

Fondul Proprietatea

Financing through the Capital Market Conference, 9 September 2014



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Date: August 2014.

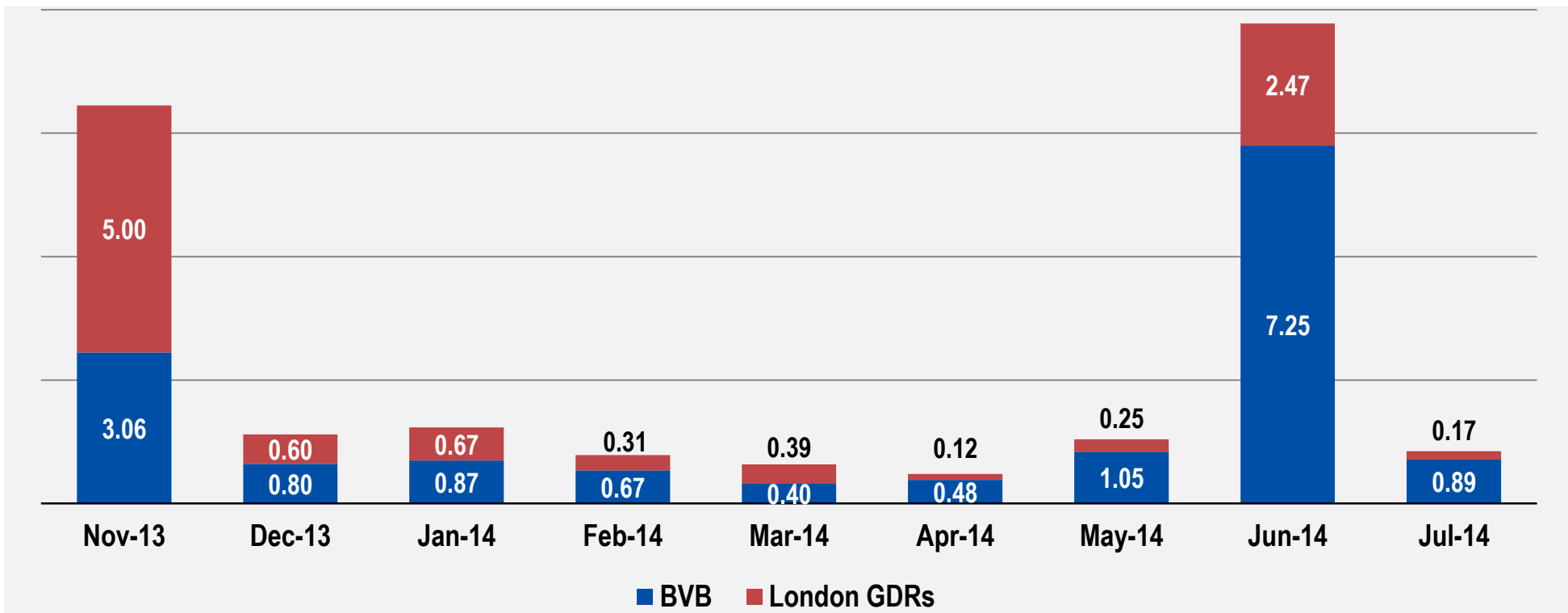
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Romgaz – Most Actively Traded on the BVB vs. LSE

