FONDUL PROPRIETATEA

MONTHLY REPORT

30 March 2018

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 Depositary 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.À. R.L. as of 1 April 2016

INVESTMENT MANAGER

Franklin Templeton Investment Management Limited UK, Bucharest Branch – since 29 September 2010
(between 29 September 2010 – 31 March 2016, Franklin Templeton Investment Management Limited UK, Bucharest Branch was Sole Director and Fund Manager)

PORTFOLIO MANAGER[13]

Grzegorz Konieczny – Portfolio Manager
Johan Meyer – Portfolio Manager

FUND DETAILS AS AT 30/03/2018

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 Depositary Receipts
Number of Issued Shares:	9,334,682,278
Number of Shares Corresponding to Paid Share capital:	8,970,869,928
Subscribed Share Capital:	RON 4,854,034,784.56
Paid Share Capital:	RON 4,664,852,362.56

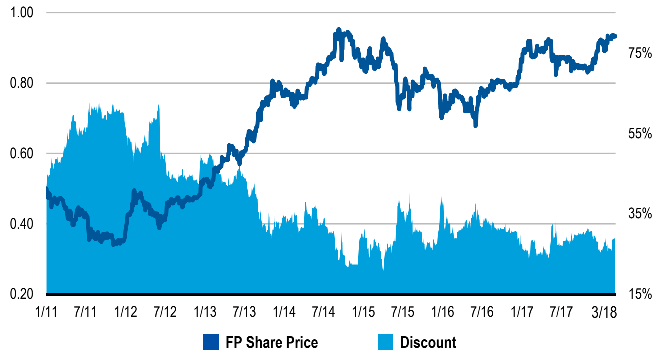
CASH DISTRIBUTIONS PER SHARE

2018 Dividend Proposal:	0.06780 RON payable starting 29 June 2018[12]
2017 Cash Distribution:	0.05000 RON June 2017
2017 Special Cash Distribution:	0.05000 RON March 2017
2016 Cash Distribution:	0.05000 RON 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)
Reuters:	FP.BX (for BVB) and FPq.L (for GDRs)
ISIN:	ROFPTAACNOR5
ASF Public Register No:	PJR09SIIR/400006/18.08.2010
CIVM Registration No:	AC-4522-2/13.12.2017

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



NAV/Share:
RON 1.3270 / EUR 0.2849 / USD 0.3513
Ordinary Share Price:
RON 0.9340 / EUR 0.2005 / USD 0.2472
GDR price (1 GDR = 50 shares):
RON 47.60 / EUR 10.22 / USD 12.60
Current Share Price Discount[6]: 29.62%
Current GDR Discount[6]: 28.26%
Fund NAV: RON 9.84 billion / EUR 2.11 billion / USD 2.60 billion
Market Capitalisation (Excluding treasury shares):
RON 6.92 billion / EUR 1.49 billion / USD 1.83 billion
Average Daily Turnover on the BVB[14]:
RON 6.61 million / EUR 1.42 million / USD 1.75 million
Average Daily Turnover on the LSE[14]:
RON 2.42 million / EUR 0.52 million / USD 0.64 million

Cumulative Performance %	1-Mo	YTD	6-Mo	9-Mo	1-Yr	2-Yr[2]	3-Yr[2]	Since perf. incept.
NAV RON[3]	1.32	7.23	9.87	11.02	15.63	16.97	10.25	61.11
Ordinary Share Price RON[4]	0.97	8.10	10.53	12.53	11.21	20.31	11.09	135.32
GDR USD[5]	1.61	10.04	14.03	21.15	26.75	24.52	N/A	38.38

Performance data is shown rounded to the nearest hundredth.
The Fund uses these indicators as they are directly related to the performance objectives of the Fund included in the Investment Policy Statement.

