

Fondul Proprietatea

June 2015



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This presentation is issued by Franklin Templeton Investment Management Limited ("FTIML"), registered with Romania FSA under no. PJM05SSAM/400001/14.09.2009, which is authorized and regulated in the UK by the Financial Conduct Authority ("FCA") with Register Number 121779 and the Romanian branch, is regulated by the Romanian Financial Supervisory Authority ("FSA"). Fondul Proprietatea SA is a closed-end investment company administrated under a unitary system having the headquarters at 78-80 Buzesti Street, 7th floor, Bucharest 1st district, postal code 011017, Romania., Fiscal Identification Code (CIF): 18253260, registered with the Trade Registry under no J40/21901/2005. Register on Data Protection Notification Register under number 18668. Subscribed share capital RON 10,965,850,800.30, Paid-up Share Capital: RON 10,638,419,685.30. Tel.: + 40 21 200 9600; Fax: +40 21 200 9631 Email: office@fondulproprietatea.ro; webpage: www.fondulproprietatea.ro. The depository of the Fund's assets is BRD - Groupe Societe Generale.



June 2015.

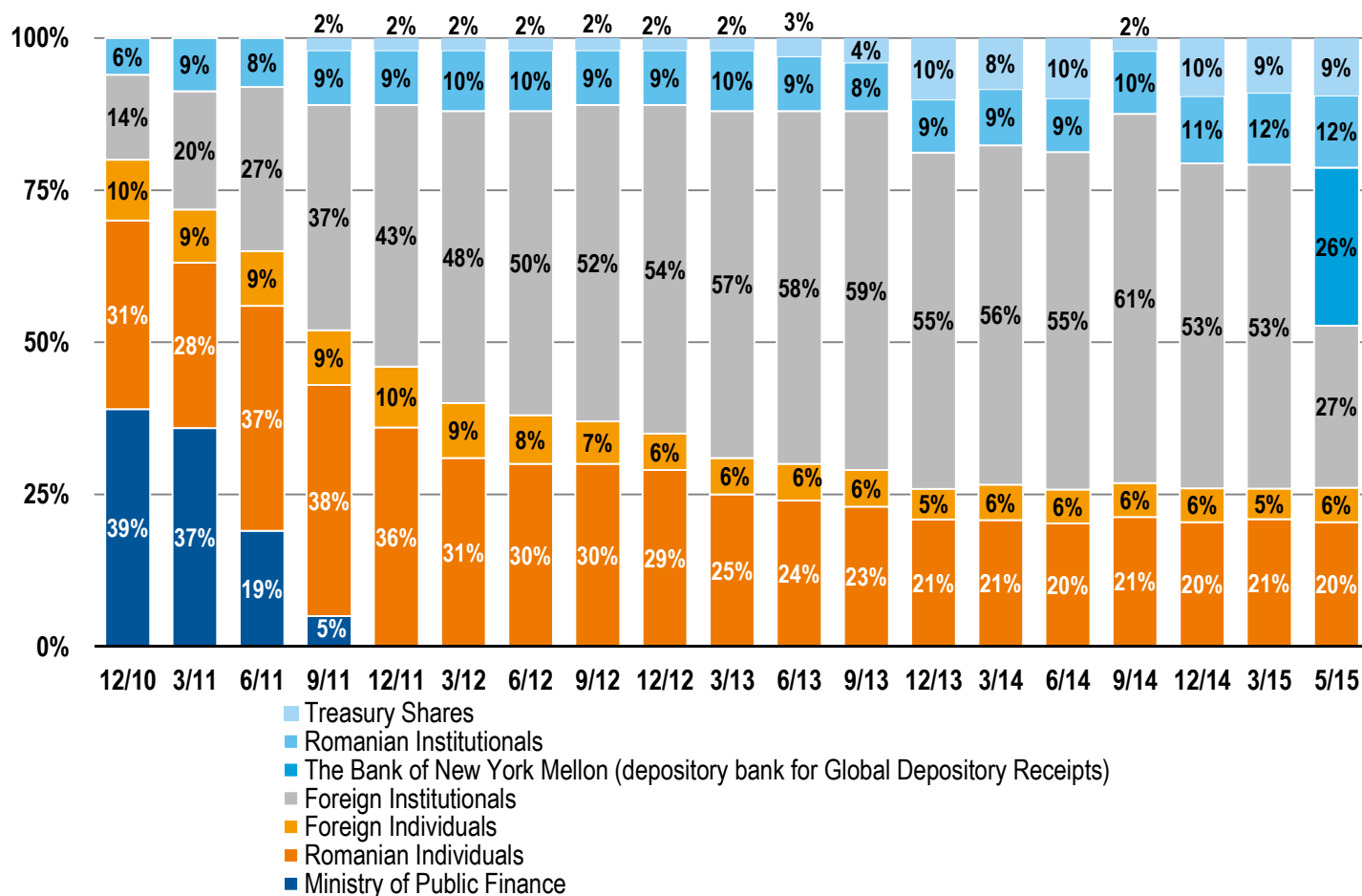
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Corporate Governance



