

# Fondul Proprietatea – General Shareholders Meeting

5 November 2020



# Fund Information

Open	838.63
Low	856.45
Close	836.23
on Close (50)	845.12
on Close (100)	NA
on Close (200)	NA



# The Fund – Key Facts



## Fund Details<sup>1</sup>

	RON	USD
NAV	9.91 bn	2.38 bn <sup>2</sup>
NAV/Share	1.5881	0.3816 <sup>2</sup>
Price/Share	1.2950	0.3112 <sup>2</sup>
Price/GDR	64.51 <sup>2</sup>	15.50
Market Capitalization as at 4 November 2020 <sup>3</sup>	8.14 bn	1.95 bn <sup>3</sup>
Discount/Share as at 4 November 2020		17.51%
Discount/GDR as at 4 November 2020		17.68%
Number of Paid Shares less Treasury Shares <sup>4</sup>		6,213,384,617
<b>Investment Objective</b>		
2019 FY Dividend /Share <sup>5</sup>		RON 0.0642
Dividend Yield for 2019 FY <sup>5</sup>		5.42%
Maximization of returns to shareholders and increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities		

Source: BVB, FP September 2020 Factsheet.

1. As at 30 September 2020. Based on local regulator methodology.

2. Computed using the NBR USD/RON FX rate as at 30 September 2020.

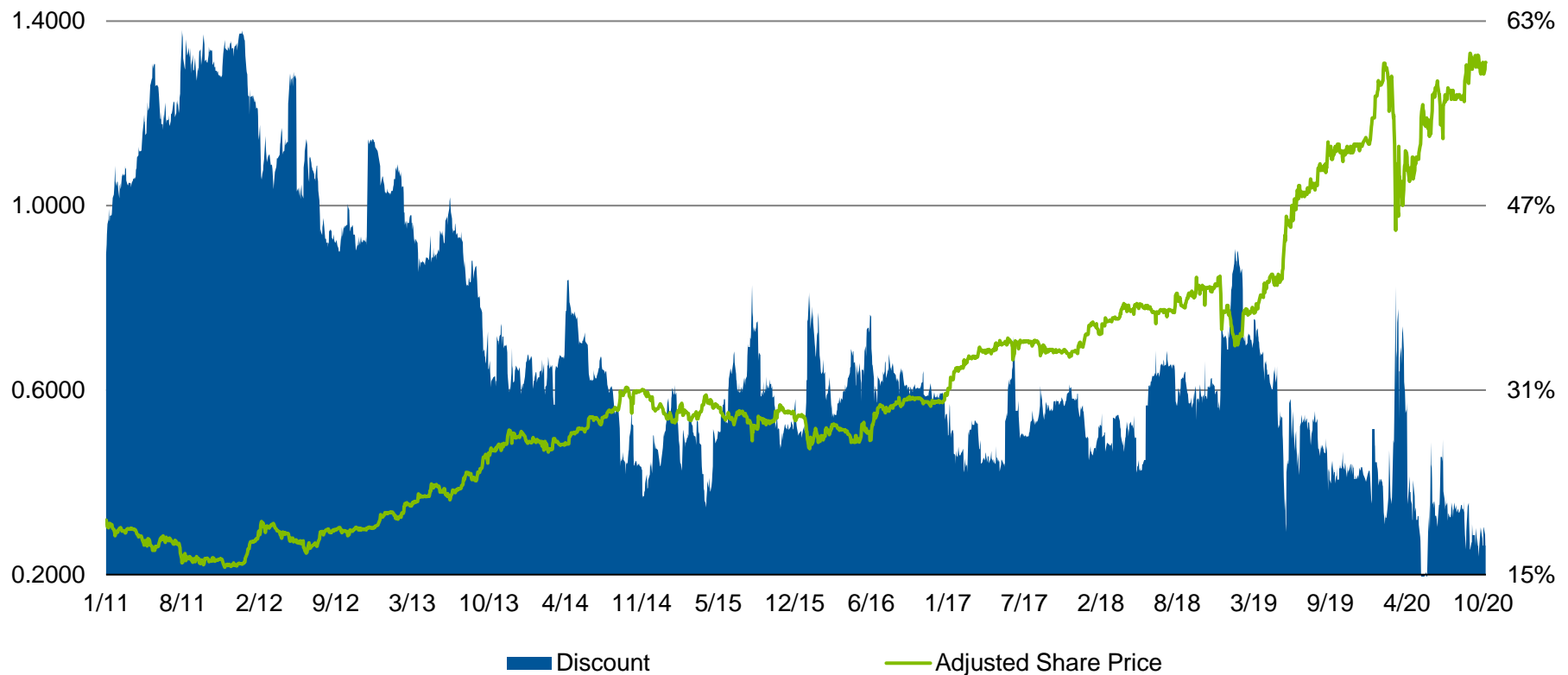
3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 16 October 2020. Computed using the NBR USD/RON FX rate as at 4 November 2020.