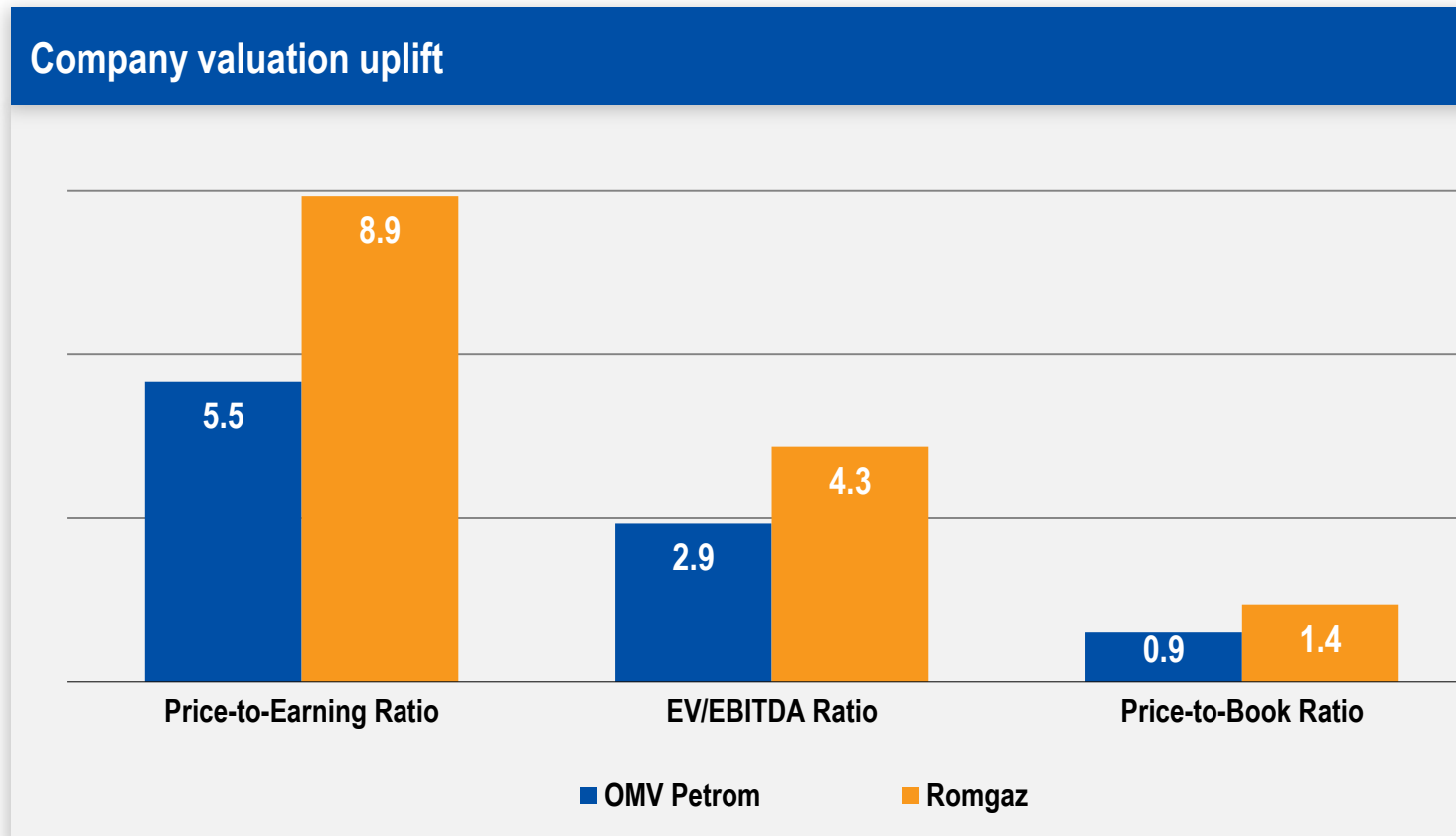
Average Daily Turnover (EUR mn)



- The example of Romgaz underlines that liquidity tends to migrate to the home market (a number of GDRs have been converted to shares post-IPO, increasing the trading liquidity on the BSE)
- Daily liquidity has been continually higher on the BSE than LSE since the second month of trading following the IPO

Source: Bloomberg, Bucharest Stock Exchange, computed using the NBR EUR/RON FX as at the end of the month.
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Benefits of LSE Listing – Valuation Gap Between Romgaz and Petrom



- Potentially higher valuation of FP will benefit all current FP shareholders including 8,000 Romanian individual investors and Romanian pension funds with 6 million participants
- Higher valuations of FP portfolio companies will increase state budget proceeds from future privatizations
- Higher valuations will attract private companies to the BVB