Shareholders Structure

Evolution (% Held)



Largest Shareholders

Elliott Associates ¹	18.76%
Total Number of Shareholders ²	8,431

1. Based on the total voting rights. Source: Ownership disclosures submitted by shareholders on 5 May 2015.
 2. Shareholders structure as at 31 May 2015, based on paid share capital starting 31 July 2011. Source: Central Depository.



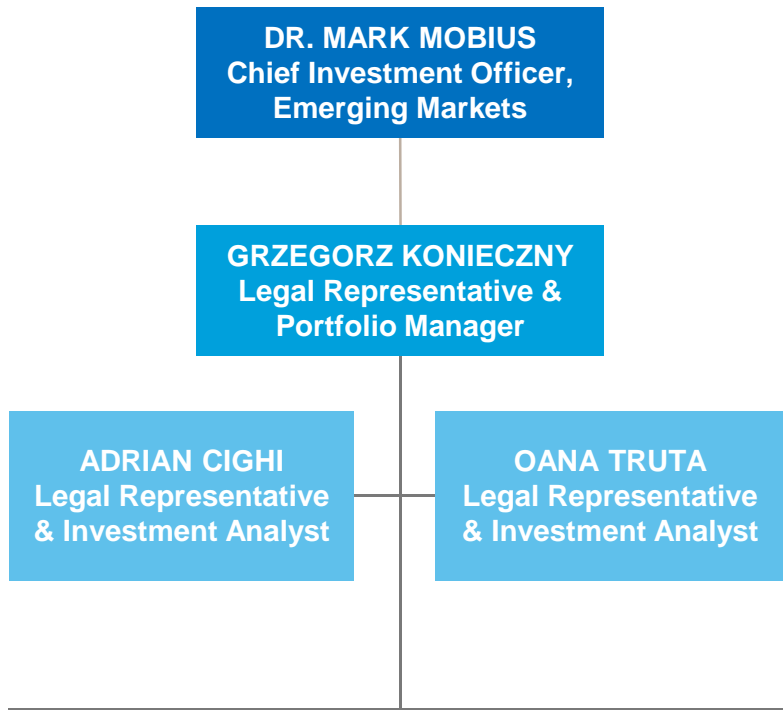
Board of Nominees – Current Structure

	Current Members	Position in BoN	Current Position	Mandate Until
	Sorin Mindrutescu	Chairman	Managing Director, Oracle Romania	30 September 2016
	Mark H. Gitenstein	Member	Special Counsel, Mayer Brown	30 September 2016
	Julian Healy	Member	Independent non- Executive Board Director	5 April 2018
	Piotr Rymaszewski	Member	CEO and Fund Manager, Octava NFI S.A.	5 April 2018
	Steven van Groningen	Member	President and CEO of Raiffeisen Bank SA Romania	14 April 2018

Source: Fund Manager reports.

The Fund Manager – Bucharest Branch and Summary of the Management Contract

**Franklin Templeton Investment Management Ltd. U.K.
Bucharest Branch, Acting as Sole Director and Fund Manager**



Fees

- **Base Fee: 0.60%**
- **Consideration:** Average quarterly market cap of the Fund
- **Distribution Fees (endorsed by the FSA on 20 March 2015):**
 - 2.00% of total non-dividend distributions (30 Sep. 2014¹ – 31 Oct. 2015)
 - 1.00% of total non-dividend distributions (1 November 2015 – end of the mandate)
- **Consideration:** Share buy-backs, public tender buy-backs, reductions of the share capital