4. As at 16 October 2020.

5. As at 10 June 2020, the Registration date for the 2019 dividend distribution.



FP Share Price (RON) and Discount (%)



Source: BVB, Bloomberg, for the period 25 January 2011 – 4 November 2020.

# Portfolio

Open	838.63
Low	856.45
Close	836.23
on Close (50)	845.12
on Close (100)	NA
on Close (200)	NA

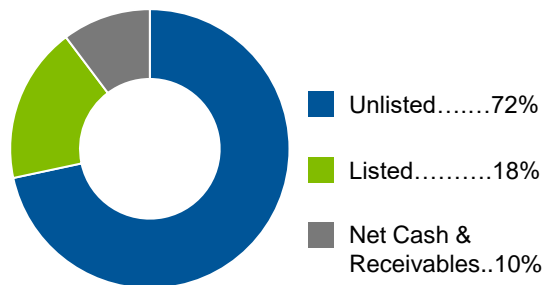


# Portfolio Structure



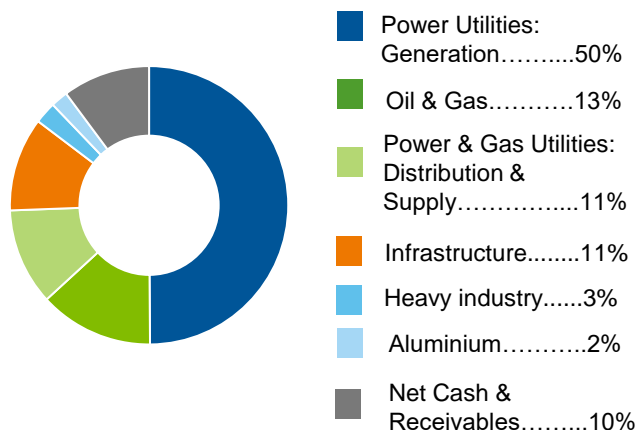
## Listed vs Unlisted

as at 30 September 2020 (% NAV)<sup>1</sup>



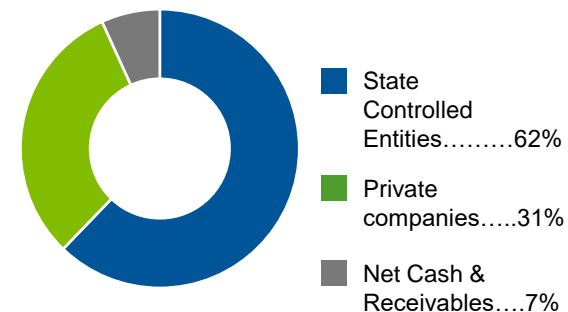
## By Sector

as at 30 September 2020 (% NAV)<sup>1</sup>



## By Controlling Ownership

as at 30 June 2020<sup>2</sup>



- As at 30 September 2020, the portfolio included stakes in 33 companies (7 listed and 26 unlisted)
- The net cash and receivables as at 30 September 2020 was USD 244.4 million<sup>3</sup>.

