

A photograph of three business professionals in a meeting. A man on the left is pointing at a laptop screen displaying a bar chart. A man in the middle with glasses is looking at the screen. A woman on the right is also looking at the screen. They are sitting at a table with a coffee cup and a smartphone. The background shows a window with a view of a building.

# Fondul Proprietatea – General Shareholders Meeting

15 December 2021



# Fund Information

# Key Facts



## Fund Details

Key figures	RON	USD
NAV as at 29 November 2021	<b>12.13 bn</b>	<b>2.77 bn</b>
NAV/Share as at 29 November 2021	<b>2.0692</b>	<b>0.4719</b>
Price/Share as at 14 December 2021	<b>1.8320</b>	<b>0.4189</b>
Price/GDR as at 14 December 2021	<b>91.84</b>	<b>21.00</b>
Market Capitalization as at 14 December 2021 <sup>1</sup>	<b>10.73 bn</b>	<b>2.45 bn</b>
(Discount)/Premium per Share as at 14 December 2021		<b>(12.99)%</b>
(Discount)/Premium per GDR as at 14 December 2021		<b>(15.27)%</b>
Number of Paid Shares less Treasury Shares <sup>2</sup>		<b>5,858,647,708</b>
<b>Dividend Yield</b>		
Dividend Yield for the RON 0.0720 Dividend/Share <sup>3</sup>		<b>4.17%</b>
Dividend Yield for the RON 0.0700 Dividend/Share <sup>4</sup>		<b>3.91%</b>
Dividend Yield for the RON 0.0600 Dividend/Share <sup>5</sup>		<b>3.29%</b>
Total Dividend Yield		<b>11.37%</b>
<b>Investment Objective</b>		

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 November 2021 Factsheet, Fund Manager calculations.

Note 1: The discount/premium is calculated based on the latest published NAV available for the day of the calculation.

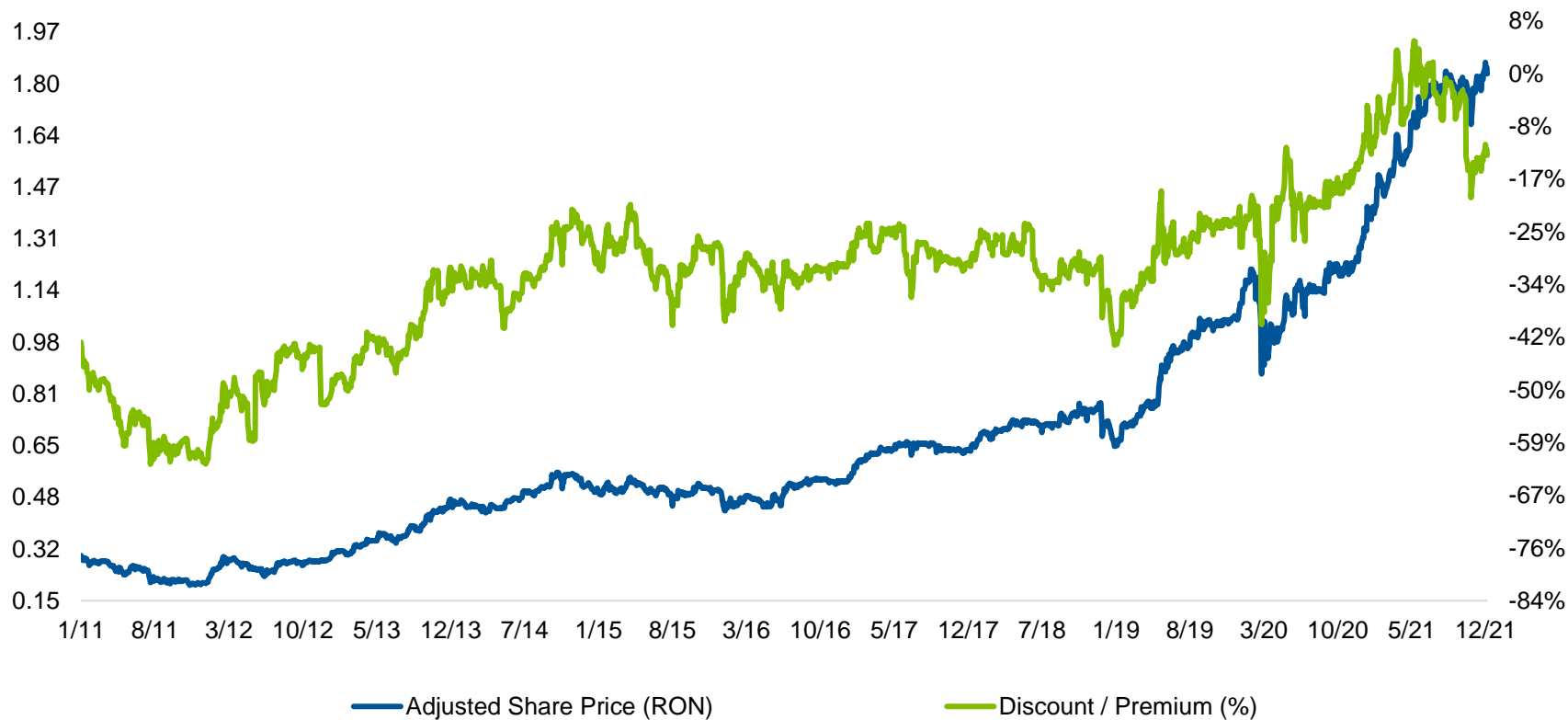
Note 2: The USD values are calculated based on the NBR FX as at the day of the calculation.

1. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 10 December 2021.
2. As at 10 December 2021.
3. Yield calculated based on FP share price as at 28 May 2021, the Registration date for the RON 0.0720 dividend per share distribution approved by shareholders during the 28 April 2021 GSM.
4. Yield calculated based on FP share price as at 6 August 2021, the Registration date for the RON 0.0700 dividend per share distribution approved by shareholders during the 16 July 2021 GSM.
5. Dividend proposal submitted for shareholders' approval during the 15 December 2021 GSM. Dividend yield calculated based on FP's 14 December 2021 share price.

# Market performance



## FP Adjusted Share Price (RON) vs. Discount / Premium (%)

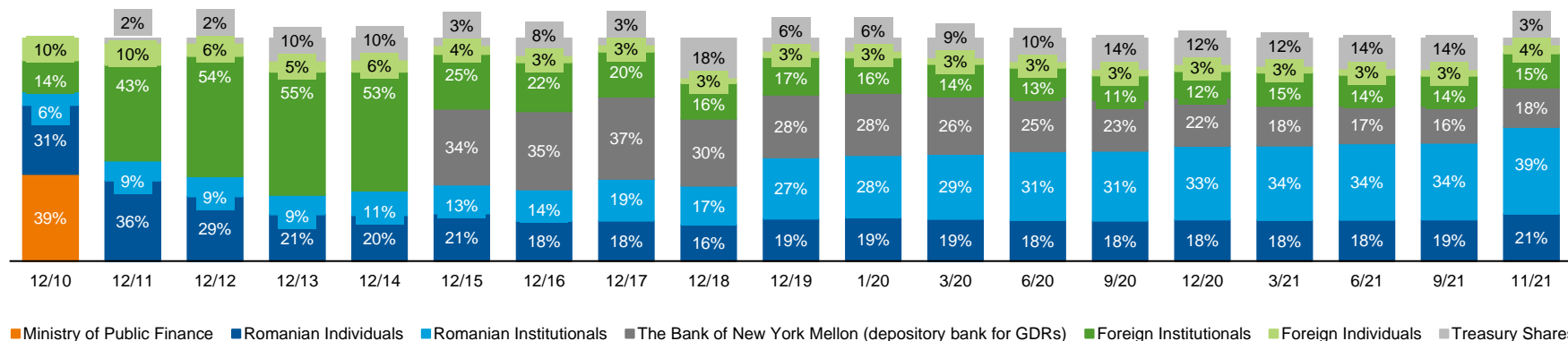


Source: Fund Manager calculations, Bloomberg and BVB for the period 25 January 2011 – 14 December 2021.  
 Note: The discount/premium is calculated based on the latest published NAV available for the day of the calculation.

# Shareholder structure



## Evolution (% Held)<sup>1</sup>



## Largest Shareholders<sup>2</sup>

Silver Point Capital Funds	10.85%
NN Group	10.01%
Allianz-Tiriac Private Pension Funds	5.05%
Total Number of Shareholders <sup>3</sup>	11,098

**All treasury shares repurchased by the Fund are being cancelled on a regularly basis.**

- Note: Based on the paid share capital starting December 2011. Source: FP shareholder structure reports.
- Note: Based on the total voting rights. Source: Ownership disclosures submitted by Silver Point Capital Funds on 9 December 2021, NN Group on 6 March 2020, and Allianz-Tiriac Private Pension Funds on 1 July 2019.
- Source: FP shareholder structure as at 30 November 2021.



