The sixth buy-back programme

During the 27 April 2015 General Shareholders Meeting ("GSM"), the shareholders approved the sixth buy-back programme for a maximum number of (i) 891,770,055 shares or the equivalent number of global depositary receipts corresponding to the shares of Fondul Proprietatea or (ii) 10% of the subscribed share capital at the relevant time, whichever is the lesser, until 15 November 2016. The buy-back shall be performed at a price that is neither lower than RON 0.2 per share nor higher than RON 2 per share. The buy-back transactions can only be applied for fully paid shares. The shares repurchased will be cancelled. The implementation of this buy-back programme is subject to the availability of the necessary cash. The execution of the six buy-back programme started on 9 September 2015 and until 31 March 2016, the total number of shares repurchased was 205,979,060 (161,545,160 ordinary shares and 44,433,900 equivalent shares of the GDRs repurchased, where 1 GDR represents 50 ordinary shares), at a total acquisition value, including transaction costs, of RON 164,299,154.

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) will not exceed 10% of the subscribed share capital at the relevant time, starting with 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 that cannot be lower than RON 0.2 per share or higher than RON 2 per share. The transaction can only have as object fully paid shares and global depositary receipts corresponding to the shares of the Fund. The buy-back programme is aimed at the share capital decrease. This buy-back programme implementation will be subject to the availability of the necessary cash.

(d) Return of capital to shareholders

At 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 Fund's share from RON 0.90 to RON 0.85. The shareholders resolution was published in the Official Gazette of Romania on 22 February 2016 and the endorsement by the FSA of the new Constitutive Act reflecting the share capital decrease is expected to be received in late May 2016.

The shareholders registered in the shareholders' registry with the 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 will start on 27 June 2016. Based on our current understanding of Romanian tax law, no Romanian tax will arise for the Fund or its shareholders on this distribution.

13. Contingencies

1. Litigations

As at 31 March 2016 the Fund was involved in certain litigations, either as defendant or claimant. According to the requirements of the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" the Fund has disclosed in these condensed interim financial statements those which may have significant effects on the Fund's financial position or profitability. The most important litigations were as follows:

- One former minority shareholder of the Fund has filed litigations against the Fund on various grounds, including some seeking the cancellation of certain resolutions of the General Shareholders Meetings. These litigations are at various stages of process within the Romanian Court system and updates are frequently reported by management through the Bucharest Stock Exchange news system.
- In one of these cases, on 10 October 2012 the Bucharest Court of Appeal rejected the appeal filed by the Fund and upheld the decision of the Bucharest Court to partly admit a claim to annul certain resolutions from the 6 September 2010 GSM relating to (inter alia) approval of a new Constitutive Act and the first appointment of FTIML as the Administrator of the Fund.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

13. Contingencies (continued)

1. Litigations (continued)

This decision is irrevocable and it was implemented by Trade Register, without any changes in the management of the Fund considering that:

- the version of the Constitutive Act to which the Court decision relates is not the one currently in force, as new changes and versions of the Constitutive Act were adopted by the Fund's shareholders with vast majority during the 29 November 2010 GSM, the 23 November 2011 GSM, the 4 April 2012 GSM, the 23 November 2012 GSM, the 25 April 2013 GSM, the 22 November 2013 GSM, the 3 February 2014 GSM, the 28 April 2014 GSM, the 23 September 2014 GSM, the 19 November 2014 GSM, the 21 January 2015 GSM, the 27 April 2015 GSM, the 29 October 2015 GSM and the 27 January 2016 GSM;
- new resolutions passed during the 25 April 2012 GSM, the 23 November 2012 GSM, the 25 April 2013 GSM, the 22 November 2013 GSM, the 3 February 2014 GSM, the 28 April 2014 GSM, the 23 September 2014 GSM, the 19 November 2014 GSM, the 21 January 2015 GSM, the 27 April 2015 GSM, the 29 October 2015 GSM and the 27 January 2016 GSM specifically ratified and re-approved the objects of all the resolutions to which this Court decision relates (these resolutions were proposed by a shareholder and approved with a significant majority);
- FTIML was appointed for a new 2-year mandate as Sole Director and Fund Manager of Fondul Proprietatea starting with 30 September 2014. Considering the legal requirements to implement the 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 Administrator, with the mutual consent of both parties, starting with 1 April 2016. Subsequent to the termination, the Fund appointed FTIS as its Sole Administrator and Alternative Investment Fund Manager under AIFM Directive. The mandate of the new Sole Director (FTIS) has not been challenged.