1. Source: FP September 2020 Factsheet.

2. Source: FP H1 2020 Results report.

3. Source: 30 September 2020 NAV report, based on the NBR RON/USD FX rate as at 30 September 2020.

# Largest Holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake <sup>1</sup>	NAV as at 30 September 2020 (USD mn)	% in NAV as at 30 September 2020
Hydroelectrica	Unlisted	Romanian State	19.9%	1,131.1	47.5%
OMV Petrom	Listed	OMV	7.0% <sup>2</sup>	319.0	13.4%
Bucharest Airports	Unlisted	Romanian State	20.0%	176.8	7.4%
Engie Romania	Unlisted	Engie	12.0%	102.4	4.3%
Nuclearelectrica	Listed	Romanian State	7.0%	67.4	2.8%
E-Distributie Banat	Unlisted	Enel Group	24.1%	60.7	2.6%
Constanta Ports	Unlisted	Romanian State	20.0%	56.1	2.4%
Salrom	Unlisted	Romanian State	49.0%	53.4	2.2%
E-Distributie Muntenia	Unlisted	Enel Group	12.0%	51.1	2.2%
E-Distributie Dobrogea	Unlisted	Enel Group	24.1%	39.6	1.7%
<b>Top 10 Portfolio Holdings</b>				<b>2,057.7</b>	<b>86.4%</b>
<b>NAV</b>				<b>2,381.0</b>	<b>100.0%</b>
<b>NAV Per Share (USD)</b>				<b>0.3816</b>	

Source: FP September 2020 Factsheet. Note: Values in USD calculated using the NBR USD/RON FX rate as at 30 September 2020.

1. Based on the FP 30 June 2020 Detailed Statement of Investments.

2. In September 2020, the Fund sold part of its holding in the company through an ABB process. The Fund's stake in the company following this transaction was reduced from 9.9% to 7.00% as at 16 September 2020.

# Corporate Actions

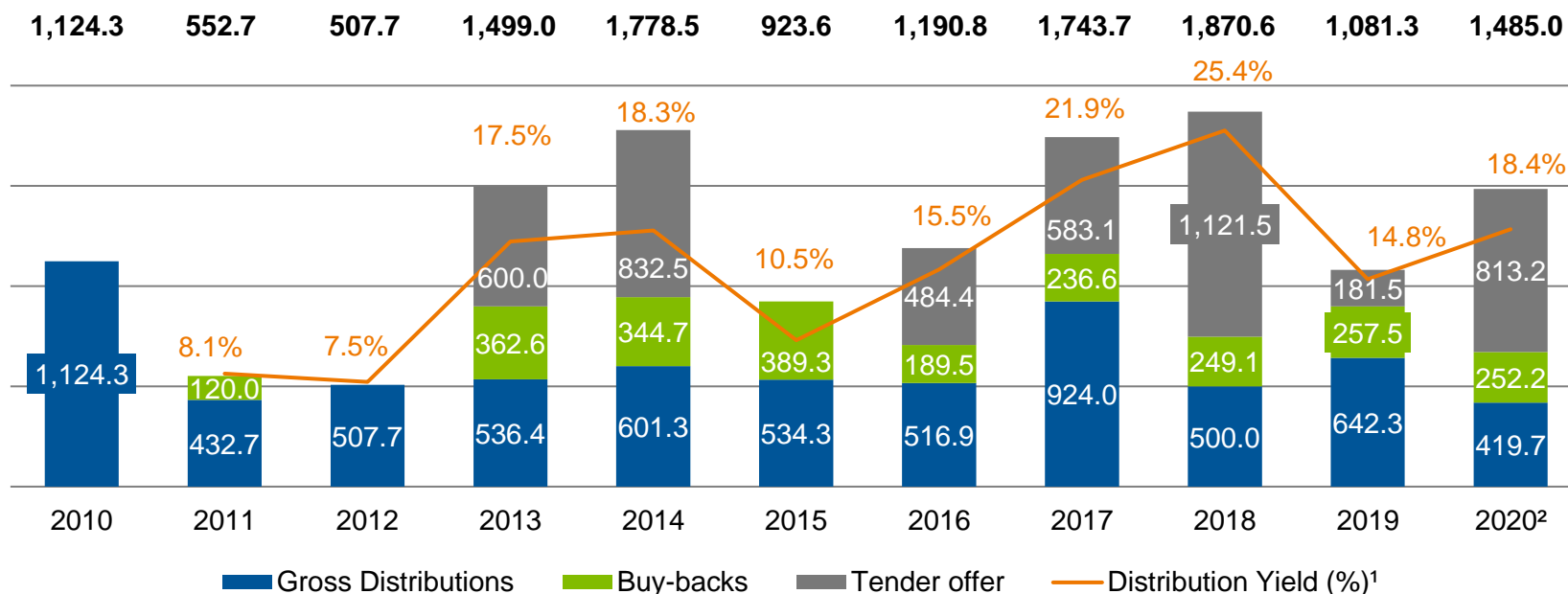




# Distributions to shareholders



## Annual Distributions to Shareholders (RON mn)



The total distributions through buy-backs and cash would amount to RON 13.76 bn/USD 3.69 bn<sup>3</sup>

Source: Fund Manager calculations, Fund Manager annual results reports, Fund Manager current reports.