# Portfolio

**FONDUL**  
PROPRIETATEA

 **FRANKLIN  
TEMPLETON**

# Largest Holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake <sup>1</sup>	NAV as at 29 October 2021 (USD mn)	% in NAV as at 29 October 2021
Hidroelectrica	Unlisted	Romanian State	19.9%	1,703.2	58.5%
OMV Petrom	Listed	OMV	7.0%	460.1	15.8%
Engie Romania	Unlisted	Engie	12.0%	142.2	4.9%
Bucharest Airports	Unlisted	Romanian State	20.0%	139.4	4.8%
Constanta Port	Unlisted	Romanian State	20.0%	62.2	2.1%
E-Distributie Banat	Unlisted	Enel Group	24.1%	59.2	2.0%
E-Distributie Muntenia	Unlisted	Enel Group	12.0%	48.9	1.7%
Alro	Listed	Vimetco N.V.	10.2%	48.1	1.7%
E-Distributie Dobrogea	Unlisted	Enel Group	24.1%	44.4	1.5%
Salrom	Unlisted	Romanian State	49.0%	43.0	1.5%
<b>Top 10 Portfolio Holdings</b>				<b>2,750.7</b>	<b>94.4%</b>
<b>Net Cash and Receivables</b>				<b>107.3</b>	<b>3.7%</b>
<b>NAV</b>				<b>2,912.8</b>	<b>100.0%</b>
<b>NAV Per Share (USD)</b>				<b>0.4957</b>	

Source: FP October 2021 Factsheet. Note: Values in USD calculated using the NBR USD/RON FX rate as at 29 October 2021.

1. Based on the FP 30 September 2021 Detailed Statement of Investments.

# Top Portfolio Holdings – 9mo Net profits

Top Holdings	Net Profit (RON mn)		
	9mo 2020	9mo 2021	% change
Hidroelectrica	1,264.2	2,566.8	103.0%
OMV Petrom	826.3	1,676.0	102.8%
Bucharest Airports	(49.6)	35.3	171.2%
Constanta Port	124.3	144.0	15.8%
Alro	273.4	(24.7)	(109.0)%
<b>Total</b>	<b>2,438.6</b>	<b>4,397.4</b>	<b>80.3%</b>

Source: OMV Petrom and Alro 9mo 2021 results reports, 9mo 2021 preliminary results for Hidroelectrica, Bucharest Airports, and Constanta Port.



# Hidroelectrica – Update

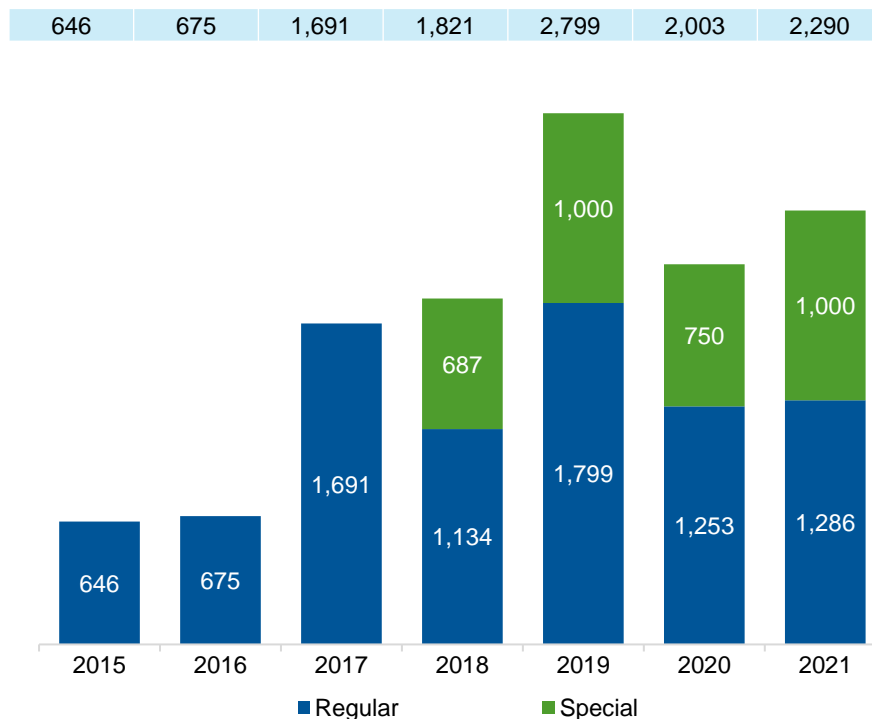


## 9mo 2021 results:

- According to the management, in the first 9 months of 2021 the company's performance was as follows compared to the similar period of 2020:
  - **Turnover** of RON 4,688.3 mn, up 70%,
  - **EBITDA** of RON 3,612.8 mn, up 87%,
  - **Operating profit** of RON 3,116.7 mn, up 111%,
  - **Net profit** of RON 2,566.8 mn, up 103%
- **Electricity sold** was 14.08 TWh, up 18% y.o.y, out of which electricity sold out of its own production reached 13.61 TWh, up 26% y.o.y.
- Over the period, the **average realized selling price** was up 48% to RON 305.42 per MWh.
- As a result of the changes to the Romanian Water Law implemented during 2020, as well as higher electricity production volumes, the company registered total costs with the water used to produce electricity of RON 443 million, up from RON 228 million during the similar period of 2020.
- The company's **net cash position** was RON 2.50 bn as at 30 September 2021.