As at 31 March 2016 the litigant is no longer a shareholder of Fondul Proprietatea.

Therefore, FTIS as Sole Director and FTIML as Investment Manager of Fondul Proprietatea are liable to observe the current Constitutive Act and the shareholders' resolutions in force, and consequently will continue to manage the Fund in accordance with these and with the Management Agreement in force.

In June 2014, in another case started by the Fund against the former shareholder mentioned above, the court confirmed the shareholder's circumstantiated abuse of procedural rights against the Fund. Also, there are several court decisions confirming the fact that this shareholder did not prove a legitimate interest to promote certain annulment actions, and in one of these cases the decision is final – the Bucharest Court of Appeal issued the final decision in November 2014. In other files in December 2014 and February 2015 the Bucharest Court of Appeal issued irrevocable decisions maintaining as legal and valid the shareholders' resolutions approved by shareholders in November 2012, April and November 2013, which were challenged initially in these files.

The outcome of the ongoing cases cannot be determined with certainty at this stage; however, the management of the Fund intends to defend the interests of the Fund and its shareholders in all these cases in accordance with the applicable laws.

2. Other contingencies

Other contingencies of the Fund included the receivables from World Trade Center București SA as follows:

Title II, Article 4 of Government Emergency Ordinance no. 81/2007 stipulates the transfer from the Authority for State Assets Recovery to the Fund of receivables from World Trade Center București SA amounting to USD 68,814,198 (including the original principal and related interest and penalties) on 29 June 2007.

Until 31 December 2015, the Fund recovered from World Trade Center București SA, USD 510,131, EUR 148,701, RON 8,724,888. Given the uncertainties regarding the recoverability of the amounts due by World Trade Center București SA, the above amounts were recognised on receipt basis in the Fund's financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

13. Contingencies (continued)

2. Other contingencies (continued)

In August 2013, World Trade Center București SA filed a claim against the Fund asking to pay back the amounts received through the enforcement procedure during 2010 and 2011 (EUR 148,701, USD 10,131 and RON 8,829,663). The amounts recovered from the enforcement procedure were originally accounted for by the Fund as contributions of Ministry of Public Finance to the share capital of the Fund, decreasing the receivable related to the unpaid capital.

Consequently, these amounts are to be recovered by the Fund from the Ministry of Public Finance (being accounted for as a receivable over this shareholder of the Fund, for which an impairment adjustment was recorded), while the legal interest was recorded as an expense with provisions for litigations. The next hearing in front of Bucharest Court for this file was set for 20 May 2016, the Ministry of Public Finance being also a party in this case.

Currently, World Trade Center București SA is the object of insolvency procedure, but the Fund is not a creditor in this file, while the Ministry of Public Finance is a creditor in accordance with article IV of Law no. 10/2015 *“Beginning with the date when this law is in force the receivable mentioned at article 4 of Title II from Emergency Ordinance of the Government no. 81/2007 [...] will be transferred from Fondul Proprietatea to Ministry of Public Finance together with additional interests”*.

14. Related parties

(a) Key management

	3 months ended 31 March 2016	3 months ended 31 March 2015
Remunerations		
Members of the Board of Nominees	300,000	225,000

There were no loans to or other transactions between the Fund and the members of the Board of Nominees in the first quarter of 2016 or in the first quarter of 2015.

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch was both the Fund Manager and Sole Director of the Fund until and including 31 March 2016.

