MONTHLY REPORT

31 July 2019

FUND DESCRIPTION

Fondul Proprietatea (the Fund) 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 maximisation of returns to shareholders and the increase of the net asset value per share 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

Johan Meyer – Portfolio Manager

FUND DETAILS AS AT 31/07/2019

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:	9,101,963,266
Number of Shares Corresponding to Paid Share capital:	8,738,150,916
Number of Paid Shares less Treasury Shares	7,103,277,709
Subscribed Share Capital:	RON 4,733,020,898.32
Paid Share Capital:	RON 4,543,838,476.32

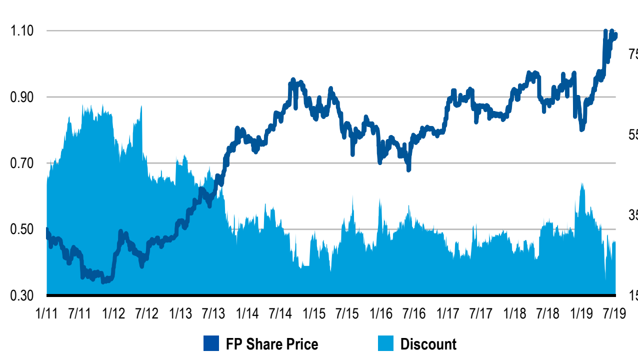
CASH DISTRIBUTIONS PER SHARE[12]

2019 Dividend:	0.0903 RON July 2019
2018 Dividend:	0.06780 RON June 2018
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-4522-4/16.01.2019

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



NAV/Share:
RON 1.5389 / EUR 0.3251 / USD 0.3624
Ordinary Share Price:
RON 1.0900 / EUR 0.2303 / USD 0.2567
GDR price (1 GDR = 50 shares):
RON 53.94 / EUR 11.39 / USD 12.70
Current Share Price Discount[1]: 29.17%
Current GDR Discount[1]: 29.89%
Fund NAV: RON 10.93 billion / EUR 2.31 billion / USD 2.57 billion
Market Capitalisation (Excluding treasury shares):
RON 7.74 billion / EUR 1.63 billion / USD 1.82 billion
Average Daily Turnover on the BVB[2]:
RON 5.30 million / EUR 1.12 million / USD 1.25 million
Average Daily Turnover on the LSE[2]:
RON 2.26 million / EUR 0.48 million / USD 0.53 million

Cumulative Performance %	1-Mo	3-Mo	6-Mo	YTD	9-Mo	1-Yr	2-Yr[3]	3-Yr[3]	5-Yr[3]	Since perf. incept.
NAV RON[4]	1.83	13.77	19.90	16.47	19.42	24.15	19.29	17.27	10.35	109.88
Ordinary Share Price RON[5]	1.87	11.45	35.40	23.44	15.83	23.16	15.95	19.14	12.19	195.31
GDR USD[6]	0.00	12.39	29.59	20.95	10.43	12.39	10.62	14.98	-	49.15

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[1]

	2011	2012	2013	2014	2015	2016	2017	2018	YTD[7]	Current Discount[1]
Ordinary Share Price	55.67%	50.09%	40.74%	30.87%	29.12%	32.08%	28.05%	29.54%	32.55%	29.17%
GDR	—	—	—	—	29.51%	29.98%	27.39%	29.53%	33.52%	29.89%

PORTFOLIO STRUCTURE

Asset	% of NAV
Listed Equities	25.89
Unlisted Equities	68.70
Net Cash & Receivables[8]	5.41

Sector	% of NAV
Power utilities: generation	40.10
Oil & Gas	21.60
Power & Gas utilities: distribution, supply	16.99
Infrastructure	11.28
Heavy Industry	2.76
Aluminium	1.65
Postal services	0.06
Others	0.15
Net Cash and receivables[8]	5.41

TOP 10 HOLDINGS

Security name	% of NAV
Hidroelectrica SA	37.91
OMV Petrom SA	21.60
CN Aeroporturi Bucuresti SA	8.34
E-Distributie Banat SA	4.71
Engie Romania SA	4.47
E-Distributie Muntenia SA	3.89
E-Distributie Dobrogea SA	2.98
Societatea Nationala a Sarii SA	2.50
CN Administratia Porturilor Maritime SA	2.23
Societatea Nationala Nuclearelectrica SA	2.19
Total	**90.82**

SHAREHOLDERS STRUCTURE[9]

	%
The Bank of New York Mellon (depository bank for Global Depository Receipts)	27.26
Romanian institutional investors	20.91
Romanian private individuals	15.97
Foreign institutional investors	14.57
Foreign private individuals	2.50
Ministry of Public Finance[10]	0.08
Treasury shares[11]	18.71
Total Number of Shareholders	**6,407**

LARGEST SHAREHOLDERS

Shareholder	As at	% of total voting rights
Anchorage Capital Group	21 September 2018	6.70
Allianz-Tiriac Private Pension Funds	1 July 2019	5.05
NN Group	27 March 2017	5.02

Source: Ownership disclosures submitted by shareholders.

DESCRIPTION OF NAV BASIS

THE CURRENT REGULATIONS

Net Asset Value is calculated according to regulations 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 valuation methods in accordance with International Valuation Standards (according to the fair value principle).

Investments in companies in liquidation, dissolution, bankruptcy, insolvency or judicial reorganization are valued at nil. Investments in companies under temporary or final suspension of operation, are valued at zero until the procedure is finalized.

Starting with the NAV report as at 29 January 2016, the accounting records under IFRS are used for the computation of NAV for the items that are not part of the financial instruments' portfolio (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.

References

1. 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 31 July 2019 NAV.
2. For the period: 1 - 31 July 2019.
3. Annualized rate of return.
4. 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.
5. 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.
6. 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.
7. Share price: for the period 3 January - 31 July 2019.
GDR: for the period 2 January - 31 July 2019.
8. Net cash and receivables includes bank deposits, current bank accounts, short-term Government securities, dividend receivables, as well as other receivables and assets, net of all liabilities (including liabilities to shareholders related to the returns of capital and dividend distribution) and provisions.
9. Based on the paid share capital as at 31 July 2019 as received from Depozitarul Central SA.
10. The total number of shares held by the Ministry of Public Finance is of 370,456,198 shares out of which 6,643,848 paid shares and 363,812,350 unpaid shares.
11. 1,634,873,207 treasury shares out of which 146,880,638 treasury shares acquired in the tenth buyback program and 1,487,992,569 treasury shares acquired in the ninth buyback program.
12. Distributions since the start of Franklin Templeton Mandates.

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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.

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