Duration

- 2 years, starting with 30 September 2014
- The Fund Manager will organize a GSM each year in October to review the performance of the Fund Manager and shareholders will have the right to vote on the continuation of the mandate of the Fund Manager
- The new IMA has been partially endorsed by the FSA, with certain amendments voted by the Fund’s shareholders on 23 September 2014



1. Payment for the period 30 September 2014 – 19 March 2015 is still under discussion with FSA.

FSA Approvals



Fondul Proprietatea

IMA	Changes to the Investment Management Agreement
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Constitutive Act	Changes to the Constitutive Act
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Share Capital	Increasing / reducing the share capital
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Headquarters	Change of the headquarters
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Secondary Offices	Establishment / dissolution of secondary offices
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Depository Agreement	Changes to the Depository Agreement
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Prospectus	Changes to the Prospectus
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FTIML Bucharest Branch

Branch Manager

Changes to the structure of the Branch Manager

Compliance

Replacement of the Compliance department representatives'

Headquarters

Change of the headquarters

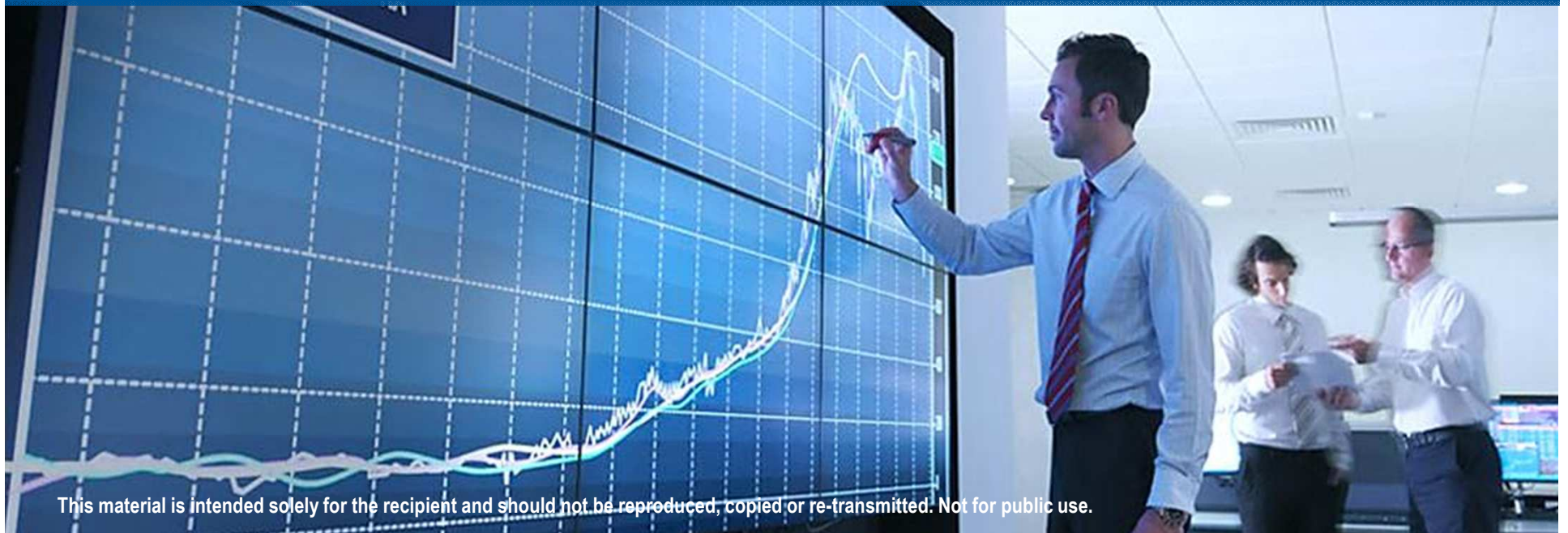
Internal Regulations

Changes of the minimum requirements for the internal regulations of the company

Delegation

Delegation of the investment management activity, of the marketing and distribution activities of funds, or of other ancillary activities.