The transactions carried between the Fund and Fund Manager were the following:

	3 months ended 31 March 2016	3 months ended 31 March 2015
Transactions		
Investment management and administration fees	12,567,842	14,061,723
Rental expense	16,481	16,812
Operating cost	5,690	5,938
	<u>12,590,013</u>	<u>14,084,473</u>

During the first quarter of 2016, the Fund recorded also an amount of RON 46,567 representing expenses incurred by the Fund Manager on its behalf (quarter ended 31 March 2015: RON 275,624). These expenses were primarily related to promotional activities for the Fund (investor relations). The recharge of these expenses to the Fund followed the provisions of the Investment Management Agreement and was subject to Board of Nominees' approval.

As at 31 March 2016, the Fund owed an amount of RON 12,569,701 to the Fund Manager (31 December 2015: RON 15,050,105).

There are no other elements of compensation for key management.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

14. Related parties (continued)
(b) Subsidiaries

The Fund had the following subsidiaries, all of which are incorporated in Romania:

	31 March 2016	31 December 2015
Ownership interest		
Alcom SA	72%	72%
Comsig SA	70%	70%
Primcom SA	68%	68%
Zirom SA	100%	100%

In March 2016, the Fund participated in the cash share capital increase of Zirom SA subscribing 300,000 new shares at the nominal value of RON 10 per share (in total of RON 3,000,000). The share capital increase became effective on 7 April 2016, when the registration with the Trade Register was completed.

On 13 February 2015, Primcom SA finalised the registration within the Romanian Central Depository of its share capital decrease by RON 19,237 through the cancellation of 192,372 shares according with the resolution of the General Shareholders Meeting held on 17 July 2014. The number of shares owned by Fondul Proprietatea in Primcom SA, respectively 1,427,188 shares did not change, but the holding percentage increased from 69% to 76%.

The fair value of investments in subsidiaries is presented in the below table:

	31 March 2016	31 December 2015
Zirom SA	23,275,000	23,275,000
Primcom SA	16,320,410	14,280,358
Alcom SA	10,409,423	10,409,423
Comsig SA	1,720,902	1,720,902
	51,725,734	49,685,683

As at 31 March 2016, the Fund has no commitment or intention to provide financial or other support to its subsidiaries, including commitments or intentions to assist the subsidiaries in obtaining financial support. As at 31 March 2016 and 31 December 2015, there is no restriction on the ability of any of the subsidiaries to transfer funds to Fondul Proprietatea in any form of distributions. During first quarter of 2016 and the first quarter of 2015, the Fund did not carry out any transaction with its subsidiaries.

(c) Associates

As at 31 March 2016 and 31 December 2015, the Fund had three associates, all of them incorporated in Romania:

	31 March 2016	31 December 2015
Ownership interest		
OMV Petrom SA	19%	19%
Societatea Nationala a Sarii SA	49%	49%
Plafar SA	49%	49%

The Fund did not carry out any transactions with its associates during the first quarter of 2016 and during the first quarter of 2015.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2016

(all amounts are in RON unless otherwise stated)

15. Subsequent events**26 April 2016 GSM Decisions**

The main shareholders decisions at the 26 April 2016 GSM were the following:

- 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 by cancelling a part of the shares acquired within the sixth buy-back programme;
- the ratification of the Addendum no. 6/ 2 March 2016 to the previous Investment Management Agreement, 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 Administrator 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 have 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 the 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 Administrator and/ or its Alternative Investment Fund Manager as well as of any management/ administration measures adopted and/ or implemented by its Sole Administrator and/ or its Alternative Investment Fund Manager, between 6 September 2010 and 25 April 2016.

Disposal of the holding in Romgaz SA

On 21 April 2016 the Fund sold its entire holding of 22,542,960 existing shares in Romgaz SA (20,286,910 in the form of ordinary shares and 2,256,050 in the form of global depositary receipts) to qualified investors and certain other investors, not exceeding 150 natural or legal persons per Member State, other than qualified investors (all within the meaning of paragraphs (2)(a) and (2)(b) of Article 3 of the Prospectus Directive). 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 of 20 April 2016).

