



FRANKLIN TEMPLETON  
INVESTMENTS

# FONDUL PROPRIETATEA

MONTHLY REPORT

30 SEPTEMBER 2012

## 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 30/09/2012

**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

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

**2010 Dividend:** 0.03141 RON June 2011

**2011 Dividend:** 0.03854 RON June 2012

## FUND IDENTIFIER

**Bucharest Stock Exchange symbol:** FP

**Bloomberg:** FP RO

**ISIN:** ROFPAAACNOR5

**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 in Romania (CNVM Regulation no. 4/2010, modified by Disposal of Measures no. 17/25.11.2010). 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 financial statements (proportionally with the stake held) or by using valuation methods in accordance with International Valuation Standards (fair value principles). Any holding going through an insolvency or liquidation procedure is valued at zero until the procedure is finalised.

## Contact Us

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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 0.9476 / € 0.2091

**Ordinary Share Price:**

RON 0.5280 / € 0.1165

**Discount:** 44.28%

**Fund Size:**

RON 12.71 billion / € 2.80 billion

**Market Capitalisation:**

RON 7.27 billion / € 1.60 billion

**Average Daily Turnover\*:**

RON 22.56 million / € 4.98 million

\*For the period 1 September - 30 September 2012

## CUMULATIVE PERFORMANCE %

	1-MO	2-MO	3-MO	6-MO	9-MO	1-YR	SINCE PERF. INCEPT.
NAV	0.29	0.50	1.71	-17.87	-9.24	-10.19	-9.67
Ordinary Share Price	0.19	3.73	15.66	-4.47	32.89	28.96	-7.41

## PORTFOLIO STRUCTURE – BY ASSET TYPE

ASSET	% OF NAV
Listed Equities	44.40
Unlisted Equities	49.71
Net Cash & Receivables*	5.89

## COUNTRY BREAKDOWN

COUNTRY	% OF NAV
Romania	98.90
Austria	1.10

## SECTOR BREAKDOWN

SECTOR	% OF NAV
Oil & Gas	46.21
Power & Gas utilities: transport, distribution, supply	25.30
Power utilities: generation	12.37
Infrastructure	3.43
Banks	3.04
Aluminium	1.28
Heavy Industry	1.24
Postal services	0.76
Others	0.48
Net Cash and receivables*	5.89

\*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.

## TOP 10 HOLDINGS

SECURITY NAME	% OF NAV
OMV Petrom SA	35.23
Romgaz SA	10.20
Complexul Energetic Oltenia SA	8.46
Nuclearelectrica SA	3.92
ENEL Distributie Banat SA	3.50
E.ON Moldova Distributie SA	3.15
ENEL Distributie Muntenia SA	2.71
GDF Suez Energy Romania	2.67
Transgaz SA	2.64
CN Aeroporturi Bucuresti SA	2.54
<b>Total</b>	<b>75.02</b>

## SHAREHOLDERS BREAKDOWN\*

	%
Foreign institutional investors	52.31
Romanian private individuals	29.71
Romanian institutional shareholders	9.69
Foreign private individuals	6.49
Ministry of Public Finance	0.01
Treasury Shares**	1.79
	<b>100.00</b>
<b>Total Number of Shareholders</b>	<b>9,673</b>

\*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

## SHAREHOLDERS' NOTIFICATIONS

SHAREHOLDER	DATE OF DISCLOSURE	% of total no. of voting rights*
Elliott Associates	14 September 2012	15.22
The Royal Bank of Scotland City of London Investment Management	24 September 2012	5.49
	21 September 2012	4.37

\*Based on the Shareholders' structure & total number of voting rights as at 30 September 2012.

Source: Ownership disclosures submitted by shareholders. Elliott Associates L.P. disclosed holdings through Manchester Securities Corporation (13.31%) and Beresford Energy Corporation (1.91%).

City of London IMC Ltd reported holdings as follows: 576,062,100 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 5.40% 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](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 CNVM under no. PJM05SSAM/400001/14.09.2009. © 2012 Franklin Templeton Investments.