Capital Market Development



Government SPO & IPO Calendar as at 30 December 2010

FONDUL
PROPRIETATEA



IPO, SPO, and ABO Transactions

Company	Transaction	Seller	Offering Stake	Market Value (EUR mn)	Investment Consortium Selected	Comments
Transelectrica	SPO	Romanian State	15.0%	37.6 ¹	BCR, Swiss Capital, Intercapital Invest	Completed in March 2012
Transgaz	SPO	Romanian State	15.0%	72.0 ²	Raiffeisen, Wood & Company, BT Securities	Completed in April 2013
OMV Petrom	ABO	FP	5.6%	56.9	Wood & Co., Raiffeisen C&I	Completed in May 2013
Nuclearelectrica	IPO	New Shares	10.0%	63.2 ⁴	Swiss Capital, BT Securities	Completed in September 2013
Romgaz	IPO	Romanian State	15.0%	382.8 ³	Goldman Sachs, Erste-BCR, Raiffeisen	Completed in November 2013
Transgaz	ABO	FP	15.0%	67.8	Citigroup Global Markets, Raiffeisen C&I, Wood & Co	Completed in December 2013
Romgaz	ABO	FP	4.99%	146.4	Goldman Sachs and Erste-BCR	Completed in June 2014
Electrica	IPO	New Shares	51%	444.3 ⁵	Citigroup, Raiffeisen C&I, BRD, Societe Generale, Swiss Capital	Completed in June 2014
Transelectrica	ABO	FP	13%	48.4	Raiffeisen Bank, UniCredit, SSIF Broker	Completed in July 2014
Conpet	ABO	FP	23.6%	22.5	Wood & Co, BRD Groupe Societe Generale	Completed in November 2014
Total				1,341.9		

1. Source: Based on final price of RON 14.9 for institutional tranche and RON 15.7 for the retail tranche and NBR EUR/RON FX rate as at 29th March 2012.

2. Source: Based on final price of RON 179 for institutional and large retail tranche and RON 170 for the small retail tranche and NBR EUR/RON FX rate as at 17 April 2013.

3. Source: Based on the final price of RON 30 for institutional tranche and RON 28.5 for the small retail tranche that subscribed in the first 5 days and RON 29.1 for the rest of the small retail tranche and NBR EUR/RON FX rate as at 1 November 2013. The final price for the GDRs listed on the London Stock Exchange is USD 9.25.

4. Source: Based on the price of RON 11.2 for institutional and large retail tranche and RON 10.304 for the small retail tranche that subscribed in the first 3 days and RON 10.864 for the rest of the small retail tranche and NBR EUR/RON FX rate as at 20 September 2013.

5. Source: Based on the final price of RON 11 per share and USD 13.66 per GDR listed on the London Stock Exchange .

Government SPO & IPO Calendar

Future IPOs and Privatizations

Company	Official Timeline ¹	FP Expectations	Offering Size %	Offering Size Value (EUR mn)	FP Stake Value (EUR mn)	Seller	Investment Consortium Selected
Hidroelectrica	IPO – June 2014	2016	15.0	426.3 ²	492.8 ²	New Shares	Morgan Stanley, Raiffeisen
CE Oltenia	IPO – Nov 2015	?	12.0/15.3	15.3/20.1 ³	24.6 ³	New Shares	BRD Groupe Societe Generale, Swiss Capital
Posta Romana	Privatization (Share Capital Increase)	Q3 2015	>50.0	>38.0 ³	12.7 ³	New Shares	KPMG, Tuca, Zbarcea and Associates

Other candidates from the Fund's portfolio for IPOs

Company	FP Stake	FP Stake Value (EUR mn)	Market Cap
Administratia Porturilor Maritime (Constanta Port)	20.0% ³	30.1 ³	150.3 ³
Aeroporturi Bucuresti (Bucharest Airports)	20.0% ²	75.2 ²	375.9 ²
Salrom	49.0% ³	32.4 ³	66.1 ³

1. As agreed with the IMF in the September 2013 Letter of Intent.

2. Source: Monthly Factsheet prepared by the Fund Manager as at 30 April 2015.

3. Source: Detailed Statement of Investments as at 31 March 2015.

Fondul Proprietatea – The Window to Romania for Institutional Investors

FONDUL
PROPRIETATEA

- Since the listing of Fondul Proprietatea, Franklin Templeton promoted Fondul Proprietatea, the Romanian Capital Market (BVB), and Romania through:
 - More than 1,900 Investor Meetings
 - More than 730 Investor Conference Calls
 - 140 Investor Conferences and Road-shows
(more than all the other listed companies together)
- Fondul Proprietatea has attracted new foreign portfolio investments worth more than EUR 1.50 billion from January 2011.
- Fondul Proprietatea shareholders' base is the prime investor base for future IPOs and offerings of Romanian companies.
- Franklin Templeton funds alone have invested more than EUR 200 million in the listed Romanian companies so far.
- Investors that attended FP Investor Days in 2014 manage over EUR 900 billion.
- Investors attending the Romania Day in London and Romania Investor Days in New York events in March 2015, have assets under management of over EUR 1,000 bn





Is Romania under-appreciated in Europe?