Annex 2 Statement of Assets and Obligations of Fondul Proprietatea SA as at 31 March 2016, prepared in accordance with CNVM Regulation 4/2010

(Annex no. 4)

Item	31 December 2015				31 March 2016				Differences
	% of the net asset	% of the total asset	Currency	RON	% of the net asset	% of the total asset	Currency	RON	
I. Total assets	100.4517%	100.0000%		12,148,082,016.47	100.4593%	100.0000%		11,492,631,355.03	(655,450,661.44)
1 Securities and money market instruments, out of which:*	38.6935%	38.5198%		4,679,379,747.81	36.2828%	36.1168%		4,150,777,640.51	(528,602,107.30)
1.1 securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	38.6935%	38.5198%	-	4,679,379,747.81	36.2828%	36.1168%	-	4,150,777,640.51	(528,602,107.30)
1.1.1 listed shares traded in the last 30 trading days	38.1175%	37.9464%	-	4,609,725,698.56	35.0969%	34.9364%	-	4,015,109,334.40	(594,616,364.16)
1.1.2 listed shares not traded in the last 30 trading days	0.0881%	0.0877%	-	10,649,639.24	0.0931%	0.0927%	-	10,649,639.24	-
1.1.3 government bonds	0.4879%	0.4857%	-	59,004,410.01	1.0928%	1.0877%	-	125,018,666.87	66,014,256.86
1.1.4 allotment rights not admitted at trading on a regulated market	-	-	-	-	-	-	-	-	-
1.2 securities and money market instruments admitted or traded on a regulated market from a member state, out of which:	-	-	-	-	-	-	-	-	-
1.2.1 listed shares traded in the last 30 trading days	-	-	-	-	-	-	-	-	-
1.2.2 listed shares not traded in the last 30 trading days	-	-	-	-	-	-	-	-	-
1.3 securities and money market instruments admitted on a stock exchange from a non-member state or negotiated on another regulated market from a non-member state, that operates on a regular basis and is recognised and opened to the public, approved by the FSA	-	-	-	-	-	-	-	-	-
2 New issued securities	-	-	-	-	-	-	-	-	-
3 Other securities and money market instruments mentioned at art. 187 letter a) of the Regulation no.15/2004, out of which:	59.7075%	59.4391%	-	7,220,693,259.75	63.1173%	62.8288%	-	7,220,693,259.75	-
- shares not admitted at trading on a regulated market	59.7075%	59.4391%	-	7,220,693,259.75	63.1173%	62.8288%	-	7,220,693,259.75	-
4 Bank deposits, out of which:	1.6358%	1.6286%	-	197,825,552.00	0.7836%	0.7799%	-	89,636,579.21	(108,188,972.79)
4.1 bank deposits made with credit institutions from Romania	1.6358%	1.6286%	-	197,825,552.00	0.7836%	0.7799%	-	89,636,579.21	(108,188,972.79)
- in RON	1.6358%	1.6286%	-	197,825,552.00	0.7836%	0.7799%	-	89,636,579.21	(108,188,972.79)
- in EUR	-	-	-	-	-	-	-	-	-
4.2 bank deposits made with credit institutions from an EU state	-	-	-	-	-	-	-	-	-
4.3 bank deposits made with credit institutions from a non-EU state	-	-	-	-	-	-	-	-	-
5 Derivatives financial instruments traded on a regulated market	-	-	-	-	-	-	-	-	-
6 Current accounts and petty cash out of which:	0.0053%	0.0053%		648,858.28	0.0043%	0.0043%		491,254.26	(157,604.02)
- in RON	0.0053%	0.0053%	-	644,341.11	0.0043%	0.0043%	-	486,406.97	(157,934.14)
- in EUR	0.0000%	0.0000%	EUR 550.27	2,489.70	0.0000%	0.0000%	EUR 590.03	2,639.68	149.98
- in USD	0.0000%	0.0000%	USD 249.87	1,036.39	0.0000%	0.0000%	USD 252.88	995.06	(41.33)
- in GBP	0.0000%	0.0000%	GBP 161.24	991.08	0.0000%	0.0000%	GBP 214.36	1,212.55	221.47
7 Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004 regarding the capital market, with subsequent additions and amendments, out of which:	0.1650%	0.1643%	-	19,957,310.85	-	-	-	-	(19,957,310.85)
- Treasury bills with discount, with original maturities of less than 1 year	0.1650%	0.1643%	-	19,957,310.85	-	-	-	-	(19,957,310.85)
8 Participation titles of OCII and/or of UCITS (A.O.P.C./ O.P.C.V.M.)	-	-	-	-	-	-	-	-	-
9 Other assets out of which:	0.2446%	0.2429%	-	29,577,287.78	0.2713%	0.2702%		31,032,621.30	1,455,333.52
- receivable representing the amount transferred to Central Depository for 2015 return of capital and not yet paid to / collected by shareholders until the end of the period	0.1588%	0.1580%	-	19,207,349.00	0.1658%	0.1651%	-	18,967,946.05	(239,402.95)
- dividend withholding tax to be recovered from Austrian Tax Authorities	0.0087%	0.0086%	EUR231,495.58	1,047,401.75	-	-	-	-	(1,047,401.75)
- tax on dividends to be recovered from the State Budget	0.0056%	0.0056%	-	681,562.00	0.0060%	0.0060%	-	689,936.00	8,374.00
- tax on profit to be recovered from the State Budget	0.0606%	0.0602%	-	7,330,440.00	0.0641%	0.0638%	-	7,330,440.00	-
- intangible assets	0.0066%	0.0065%	-	796,412.31	0.0064%	0.0064%	-	735,896.79	(60,515.52)
- other receivables, out of which:	0.0038%	0.0037%	-	452,263.51	0.0269%	0.0268%	-	3,075,263.96	2,623,000.45
- in RON	0.0038%	0.0037%	-	452,263.51	0.0269%	0.0268%	-	3,075,263.96	2,623,000.45
- prepaid expenses	0.0005%	0.0003%	-	61,859.21	0.0020%	0.0021%	-	233,138.50	171,279.29
II. Total liabilities	0.4517%	0.4497%		54,625,823.74	0.4593%	0.4570%		52,526,461.12	(2,099,362.62)
1 Liabilities in relation with the payments of fees due to the investment management company (S.A.I.)	0.1148%	0.1142%	-	13,878,424.02	0.1099%	0.1094%	-	12,567,842.38	(1,310,581.64)
2 Liabilities related to the fees payable to the depository bank	0.0007%	0.0007%	-	84,979.19	0.0007%	0.0007%	-	75,415.77	(9,563.42)
3 Liabilities related to the fees payable to intermediaries	0.0037%	0.0037%	-	446,715.00	-	-	-	-	(446,715.00)
4 Liabilities related to commissions and other bank services	-	-	-	-	-	-	-	-	-
5 Interest payable	-	-	-	-	-	-	-	-	-
6 Liabilities related to issuance costs	-	-	-	-	-	-	-	-	-
7 Liabilities in relation with the fees/commissions to FSA	0.0075%	0.0075%	-	905,580.70	0.0077%	0.0077%	-	886,270.56	(19,310.14)
8 Liabilities related to audit fees	-	-	-	-	-	-	-	-	-

