



FRANKLIN TEMPLETON
INVESTMENTS

FONDUL PROPRIETATEA

MONTHLY REPORT

31 JANUARY 2013

FUND DESCRIPTION

Fondul Proprietatea is a joint stock company operating as a closed-end investment company without a set lifetime, incorporated in Romania. The Fund was established by the Romanian Government in 2005 and eligible claimants who lost property under former communist governments were awarded shares in the Fund in lieu of compensation. The Fund was listed on the Bucharest Stock Exchange in January 2011.

INVESTMENT OBJECTIVE

Long-term capital appreciation via investments mainly in Romanian equity or equity-linked securities with strict adherence to the principles of value investing, supported by in-house research, and a long-term time horizon.

FUND MANAGER

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

HEAD LEGAL REPRESENTATIVE & PORTFOLIO MANAGER

Grzegorz Konieczny

FUND DETAILS AS AT 31/01/2013

Base Currency of Fund: Romanian Lei (RON)

Date of Fund Launch: 28 December 2005

Performance Inception Date:

31 December 2010 for NAV

25 January 2011 for Ordinary Share Price

Number of shares in issue: 13,778,392,208

Number of shares corresponding to paid capital: 13,412,780,166

Subscribed and paid capital: RON 13,412,780,166

ANNUAL DIVIDENDS

2011 Dividend: 0.03854 RON June 2012

2010 Dividend: 0.03141 RON June 2011

2008-2009 Dividend: 0.0816 RON October 2010

FUND IDENTIFIER

Bucharest Stock Exchange symbol: FP

Bloomberg: FP RO

ISIN: ROFPTAACNORS

CNVM Register No: PJR09SIIR/400006/18.08.2010

CIVM Registration No: AC-3632-5/03.09.2012

DESCRIPTION OF NAV BASIS

Net Asset Value is calculated according to regulations currently applying to Fondul Proprietatea, approved by CNVM (CNVM Regulation no. 11/2012, which amended CNVM Regulation no. 4/2010). Listed investments are valued using the last available closing price where there is trading activity in the last 30 days. Where there is no trading activity in the 30 day period for listed investments, the unlisted valuation approach applies. Investments in unlisted companies are valued using either shareholders' equity value per latest annual financial statements (proportionally with the stake held) or by using valuation methods in accordance with International Valuation Standards (fair value principles). Any holding in companies going through an insolvency or reorganization procedure is valued either at zero or at the value provided by an independent valuer, using valuation methods in accordance with International Valuation Standards (fair value principles). Any holding in companies under judicial liquidation procedure, or any other liquidation procedures, as well as in companies under temporary or final suspension of operation, is valued at zero until the procedure is finalised.

Contact Us

tel: +40 21 200 9600

fax: +40 21 200 9631/32

email: investor_relations@fondulproprietatea.ro

web: www.fondulproprietatea.ro

Fund's headquarters are at 78-80 Buzesti Str, 7th Floor, Bucharest District 1, 011017, Romania. Fund's Fiscal Identification Code (CIF): 18253260 and Trade Registry registration no: J40/21901/2005

SHARE PRICE SINCE LISTING



NAV/Share: RON 1.1507 / € 0.2626

Ordinary Share Price:

RON 0.5990 / € 0.1367

Discount: 47.94%

Fund Size:

RON 15.16 billion / € 3.46 billion

Market Capitalisation:

RON 8.25 billion / € 1.88 billion

Average Daily Turnover*:

RON 10.57 million / € 2.41 million

*For the period 1 January – 31 January 2013

CUMULATIVE PERFORMANCE %

	1-MO	2-MO	3-MO	6-MO	9-MO	12-MO	YTD	SINCE PERF. INCEPT.
NAV	1.20	20.92	19.85	22.04	-0.56	5.32	1.20	9.70
Ordinary Share Price	9.01	11.55	10.93	17.68	15.26	26.35	9.01	5.04

PORTFOLIO STRUCTURE – BY ASSET TYPE

ASSET	% OF NAV
Listed Equities	41.59
Unlisted Equities	53.54
Net Cash & Receivables*	4.87

COUNTRY BREAKDOWN

COUNTRY	% OF NAV
Romania	98.90
Austria	1.10

SECTOR BREAKDOWN

SECTOR	% OF NAV
Oil & Gas	42.27
Power utilities: generation	23.28
Power & Gas utilities: transport, distribution, supply	21.04
Banks	3.09
Infrastructure	2.55
Aluminium	1.03
Heavy Industry	0.95
Postal services	0.53
Others	0.39
Net Cash and receivables*	4.87

*Net cash and receivables includes bank deposits, current bank accounts, treasury bills, dividend receivables, as well as other current assets, net of all liabilities (including 2011 dividends) and provisions.

SHAREHOLDERS BREAKDOWN*

	%
Foreign institutional investors	54.43
Romanian private individuals	27.96
Romanian institutional investors	9.60
Foreign private individuals	6.20
Ministry of Public Finance	0.02
Treasury Shares**	1.79
	100.00
Total Number of Shareholders	9,163

*Based on paid share capital. 365,612,042 shares unpaid by Ministry of Public Finance.

**240,304,801 shares acquired by the Fund through buy backs

TOP 10 HOLDINGS

SECURITY NAME	% OF NAV
OMV Petrom SA	33.01
Hidroelectrica SA	13.20
Romgaz SA	8.55
Complexul Energetic Oltenia SA	5.81
Nuclearelectrica SA	4.27
ENEL Distributie Banat SA	2.94
Transgaz SA	2.46
ENEL Distributie Muntenia SA	2.27
GDF Suez Energy Romania	2.24
E.ON Moldova Distributie SA	2.14
Total	76.89

LARGEST SHAREHOLDERS

Shareholder	Date of Disclosure	% of paid share capital
Elliott Associates	14 September 2012	14.95
City of London Investment Management	24 September 2012	9.69*
The Royal Bank of Scotland	21 September 2012	5.39

Based on the paid share capital as at 31 January 2013

Source: Ownership disclosures submitted by shareholders.

*Based on the ownership disclosure sent by City of London Investment Management Company Limited, the reported holdings were as follows: 575,062,100 million shares (4.29% of the Fund's paid share capital) and 724,298,586 warrants issued by The Royal Bank of Scotland – without the right of physical delivery (the underlying shares represent 5.39% of the Fund's paid share capital).

IMPORTANT INFORMATION AND DISCLAIMERS

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

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

This report is issued in Romania by Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch, at 78-80 Buzesti Str, Premium Point, 7th and 8th Floors, Bucharest 1, 011017, ROMANIA registered with CNVM under no. PJM05SSAM/40001/14.09.2009.

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