Note: Values exclude related acquisition fees. USD values based on the NBR average USD/RON FX for each year. For 2020, average USD/RON FX as at 4 November.

1. Based on the total annual distributions through buy-backs and cash, the average closing share price on BVB for the respective year, and the average number of paid shares, excluding Treasury shares. For 2020: average closing share price as at 4 November, average number of paid shares, excluding Treasury shares as at 16 October.

2. Buy-backs as at 16 October. Tender offer amount includes the estimate for the 165 mn shares Tender offer approved by the ASF on 4 November 2020.

3. As at 4 November 2020.

# Buy – back programs

Program	Period	Status	No. of shares to be repurchased/ % of the Fund's issued share capital	Average share price (RON/share)	Broker	Cancellation of shares <sup>1</sup>
Eleventh	1 Jan – 31 Dec 2020	Ongoing	800.0 mn/11.1%	1.3208 <sup>2</sup>	Auerbach Grayson, Swiss Capital	The cancellation of shares will be subject to shareholders' approval in 2021
Twelfth	1 Jan – 31 Dec 2021	Submitted for shareholders' approval during the 13 Nov 2020 GSM	800.0 mn/11.1%	–	–	The cancellation of shares will be subject to shareholders' approval in 2022

Source: Fund Manager current reports, Fund Manager calculations.

1. To be effective, the FSA endorsement is legally required, and the shareholders' resolution for the share capital decrease needs to be registered with the Trade Register.

2. As at 16 October 2020. Based on the 632,961,287 shares repurchased (453,706,887 ordinary shares and 179,254,400 equivalent shares of the GDRs repurchased).

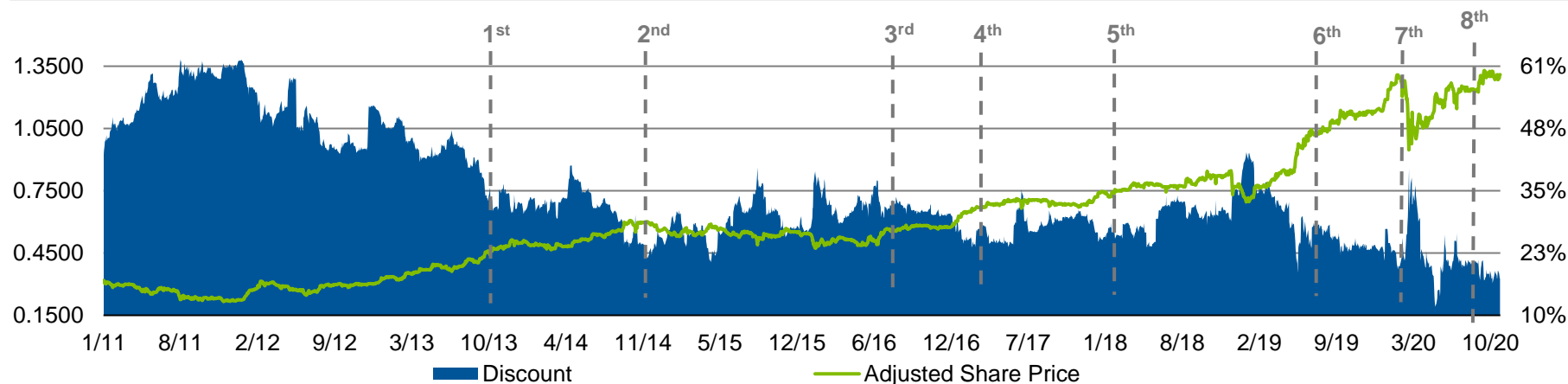
# Ninth Tender Offer

<b>Size of the Offer</b>	165,000,000 shares, in the form of shares and GDRs
<b>Purchase price</b>	RON 1.39 per share and the USD equivalent of RON 69.50 per GDR
<b>Subscription period</b>	12 November – 16 December 2020
<b>Allocation method</b>	Pro-rata
<b>Intermediary</b>	Swiss Capital S.A.
<b>Dealer managers</b>	Swiss Capital S.A. and Auerbach Grayson
<b>GDR Tender Agent</b>	The Bank of New York Mellon

Source: Investment Manager current report.