FONDUL PROPRIETATEA SA

Item	31 December 2015				31 March 2016				Differences
	% of the net asset	% of the total asset	Currency	RON	% of the net asset	% of the total asset	Currency	RON	
9 Other liabilities, out of which:	0.3250%	0.3236%	-	39,310,124.83	0.3411%	0.3392%	-	38,996,932.41	(313,192.42)
- liabilities related to the return of capital	0.1900%	0.1891%	-	22,972,690.65	0.1978%	0.1969%	-	22,629,131.40	(343,559.25)
- dividends payable	0.0111%	0.0111%	-	1,349,397.52	0.0117%	0.0116%	-	1,330,949.56	(18,447.96)
- provisions	0.0956%	0.0952%	-	11,567,804.85	0.1015%	0.1010%	-	11,606,328.79	38,523.94
- liabilities related to buybacks under settlement	0.0070%	0.0070%	-	848,468.13	0.0153%	0.0151%	-	1,741,933.37	893,465.24
- remunerations and related contributions	0.0003%	0.0003%	-	32,689.00	0.0003%	0.0003%	-	34,540.00	1,851.00
- VAT payable to State Budget	0.0011%	0.0011%	-	132,207.55	0.0010%	0.0009%	-	109,647.97	(22,559.58)
- other liabilities, out of which:	0.0199%	0.0198%	-	2,406,867.13	0.0135%	0.0134%	-	1,544,401.32	(862,465.81)
- in RON	0.0195%	0.0194%	-	2,354,839.90	0.0121%	0.0120%	-	1,381,884.97	(972,954.93)
- in USD	-	-	-	-	0.0009%	0.0009%	USD 25,413.47	99,999.46	99,999.46
- in EUR	0.0004%	0.0004%	EUR11,499.00	52,027.23	0.0005%	0.0005%	EUR 13,974.00	62,516.89	10,489.66
III. Net Asset Value (I - II)	100.0000%	99.5503%		12,093,456,192.73	100.0000%	99.5430%		11,440,104,893.91	(653,351,298.82)