Wednesday, 29 Apr 2015 | 2:15 AM ET

Greg Konieczny, fund manager at Fondul Proprietatea, talks about the benefits of investing in Romania, saying there is room for further acceleration in the Eastern European country.

“If you look at GDP growth, Romania is already one of the fastest-growing economy in the European Union, and we think that it has a strong potential to further accelerate this growth.”





Romania's Fondul eyes foreign investors with London listing

LONDON | BY KARIN STROHECKER

(Reuters) - Romanian investment fund Fondul Proprietatea FP.BX hopes foreign investors will hold at least 15 percent of the fund through its secondary listing in London, its manager Greg Konieczny said on Wednesday.

Set up in 2005 to compensate Romanians whose properties were seized under communism, Fondul holds minority stakes in a slew of state-owned [companies](#) and is managed by Franklin Templeton.

Fondul launched its secondary listing on the London Stock Exchange's specialist [fund](#) market on Wednesday, aiming to attract greater investment in Romanian assets

The listing comes in the form of Global Depository Receipts (GDRs) that can amount to no more than a third of the fund's total value.

"We'd love to see this GDR capacity filled by at least 50 percent," Konieczny said.

Fondul is the fifth-largest listed fund in London with a total net asset value (NAV) of \$3.2 billion.

Franklin Templeton, which manages Fondul, has encouraged successive governments in the European Union's second-poorest country to list state companies to strengthen its capital markets.

FINANCIAL TIMES

Listing of Romanian trust will reveal Elliott Advisors' management style

Steve Johnson [Author alerts](#)



Fondul Proprietatea was created by the Romanian state in 2005 to compensate citizens whose assets were confiscated Bran castle, Romania under communism

A big investment trust flotation scheduled for Wednesday could shine a light on how Elliott Advisors, the activist investor battling to appoint three non-executive directors to the board of Alliance Trust, could behave if it is successful.

Fondul Proprietatea, created by the Romanian state in 2005 to compensate citizens whose assets were confiscated under communism, is the world's fifth-largest closed-end fund, with assets of \$3.1bn. It plans to list on the London Stock Exchange on Wednesday.



FRANKLIN TEMPLETON
INVESTMENTS

INVESTMENT INTELLIGENCE FOR THE FUND PROFESSIONAL
INVESTMENT EUROPE

Fondul Proprietata, a Romanian closed-end fund managed by Franklin Templeton Investments, has now been admitted to trading on the Specialist Fund Market of the London Stock Exchange ("LSE").

The fund consists of a portfolio of Romanian equity securities with assets of over €2.9 billion as of 31st of March 2015 and has been listed on the Bucharest Stock Exchange since January 2011. It has originally been set up in 2005 to compensate Romanians whose properties were seized during the communist



CITYA.M.
BUSINESS WITH PERSONALITY

Romanian superfund lists shares in London

■ BY MICHAEL BOW

FONDUL Proprietatea, one of Europe's biggest trusts, yesterday launched a secondary listing in London in a move designed to boost the profile of Romania's stock market.

The fund, which has €3.1bn of assets, will list global depository receipts (GDRs) on the specialist fund market of the London stock exchange.

Emerging market guru Mark Mobius, from Fondul's fund manager Franklin Templeton Investment Management, said: "The fund has the potential to become one of the most visible

and attractive closed-end funds listed in London, given its size, portfolio and discount to net asset value.

"We are convinced that the secondary listing of the fund on the LSE will increase the visibility of the Romanian capital market on the international scene."

Fondul was founded in 2005 to compensate people who had property and assets confiscated under Romania's previous Communist regime.

Romanian Prime Minister Victor Ponta also backed the secondary London listing yesterday and said it would open Romania up to international investors.



