



FRANKLIN TEMPLETON  
INVESTMENTS

FONDUL  
PROPRIETATEA

#### Fund Description

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

#### Investment Objective

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

#### Alternative Investment Fund Manager

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

#### Investment Manager

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

#### Portfolio Manager

Grzegorz Konieczny

#### Fund Details as at 31/05/2016

Base Currency of Fund: Romanian Lei (RON)

Date of Fund Launch: 28 December 2005

#### Performance Inception Date:

31 December 2010 for NAV

25 January 2011 for Ordinary Share Price

29 April 2015 for Global Depository Receipts

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

Number of Shares Corresponding to Paid Share capital:

10,602,038,451

Subscribed Share Capital: RON 9,869,265,720.90

Paid Share Capital: RON 9,541,834,605.90

#### Cash Distributions per Share

2016 Cash Distribution: 0.05000 RON, payable starting 27 June 2016

2015 Cash Distribution: 0.05000 RON June 2015

2014 Cash Distribution: 0.05000 RON July 2014

2012 Dividend: 0.04089 RON June 2013

2011 Dividend: 0.03854 RON June 2012

2010 Dividend: 0.03141 RON June 2011

2008–2009 Dividend: 0.0816 RON October 2010

#### Fund Identifier

Bucharest Stock Exchange Symbol: FP

London Stock Exchange Symbol: FP.

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

ISIN: ROFP7AACNOR5

ASF Public Register No: PJR09SIIR/400006/18.08.2010

CIVM Registration No: AC-4199-3/23.03.2016

#### Description of NAV Basis

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

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

#### Contact Us:

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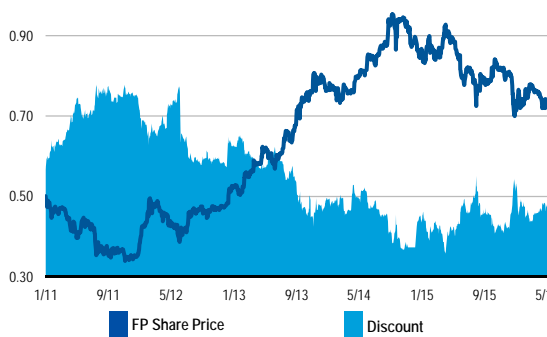
web: [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)

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.

# Monthly Report

31 MAY 2016

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



#### NAV/Share:

RON 1.1012 / EUR 0.2441 / USD 0.2720

#### Ordinary Share Price:

RON 0.7360 / EUR 0.1631 / USD 0.1818

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

RON 37.33 / EUR 8.28 / USD 9.22

#### Share Price Discount: 33.16%

#### GDR Discount: 32.20%

Fund NAV: RON 11.39 billion / EUR 2.52 billion / USD 2.81 billion

Market Capitalisation (Excluding treasury shares): RON 7.61 billion / EUR 1.69 billion / USD 1.88 billion

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

RON 8.61 million / EUR 1.91 million / USD 2.13 million

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

RON 4.51 million / EUR 1.00 million / USD 1.12 million

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

| Cumulative Performance % | 1-Mo   | 3-Mo   | YTD    | 6-Mo    | 9-Mo   | 1-Yr    | 2-Yr <sup>1</sup> | 3-Yr <sup>1</sup> | Since perf. incept. |
|--------------------------|--------|--------|--------|---------|--------|---------|-------------------|-------------------|---------------------|
| NAV RON                  | 1.80   | 0.97   | (4.77) | (0.56)  | (3.88) | (6.95)  | (3.32)            | 1.31              | 17.87               |
| Ordinary Share Price RON | (1.60) | (0.54) | (9.14) | (10.24) | (4.91) | (11.64) | (1.98)            | 8.25              | 55.24               |
| GDR RON                  | (1.42) | (3.24) | (9.23) | (9.06)  | (5.33) | (11.04) | N/A               | N/A               | (12.98)             |
| NAV USD                  | (1.84) | 2.36   | (2.30) | 3.40    | (6.39) | (7.23)  | (13.76)           | (4.67)            | (7.89)              |
| Ordinary Share Price USD | (5.13) | 0.82   | (6.77) | (6.67)  | (7.39) | (11.91) | (12.56)           | 1.85              | 19.16               |
| GDR USD                  | (4.95) | (1.91) | (6.87) | (5.44)  | (7.80) | (11.31) | N/A               | N/A               | (14.80)             |

#### AVERAGE ANNUAL DISCOUNT

| 2011   | 2012   | 2013   | 2014   | 2015   | YTD <sup>1</sup> | Current Discount <sup>2</sup> |
|--------|--------|--------|--------|--------|------------------|-------------------------------|
| 55.67% | 50.20% | 41.30% | 30.71% | 28.92% | 32.36%           | 33.16%                        |

<sup>1</sup> Annualized rate of return.

Performance data is shown rounded to the nearest hundredth.

<sup>1</sup> For the period 4 January – 31 May 2016

<sup>2</sup> As at 31 May 2016.

#### PORTFOLIO STRUCTURE

| Asset  | % of NAV |
|--|----------|
| Listed Equities  | 26.47    |
| Unlisted Equities                                      | 63.43    |
| Net Cash & Receivables <sup>1</sup>                    | 10.10    |
| <b>Sector</b>  |          |
| Power & Gas utilities: transport, distribution, supply | 31.13    |
| Power utilities: generation                            | 25.09    |
| Oil & Gas  | 21.28    |
| Infrastructure   | 6.32     |
| Banks  | 2.87     |
| Heavy Industry   | 1.76     |
| Aluminium  | 0.66     |
| Postal services  | 0.52     |
| Others   | 0.27     |
| Net Cash and receivables <sup>1</sup>                  | 10.10    |

#### TOP 10 HOLDINGS

| Security name                          | % of NAV     |
|--|--------------|
| Hydroelectrica SA                      | 23.30        |
| OMV Petrom SA                          | 20.92        |
| ENEL Distributie Banat SA              | 5.48         |
| E.ON Distributie Romania SA            | 4.48         |
| CN Aeroporturi Bucuresti SA            | 4.37         |
| ENEL Distributie Muntenia SA           | 4.00         |
| Engie Romania SA                       | 3.92         |
| ENEL Distributie Dobrogea SA           | 3.52         |
| Electrica Distributie Muntenia Nord SA | 2.23         |
| BRD Groupe Societe Generale SA         | 2.08         |
| <b>Total</b>                           | <b>74.30</b> |

<sup>1</sup> Net cash and receivables includes bank deposits, current bank accounts, short-term treasury bills and 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.

#### SHAREHOLDERS STRUCTURE<sup>1</sup>

|   | %            |
|---|--------------|
| The Bank of New York Mellon (depository bank for Global Depository Receipts) <sup>2</sup> | 34.69        |
| Foreign institutional investors   | 24.78        |
| Romanian private individuals  | 20.54        |
| Romanian institutional investors  | 13.60        |
| Foreign private individuals   | 4.00         |
| Ministry of Public Finance <sup>3</sup>   | 0.04         |
| Treasury shares <sup>4</sup>  | 2.35         |
| <b>Total Number of Shareholders</b>   | <b>7,947</b> |

<sup>1</sup> Based on the paid share capital.

<sup>2</sup> Includes the 7,250,200 shares, equivalent of the 145,004 Global Depository Receipts of Fondul Proprietatea

<sup>3</sup> 363,812,350 shares unpaid by Ministry of Public Finance

<sup>4</sup> 249,211,344 treasury shares acquired in the sixth buyback program.

#### Important Information and Disclaimers

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

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

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

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