* = Includes also the value of holdings in companies admitted to trading on AeRo market (alternative trading system)

Unitary Net Asset Value

Item	31 March 2016	31 December 2015	Differences
Net Asset Value	11,440,104,893.91	12,093,456,192.73	(653,351,298.82)
Number of outstanding shares	10,396,059,391	10,452,388,827	(56,329,436)
Unitary net asset value	1.1004	1.1570	(0.0566)

Detailed statement of investments as at 31 March 2016
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
								0.7483%	0.7518%	
Alro Slatina SA	ALR	29/Mar/2016	72,884,714	0.5	1.1800	86,003,962.52	10.21%	0.7483%	0.7518%	Closing price
Banca Transilvania SA	TLV	31/Mar/2016	87,081,804	1	2.6900	234,250,052.76	2.87%	2.0383%	2.0476%	Closing price
BRD-Groupe Societe Generale SA	BRD	31/Mar/2016	25,387,456	1	10.4800	266,060,538.88	3.64%	2.3151%	2.3257%	Closing price
Conpet SA	COTE	31/Mar/2016	524,366	3.3	88.4000	46,353,954.40	6.05%	0.4033%	0.4052%	Closing price
IOR SA	IORB	30/Mar/2016	2,622,273	0.1	0.3020	791,926.45	2.81%	0.0069%	0.0069%	Reference price - Average price
Oil Terminal SA	OIL	31/Mar/2016	36,796,026	0.1	0.0964	3,547,136.91	6.31%	0.0309%	0.0310%	Closing price
OMV Petrom SA	SNP	31/Mar/2016	10,758,648,186	0.1	0.2400	2,582,075,564.64	18.99%	22.4672%	22.5704%	Closing price
Palace SA	PACY	28/Mar/2016	5,832,482	0.1	0.4000	2,332,992.80	15.42%	0.0203%	0.0204%	Reference price - Average price
Primcom SA	PRIB	30/Mar/2016	1,275,032	0.1	12.8000	16,320,409.60	67.93%	0.1420%	0.1427%	Reference price - Average price
Romaero SA	RORX	24/Mar/2016	1,311,691	2.5	17.9000	23,479,268.90	20.99%	0.2043%	0.2052%	Reference price - Average price
Romgaz SA	SNG	31/Mar/2016	22,542,960	1	26.9500	607,532,772.00	5.84%	5.2863%	5.3106%	Closing price
Nuclearelectrica SA	SNN	31/Mar/2016	27,408,381	10	5.3400	146,360,754.54	9.09%	1.2735%	1.2794%	Closing price
Total						4,015,109,334.40		34.9364%	35.0969%	

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
								0.0906%	0.0910%	
Alcom SA	ALCQ	27/Jul/2015	89,249	2.5	116.6335	10,409,423.24	71.89%	0.0906%	0.0910%	Fair value / share (Shareholders' equity as of 31 December 2014 adjusted with dividends declared/ share)
Mecon SA	MECP	14/Jul/2015	60,054	11.6	4.0000	240,216.00	12.51%	0.0021%	0.0021%	Fair value / share (last trading price)
Total						10,649,639.24		0.0927%	0.0931%	