# Fondul Proprietatea Tender Offers

Tender Offer	Announcement date	Tender price (RON/share)	FP pre-announcement share price (RON/share)	Premium to pre-announcement share price (%)	Discount of offer price to NAV (%) <sup>1</sup>	Take-up rate (%)
First	10 Oct 2013	1.0000	0.7770	28.70%	15.12%	78.42%
Second	20 Oct 2014	1.1100	0.8965	23.81%	10.76%	83.74%
Third	5 Jul 2016	0.8420	0.7380	14.09%	26.43%	62.52%
Fourth	27 Jan 2017	0.9100	0.8640	5.32%	23.30%	63.13%
Fifth	15 Dec 2017	0.9350	0.8400	11.31%	22.84%	54.10%
Sixth	24 Jun 2019	1.2100	1.0550	14.69%	16.00%	53.47%
Seventh	7 Jan 2020	1.3900	1.1950	16.32%	13.13%	46.51%
Eighth	17 Jul 2020	1.3900	1.1450	17.63%	11.02%	46.26%
Ninth	26 Oct 2020	1.3900	1.2900	7.19%	12.47%	n.a.



Source: Investment Manager current reports and Tender offer documentation, Bloomberg, BVB as at 4 November 2020.

1. Latest NAV available at the date of the Tender offer announcement: 31 August 2013 for the First Offer, 30 September 2014 for the Second Offer, 30 June 2016 NAV for the Third Offer, 30 December 2016 NAV for the Fourth Tender, 31 October 2017 NAV for the Fifth Tender, 31 May 2019 for the Sixth Tender, 29 November 2019 for the Seventh Tender, 30 June 2020 for the Eighth Tender, and 30 September 2020 for the Ninth Tender.

# Annual dividend income – Top 10 portfolio companies

Top 10 Holdings <sup>1</sup>	Dividend Payout (%)					FP Net Dividend (RON mn)				
	2015	2016	2017	2018	2019	2016	2017	2018	2019	2020
Hydroelectrica	80	90	90	90	90	134.6	206.6	226.2	358.7	250.0
OMV Petrom	-2	94	46	38	48	-2	106.8	107.6	145.3	166.8
Bucharest Airports	75	90	90	90	N/A	27.4	41.2	61.2	68.0	36.7
Engie Romania	-2	30	50	30	30	-2	13.3	20.2	16.4	12.1
Nuclearelectrica	70	88	93	90	90	8.6	8.6	18.5	25.4	33.1
E-Distributie Banat	44	40	39	-2	0	16.8	8.9	7.7	-2	0.0
Constanta Port	75	90	25	25	25	14.1	11.0	4.1	3.7	5.5
Salrom	-2	90	100	90	50	-2	13.8	42.3	37.4	19.8
E-Distributie Muntenia	-2	-2	-2	-2	0	-2	-2	-2	-2	0.0
E-Distributie Dobrogea	44	37	36	-2	0	12.0	6.6	4.3	-2	0.0
<b>Total Top 10 Holdings (RON mn)</b>						<b>213.5</b>	<b>416.8</b>	<b>492.1</b>	<b>654.9</b>	<b>524.0</b>

Source: Companies' GSM decisions for approving the annual dividend payments.

Note: Annual regular dividends, i.e. excluding special dividends. The annual regular dividends are distributed based on the individual financial statements .