Fondul Proprietatea lists on LSE

Thu, 30/04/2015 - 11:00

[Fund Links](#)

Fondul Proprietatea, a Romanian closed-end fund managed by Franklin Templeton Investments, has been admitted to trading today on the Specialist Fund Market of the London Stock Exchange (LSE) by means of global depository receipts (GDRs).



FRANKLIN TEMPLETON
INVESTMENTS

NAV and Share Price Performance

Cumulative Performance (RON)

	2011	2012	2013	2014	YTD ¹	Since Performance Inception ¹
NAV	(0.47)%	8.91%	13.29%	1.39%	0.43%	25.05%
Ordinary Share Price	(30.32)%	38.30%	61.34%	14.53%	0.45%	78.87%

Average Annual Discount

2011	2012	2013	2014	YTD ²	Current Share Price Discount ³	Current GDR Price Discount ³
55.67%	50.20%	41.30%	30.57%	26.90%	27.40%	26.99%

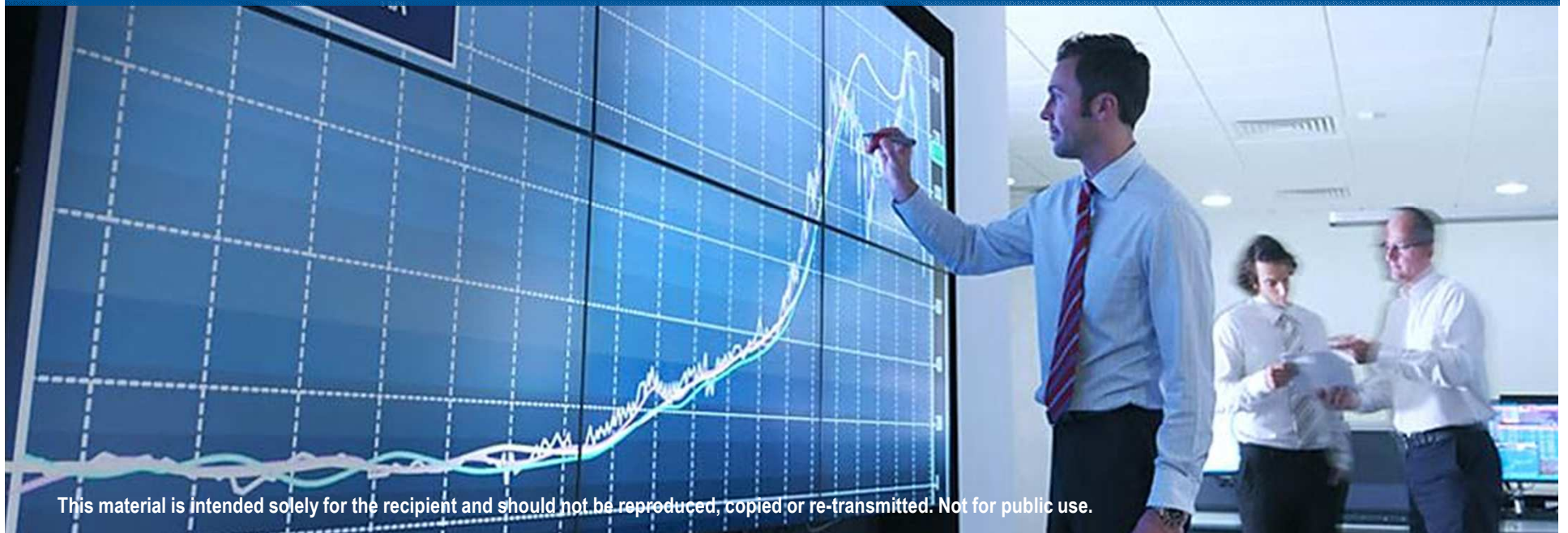
Source: BVB, LSE, FP NAV reports.

1. As at 30 April 2015.

2. For the period: 5 January – 29 May 2015.

3. As at 29 May 2015.

Capital Market Reforms



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Most Urgent Actions

- Initial Public Offerings
- Corporate Governance for State-Owned Enterprises and listed companies
- Reducing Costs and Bureaucracy:
 - Trading
 - Custody
 - Introducing automatic dividend payments
 - GSMs should be held in 1 day instead of 2 days
 - Easier voting in the GSMs

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FONDUL PROPRIETATEA

Managed by Franklin Templeton Investment Management Ltd.