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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	67.9649	1,573,999.12	20.00%	0.0137%	0.0138%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	81.6466	2,613,997.55	20.00%	0.0227%	0.0228%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
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	0.9504	336,886.39	20.43%	0.0029%	0.0029%	Unlisted companies, in function	Shareholders' equity as of 31 December 2014/ share
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	81.0905	16,474,345.98	20.00%	0.1433%	0.1440%	Unlisted companies, in function	Fair value / share (Shareholders' equity as of 31 December 2014 adjusted with dividends declared/ share)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	0.0000	0.00	20.00%	0.0000%	0.0000%	Unlisted companies, in function	Fair value/share: Nil
CN Administratia Porturilor Dunarii Maritime SA	56,675	19/Jul/2005	1,706,051	20.4381	1,158,329.32	7.70%	0.0101%	0.0101%	Unlisted companies, in function	Fair value / share (Shareholders' equity as of 31 December 2014 adjusted with dividends declared/ share)
CN Administratia Porturilor Maritime SA	2,651,113	19/Jul/2005	65,441,294	66.0511	175,108,929.87	19.99%	1.5237%	1.5307%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
CN Aeroporturi Bucuresti SA **	2,875,443	5/Feb/2010	131,168,263	173.1354	497,840,973.98	20.00%	4.3318%	4.3517%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Complexul Energetic Oltenia SA****	27,387,940	31/May/2012	670,353,852	2.2944	62,838,889.54	21.55%	0.5468%	0.5493%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Comsig SA	75,655	19/Jul/2005	132,633	22.7467	1,720,901.59	69.94%	0.0150%	0.0150%	Unlisted companies, in function	Shareholders' equity as of 31 December 2014/ share
E.ON Distributie Romania SA*****	56,749,014	19/Jul/2005	169,541,165	8.9939	510,394,957.01	18.34%	4.4411%	4.4615%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
E.ON Energie Romania SA	9,903,524	19/Jul/2005	45,765,358	12.7732	126,499,692.76	13.39%	1.1007%	1.1058%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Electrica Distributie Muntenia Nord SA	7,796,022	19/Jul/2005	165,221,141	32.5678	253,899,285.29	21.99%	2.2092%	2.2194%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 31 August 2015)
Electrica Distributie Transilvania Nord SA	8,167,813	19/Jul/2005	113,299,904	26.3962	215,599,225.51	22.00%	1.8760%	1.8846%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 31 August 2015)
Electrica Distributie Transilvania Sud SA	9,327,282	19/Jul/2005	125,918,629	23.8333	222,299,910.09	21.99%	1.9343%	1.9432%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 31 August 2015)
Electrica Furnizare SA ***	1,366,412	22/Jul/2011	17,819,672	109.4838	149,599,978.13	22.00%	1.3017%	1.3077%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 31 August 2015)
Enel Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	67.6742	623,999,706.18	24.12%	5.4296%	5.4545%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Enel Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	59.4095	401,199,898.51	24.09%	3.4909%	3.5070%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Enel Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	139.8478	455,399,816.53	12.00%	3.9625%	3.9807%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	144.1266	63,999,993.24	12.00%	0.5569%	0.5594%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Enel Energie SA	1,680,000	19/Jul/2005	26,124,808	45.5952	76,599,936.00	12.00%	0.6665%	0.6696%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Engie Romania SA	2,390,698	19/Jul/2005	62,610,812	186.5982	446,099,943.54	11.99%	3.8816%	3.8994%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
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	29.6955	2,654,131,377.44	19.94%	23.0942%	23.2002%	Judicial reorganisation	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Plafar SA	132,784	28/Jun/2007	3,160,329	14.3993	1,911,996.65	48.99%	0.0166%	0.0167%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	3.9468	58,696,600.42	25.00%	0.5107%	0.5131%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Romplumb SA	1,595,520	28/Jun/2007	19,249,219	0.0000	0.00	33.26%	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%	Insolvency	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	88.4492	177,418,835.09	48.99%	1.5438%	1.5508%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
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 2014)
Zirom SA	4,985,083	28/Jun/2007	49,638,072	4.6689	23,274,854.02	100.00%	0.2025%	0.2034%	Unlisted companies, in function	Fair value / share (Value as per independent valuator's report as at 30 September 2015)
Total			5,326,739,164		7,220,693,259.75		62.8288%	63.1173%		