1. Source: FP September 2020 Factsheet.

2. The company registered losses.

# Total dividend income from portfolio companies

	FP Net Dividend (RON mn)							
	2013	2014	2015	2016	2017	2018	2019	2020
Total Dividends from Listed Companies (RON mn)	373.9	538.6	251.5	36.0	148.1	199.6	223.0	200.2 <sup>10</sup>
Total Dividends from Unlisted Companies (RON mn)	275.8 <sup>2</sup>	143.5	315.9	315.2	404.5	366.9	710.0	1,007.9 <sup>10</sup>
Total Annual Dividend Income (RON mn)	649.7	682.1	567.4	351.2	552.6	566.5	673.7	525.0 <sup>10</sup>
Total Special Dividend Income (RON mn)	-	-	-	-	185.2	199.5	259.3	683.1 <sup>10</sup>
<b>Total Dividends (RON mn)</b>	<b>649.7</b>	<b>682.1</b>	<b>567.4</b>	<b>351.2</b>	<b>737.8</b>	<b>766.0</b>	<b>933.0</b>	<b>1,208.1<sup>10</sup></b>
Total Annual Dividend Income per Share (RON) <sup>1</sup>	0.04954	0.05674	0.05310	0.0331	0.0750	0.0797	0.1035	0.0844
Total Special Dividend Income per Share (RON) <sup>1</sup>	-	-	-	-	0.0251	0.0281	0.0398	0.1099
<b>Dividend/Distribution per Share (RON)</b>	<b>0.05000</b>	<b>0.05000</b>	<b>0.05000</b>	<b>0.05000</b>	<b>0.0678</b>	<b>0.0903</b>	<b>0.0642</b>	<b>0.1943<sup>11</sup></b>
Share Price (RON)	0.7640 <sup>3</sup>	0.8130 <sup>4</sup>	0.7200 <sup>5</sup>	0.9180 <sup>6</sup>	0.8990 <sup>7</sup>	1.0150 <sup>8</sup>	1.1850 <sup>9</sup>	
Yield	6.54%	5.84%	6.94%	8.76%	7.54%	8.90%	5.42% <sup>9</sup>	
Yield for Romanian companies (BET)	5.10%	3.50%	4.56%	7.07%	8.59%	9.17%	7.34%	

Source: Fund Manager calculations.

1. Calculation based on the number of paid shares at the Registration date for each year excluding treasury shares at the same date. For 2020, the calculation is based on the number of paid shares excluding treasury shares acquired as at 16 October 2020. Note: The Fund Manager's dividend proposals are calculated based on the Fund's Annual Cash Distribution Policy.

2. Includes dividends from Romgaz and Nuclearelectrica, which were unlisted at that time.

3. As at 30 April 2014.

4. As at 29 May 2015.

5. As at 9 June 2016.

6. As at 6 June 2017.

7. As at 11 June 2018.

8. As at 10 June 2019.

9. As at 10 June 2020.

10. Based on the portfolio companies' dividend distributions received as at 30 September 2020.

11. Based on the estimated 2020 Total dividends and the number of paid shares excluding treasury shares acquired as at 16 October 2020.

# GSM agenda





## EGM agenda:

- The approval of several amendments to the Change of the Constitutive Act
- The approval of the twelfth buy-back programme



## OGM agenda:

- The approval of 2021 budget
- The appointment of two members in the Board of Nominees of Fondul Proprietatea following the termination of two of the mandates: Ilinca von Derenthall, Ovidiu Fer and Ciprian Ladunca



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The Fund's headquarters are located at 78-80 Buzesti Street, 7th Floor, Bucharest, 1st District, 011017, Romania. Fund's Fiscal Identification Code is 18253260 and Trade Registry registration number is J40/21901/2005. The subscribed share capital is RON 3,749,282,292.08 and paid up share capital is RON 3,560,099,870.08.

Starting with 1 April 2016, in view of complying with the AIFMD, implemented in the Romanian legislation through Law no. 74/2015 on managers of alternative investment funds and Regulation no. 10/2015 on alternative investment fund management, Fondul Proprietatea SA, qualifying as an alternative investment fund, is managed by Franklin Templeton Investment Services S.À R.L. ("FTIS a société à responsabilité limitée qualifying as an alternative investment fund manager under article 5 of the Luxembourg law of 12 July 2013 on alternative investment fund managers, authorized by the Commission de Surveillance du Secteur Financier under no. A00000154/21 November 2013, whose registered office is located at 8a, rue Albert Borschette, L-1246 Luxembourg, registered with the Luxembourg register of commerce and companies under number B36.979, registered with the Romanian Financial Supervisory Authority under number PJM07.1AFIASMDLUX0037/10 March 2016.

This presentation herein is issued by Franklin Templeton Investment Management Limited ("FTIML"), registered with the FSA under no. PJM01SFIM/400005/14 September 2009, which is authorized and regulated in the UK by the Financial Conduct Authority, registered therein under the number 121779, registered as a foreign equivalent of an investment adviser with the US Securities Exchange Commission, acting through its Romanian branch having its registered office at Premium Point, 78-80 Buzesti Str., 7-8th floors, 1st. District, Bucharest, Romania.

FTIML acts herein as a delegate of FTIS with respect to the portfolio management functions as well as administration services over the Fund.

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