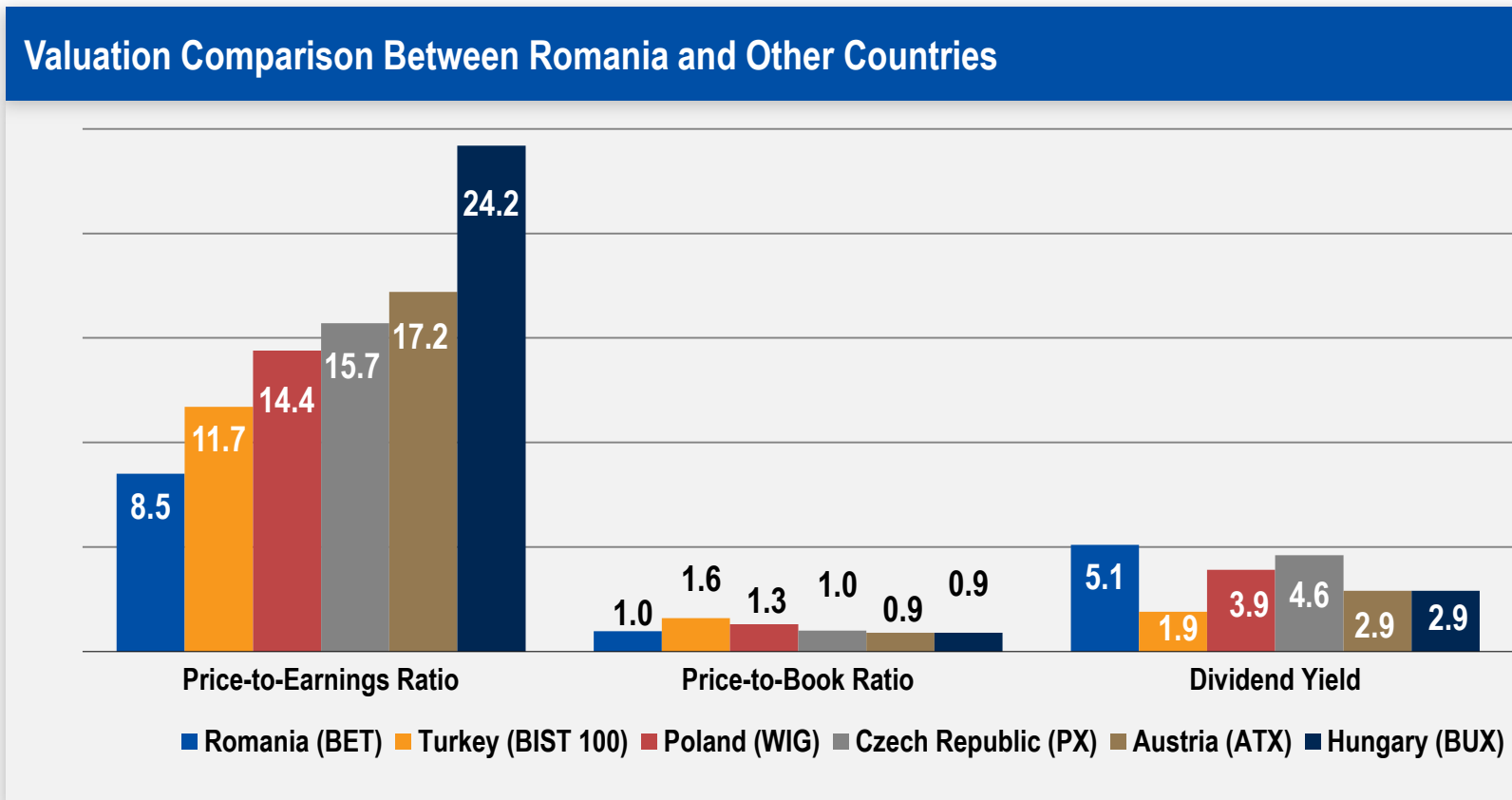
Source: Bloomberg, FactSet. Based on the financial statements as of 31 December 2013 and market prices as of 11 August 2014.