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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 formed as a result of the merger between CN "Aeroportul International Henri Coanda - Bucuresti" SA and S.N. "Aeroportul International Bucuresti Baneasa - Aurel Vlaicu" SA

*** = company formed as a result of the merger between S.C. Electrica Furnizare Transilvania Nord SA, S.C. Electrica Furnizare Transilvania Sud SA and S.C. Electrica Furnizare Muntenia Nord SA

**** = company formed as a result of the merger between S.C. Complexul Energetic Turceni SA, S.C. Complexul Energetic Craiova SA, S.C. Complexul Energetic Rovinari SA, Societatea Nationala a Lignitului Oltenia SA

***** = on 31 December 2014, E.ON Moldova Distribuție SA (absorbed company) merged into E.ON Gaz Distribuție SA (absorbing company) and the name of the combined entity became E.ON Distribuție România SA

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

Government bonds

Issuer	ISIN code	Date of the last trading session	No. of bonds	Date of acquisition	Coupon date	Due Date	Initial Value	Daily interest	Cumulated interest	Cumulated discount	Market price	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Ministry of Finance	RO1116DBN024	12/Jun/2015	2,500	25/Nov/2015	30/Apr/2016	30/Apr/2016	25,000,000.00	4,098.36	1,381,147.54	-	10,399.68	27,380,347.54	0.2382%	0.2393%	
Ministry of Finance	RO1116DBN024	12/Jun/2015	5,000	28/Jan/2016	30/Apr/2016	30/Apr/2016	50,000,000.00	8,196.72	2,762,295.08	-	10,399.68	54,760,695.08	0.4765%	0.4787%	
Ministry of Finance	RO1116DBN024	12/Jun/2015	2,500	15/Mar/2016	30/Apr/2016	30/Apr/2016	25,000,000.00	4,098.36	1,381,147.54	-	10,399.68	27,380,347.54	0.2382%	0.2393%	Closing price (Gross price)
Ministry of Finance	RO1116DBN024	12/Jun/2015	1,415	30/Mar/2016	30/Apr/2016	30/Apr/2016	14,150,000.00	2,319.67	781,729.51	-	10,399.68	15,497,276.71	0.1348%	0.1355%	
Total												125,018,666.87	1.0877%	1.0928%	

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
Unicredit Tiriac Bank	29/Mar/2016	1/Apr/2016	RON 23,000,000.00	RON 191.67	RON 575.00	RON 23,000,575.00	0.2001%	0.2011%	
Banca Comerciala Romana	30/Mar/2016	6/Apr/2016	RON 4,500,000.00	RON 15.00	RON 30.00	RON 4,500,030.00	0.0392%	0.0393%	
BRD Groupe Societe Generale	31/Mar/2016	1/Apr/2016	RON 4,562,077.87	RON 45.62	RON 45.62	RON 4,562,123.49	0.0397%	0.0399%	Bank deposit value cumulated with the daily
ING Bank	31/Mar/2016	14/Apr/2016	RON 24,000,000.00	RON 133.33	RON 133.33	RON 24,000,133.33	0.2088%	0.2098%	related interest for the period from starting
CITI Bank	31/Mar/2016	7/Apr/2016	RON 24,000,000.00	RON 53.33	RON 53.33	RON 24,000,053.33	0.2088%	0.2098%	date
BRD Groupe Societe Generale	31/Mar/2016	1/Apr/2016	RON 9,573,661.40	RON 2.66	RON 2.66	RON 9,573,664.06	0.0833%	0.0837%	
Total						89,636,579.21	0.7799%	0.7836%	

Evolution of the net asset and the net asset unitary value in the last 3 years

	31 December 2014	31 December 2015	31 March 2016
Net Asset	13,236,700,614.13	12,093,456,192.73	11,440,104,893.91
NAV/share	1.2125	1.1570	1.1004

Franklin Templeton International Services S.À.R.L acting in the capacity of
Sole Director of Fondul Proprietatea SA

Oana Truta
Permanent representative

Marius Nechifor
Compliance Officer

BRD Groupe Societe Generale

Claudia Ionescu
Director

Victor Strâmbei
Manager Depository Department



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