AVERAGE ANNUAL DISCOUNT[6]

	2011	2012	2013	2014	2015	2016	2017	YTD[1]	Current Discount[6]
Ordinary Share Price	55.67%	50.09%	40.74%	30.87%	29.12%	32.08%	28.05%	26.96%	29.62%
GDR	—	—	—	—	29.51%	29.98%	27.39%	26.60%	28.26%

PORTFOLIO STRUCTURE

Asset	% of NAV
Listed Equities	27.53
Unlisted Equities	69.54
Net Cash & Receivables[7]	2.93

Sector	% of NAV
Power utilities: generation	38.45
Power & Gas utilities: distribution, supply	19.27
Oil & Gas	18.90
Infrastructure	11.08
Banks	3.40
Aluminium	2.81
Heavy Industry	2.64
Postal services	0.36
Others	0.16
Net Cash and receivables[7]	2.93

TOP 10 HOLDINGS

Security name	% of NAV
Hidroelectrica SA	36.24
OMV Petrom SA	18.30
CN Aeroporturi Bucuresti SA	7.87
E-Distributie Banat SA	5.54
Engie Romania SA	4.80
E-Distributie Muntenia SA	4.26
E-Distributie Dobrogea SA	3.48
BRD Groupe Societe Generale SA	3.40
Alro SA	2.81
Societatea Nationala a Sarii SA	2.37
Total	**89.07**

SHAREHOLDERS STRUCTURE[8]

	%
The Bank of New York Mellon (depository bank for Global Depository Receipts)[9]	30.98
Foreign institutional investors	16.55
Romanian private individuals	16.40
Romanian institutional investors	16.13
Foreign private individuals	2.64
Ministry of Public Finance[10]	0.06
Treasury shares[11]	17.24
Total Number of Shareholders	**6,292**

LARGEST SHAREHOLDERS

Shareholder	As at	% of total voting rights
Elliott Associates	28 February 2018	9.11
City of London Investment Mgmt.	5 April 2016	5.04
NN Group	27 March 2017	5.02

Source: Ownership disclosures submitted by shareholders.

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 non-portfolio items.

WHAT ARE THE KEY RISKS?

The Fund's portfolio consists mainly of unlisted financial instruments and consequently the performance of the Fund can fluctuate considerably over time.

Risk related to industry sectors: the Fund has a significant exposure in companies in oil, gas and electricity sector. Therefore, the Fund's performance will depend largely on the overall condition of the industries and markets in which the companies in the Fund's portfolio operate.

Risk related to Romania: The Fund holds significant holdings in companies that are controlled by Romanian State. Past experience indicates that management of these companies is often replaced after government changes, which may affect the financial results of such companies in the Fund's portfolio and the Fund's overall performance.

Other materially relevant risks are unlisted investment risk, and share discount to NAV risk. For full details of all of the risks applicable to this Fund, please refer to the "Risk Factors" section of the Fund in the current prospectus of Fondul Proprietatea.

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.À 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. 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 ASF Public Register No. PJM01SFIM/400005.

References

1. Share price: for the period 3 January – 30 March 2018. GDR: for the period 2 January – 30 March 2018.
2. Annualized rate of return.
3. The NAV per Share Total Return is calculated in RON by geometrically linking total returns for all intermediate periods when official NAV is published. Each total return for a single period is calculated using the following formula: the NAV per share as at the end of the period plus any cash distribution during the period, dividing the resulting sum by the official NAV per share at the beginning of the period. The resulting single period total returns are geometrically linked to result in the overall total return.
4. The Share Price Total Return is calculated in RON by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return.
5. The GDR Price Total Return is calculated in USD by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return.
6. The discount is calculated based on the latest published NAV at the date of the calculation. For Current Discount, the values are calculated based on the 30 March 2018 NAV.
7. Net cash and receivables includes bank deposits, current bank accounts, short-term treasury bills and bonds, dividend receivables, as well as other receivables and assets, net of all liabilities (including liabilities to shareholders related to the returns of capital) and provisions.
8. Based on the paid share capital as at 31 March 2018 as received from Depozitarul Central SA.
9. Includes 9,744,750 shares, equivalent of the 194,895 Global Depository Receipts of Fondul Proprietatea.
10. 363,812,350 shares unpaid by Ministry of Public Finance.
11. 90,849,151 treasury shares acquired in the seventh buyback program, 141,869,861 treasury shares acquired in the eighth buyback program and 1,314,007,784 treasury shares acquired in the ninth buyback program.
12. Subject to shareholders' approval during the 26 April 2018 Annual GSM.
13. Starting 1st of April 2018, Mr. Johan Meyer is the sole Portfolio Manager.
14. For the period 1 - 30 March 2018.

FRANKLIN TEMPLETON INVESTMENTS

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