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Benefits of LSE Listing – Valuation Gap Between Romania and Other Countries



- Romania is undervalued compared to the other countries: lowest P/E and highest dividend yield
- Secondary listings can facilitate achieving a higher valuations of Romanian companies and attracting private companies to the BVB

Source: Bloomberg – July 2014

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Secondary Listing on the LSE – Plan



Fungible trading between London and Bucharest is planned to be achieved via the use of Depositary Interests (“DIs”) in the UK. In this regard, a UK-based registrar and depository would bridge the London and Bucharest markets by holding Shares through a local (Bucharest based) custodian via Clearstream (clearing and settlement entity connected to the Central Depository in Bucharest) and issuing DIs in London. Regulatory changes are required in order for trading of DIs to be feasible in Romania.



New local and foreign investors will be attracted via separate placements of shares facilitated by existing shareholders through accelerated placements and/or individual trades on the regular (open) market either at the same time or subsequent to the listing in London. No new shares will be issued by the Fund

Status

Discussions with the FSA to endorse the changes in the current regulations are ongoing. Target listing date: late September – early October 2014. It is critical to have the approval of the changes in FSA regulations in early September 2014. The Fund will be ready to file all required listing documentation in early September.

Key Stats on Top 15 Largest Funds Listed on the LSE

| Fund | Price | NAV | Premium / Discount to NAV | % Listed (approx.) |
|-------------------------------|--------|--------|---------------------------|--------------------|
| 3i | 388.3 | 329.6 | 17.83% | 17% |
| Scottish Mortgage | 211.75 | 212.4 | -0.29% | 96% |
| Alliance Trust | 443.5 | 511.1 | -13.23% | 96% |
| F&C Investment Trust | 378.45 | 424.4 | -10.82% | 85% |
| RIT Capital Partners | 1308.5 | 1376.4 | -4.93% | 65% |
| Murray International B | 1465 | 1001.3 | 46.31% | 90% |
| Templeton Emerging Markets UK | 573 | 634.6 | -9.71% | 91% |
| HICL Infrastructure Company | 140.7 | 123.2 | 14.24% | 0% |
| Mercantile | 1460.5 | 1669.0 | -12.50% | 100% |
| Murray International | 1052 | 1001.3 | 5.07% | 100% |
| Witan | 701 | 717.0 | -2.23% | 92% |
| Caledonia Investments | 2203.5 | 2557.0 | -13.83% | 35% |
| NB Global Floating Rate GBP | 97.65 | 99.4 | -1.76% | 0% |
| Edinburgh Investment | 611 | 620.5 | -1.54% | 100% |
| 3i Infrastructure | 133.75 | 121.0 | 10.52% | 0% |

| | |
|----------------|----------------|
| Average | 1.54% |
| Min | -13.83% |
| Max | 46.31% |

Source: Bloomberg – August 2014.

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Increasing the International Visibility of the Romanian Market

- Through the listing on the LSE, the Fund, its portfolio companies, and Romania will become more visible to a much broader base of international investors
- The Fund will be by far the largest fund on the Specialist Fund Market and one of the biggest investment companies on the entire LSE market

| Fund | Market Cap (EUR bn) as at 11 August 2014 | Net Asset Value (EUR bn) as at 8 August 2014 |
|--|--|--|
| Scottish Mortgage Investment Trust | 3.27 | 3.38 |
| • Total return fund actively managed | | |
| Alliance Trust PLC | 3.11 | 3.52 |
| • Investment in a wide range of asset classes throughout the world | | |
| FONDUL PROPRIETATEA | 2.61 | 3.34¹ |
| Rit Capital Partners PLC | 2.60 | 2.73 |
| • An investment trust chaired by Lord Rothschild | | |
| Foreign & Colonial Investment Trust PLC GBP | 2.54 | 2.80 |
| • Investing primarily in an international portfolio of listed equities | | |
| Templeton Emerging Markets | 2.35 | 2.54 |
| • Investment focus in emerging markets | | |

Source: Bloomberg – 11 August 2014.

1. NAV as at 31 July 2014

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Benefits for the Romanian Market: Increasing its International Visibility, Liquidity, and Chances to Become “Emerging Market”

- The Bucharest Stock Exchange will remain the primary listing venue for the Fund
- The Fund’s listing on the LSE will access both local (U.K.) and foreign institutional investors with USD **100 billion** assets under management that are currently not active in Romania (e.g. foreign institutional investors have invested approx. **USD 18 billion** in the top 20 funds listed on the LSE)
- The Fund will be the **3rd largest fund by Net Asset Value and market capitalization** out of the 422 funds listed on the LSE, making the Fund and Romania more visible internationally
- Increased media coverage of Fondul Proprietatea and Romania is to be expected via international financial media (e.g. Financial Times, Bloomberg, Reuters)

Benefits for the Romanian Market: Increasing its International Visibility, Liquidity, and Chances to Become “Emerging Market”

- Additional research coverage will contribute to a better understanding of the Fund, the Fund’s portfolio companies, and ultimately the Romanian market, which increases confidence and valuations
- As seen in Romgaz example, and many others, migration of liquidity to the home market can be expected over time, as new foreign institutional investors gain comfort and understanding of Romanian market
- All largest markets in Central Europe, including Poland, Hungary, and Czech Republic made their first IPOs on two or three stock exchanges at their early development stage and benefited from higher investor interest, higher liquidity on the domestic market and upgrades to the Emerging Markets’ status



Appendix

Liquidity Impact of Secondary Listings in London

- The following slides illustrate the liquidity impact of some examples of secondary listings in London for companies with existing listings in its home markets
- The analysis excludes privatizations where Depository Receipt (“DR”) issuance in London occurs at the same time as shares are listed in the home market (e.g. Romgaz, Electrica etc.)
- The analysis compares the average daily turnover in the home market in the 6 months prior to the London listing to the average daily turnover in the 6 months post the London listing, across both markets
- The analysis shows that as well as creating new turnover in London, turnover in the local market also generally increases following the secondary listing

Coca-Cola Hellenic

| Key Stats | |
|---|-------------------|
| Type of Business | Coca-Cola Bottler |
| Local Ticker (Athens) | EEE GA |
| London Ticker | CCH LN |
| London Listing Date | 29 April 2014 |
| Market Cap | EUR 6,051 million |
| Average Daily Turnover 6 Months Before LSE Listing | EUR 180,665 |
| Average Daily Turnover 6 Months Post LSE Listing | |
| • Athens | EUR 2,128,887 |
| • London | EUR 9,862,320 |
| Total Average Daily Turnover Across Both Markets | 11,991,207 |

Source: Jefferies International Limited, Bloomberg - July 2014

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Sberbank

| Key Stats | |
|--|--------------------------|
| Type of Business | Russian State-Owned Bank |
| Local Ticker (Moscow) | SBER RM |
| London Ticker | SBER LI |
| London Listing Date | 1 July 2011 |
| Market Cap | EUR 39,080 million |
| Average Daily Turnover 6 Months Before LSE Listing | EUR 422,679,827 |
| Average Daily Turnover 6 Months Post LSE Listing | |
| <ul style="list-style-type: none"> Moscow | EUR 605,225,413 |
| <ul style="list-style-type: none"> London | EUR 95,684,229 |
| Total Average Daily Turnover Across Both Markets | EUR 700,909,642 |

Source: Jefferies International Limited, Bloomberg - July 2014

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Russian Grids (formerly MRSK Holding)

| Key Stats | |
|---|--|
| Type of Business | Russian Electricity Distribution Holding Company |
| Local Ticker (Moscow) | RSTI RM |
| London Ticker | RSTI LI |
| London Listing Date | 8 December 2011 |
| Market Cap | EUR 1,789 million |
| Average Daily Turnover 6 Months Before LSE Listing | EUR 8,912,835 |
| Average Daily Turnover 6 Months Post LSE Listing | |
| • Moscow | EUR 10,669,462 |
| • London | EUR 99,614 |
| Total Average Daily Turnover Across Both Markets | EUR 10,769,076 |

Source: Jefferies International Limited, Bloomberg - July 2014

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