## Dividends paid in (RON mn)



Source: Hidroelectrica's management estimations for 9mo 2021, Annual financial statements, GSM decisions.

# Bucharest Airports – Update (I)

Financials	2016	2017	2018	2019	2020	9mo 2020	9mo 2021	% y.o.y.
Operating revenues (RON mn)	754.7	890.9	992.6	1,066.6	405.6	304.3	386.6	27.0%
Operating result (RON mn)	263.6	337.6	445.9	399.0	(178.0)	(57.5)	37.5	165.2%
Net Income/Loss (RON mn)	224.7	290.7	371.8	359.6	(146.4)	(49.6)	35.3	171.2%
Number of passengers (mn)	10.99	12.84	13.84	14.73	4.47	3.77	4.91	30.2%

## Operational update

- Following a strong recovery in traffic during the summer season, Bucharest Airports returned to profitability at the end of September 2021.
- Traffic in the first nine months of 2021 stood at 4.9 million passengers, 56% below pre-Covid levels, but up by 30% y.o.y..

## COVID-19 considerations

- The latest traffic report from ACI Europe, the airport industry trade body, reveals that traffic in EU airports from July 2021 decreased by 49% compared to the same period of 2019.

Source: Bucharest Airports IFRS financial statements, management estimations, ACI Europe website.

## Bucharest Airports – Update (II)

### Baneasa Airport share capital increase



- During the October 2021 GSM, the Ministry of Transport voted in favor of a share capital increase with the land inside the Baneasa Airport, brought as Romanian state's contribution in kind to the company's capital. This was the third time the process to increase the share capital was initiated since 2001, when Baneasa Airport received the land ownership certificates. According to the GSM documentation, the proposed value for the share capital increase was RON 3.81 bn.
- The share capital increase approved in the GSM was RON 4.76 bn: RON 3.81 bn as in-kind contribution of the Romanian State, calculated as value of the land parcels as per the 2021 land valuation report, and RON 953.70 mn as value of shares to be subscribed by Fondul Proprietatea for maintaining its 20% ownership.
- The preference rights may be used by the Fund within 60 days calculated starting with date when the shareholders resolution is published in the Official Gazette. After the 60 days period expires, the share capital will be increased with the value of the paid-up shares (the Romanian State's contribution in kind is already considered to be completed). If the Fund does not subscribe, the unsubscribed shares will be cancelled.
- The Fund Manager already expressed its opinion strongly disputing the fundamentally flawed 2021 land valuation report, as it attributes a very high value to the land, despite a previously approved valuation report from 2017, which set the value of the same land at RON 269.17 mn.
- The Fund Manager already started several court cases: one for the annulment of the shareholders' resolution, and a second one asking the court to suspend the entire process until the claim for annulment is irrevocably closed. In addition, we filed a challenge against the registration of the shareholders' resolution with the trade register. Unfortunately, the duration of court cases in Romania is unpredictable so we cannot provide an estimate on when these cases would be resolved. However, the Fund Manager will continue to pursue all available legal means to have a solution as soon as possible.

# Constanta Ports – Update

<b>Financials</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>9mo 2020</b>	<b>9mo 2021</b>	<b>% y.o.y.</b>
Operating revenues (RON mn)	314.0	330.5	345.2	369.0	398.8	257.8	311.8	20.9%
Operating result (RON mn)	54.8	93.8	95.8	117.0	145.9	133.5	156.3	17.1%
Net Income (RON mn)	36.8	79.7	75.7	108.2	130.3	124.3	144.0	15.8%
Total traffic (thousands tons)	59.4	58.4	61.3	66.6	60.4	44.8	51.5	15.0%

## Operational updates

- Turnover surged by 21% y.o.y. in the first nine months of 2021, driven mainly by services rendered to ships.
- Traffic was also up by 15% y.o.y. to 51.5 million tons, with strong double-digit growth in agricultural products, and iron and non-ferrous ores.
- Net profit reached RON 144 million, 16% higher y.o.y. and already above the FY 2020 net result.

Source: Constanta Port financial statements and annual reports, 9mo 2021 preliminary results.



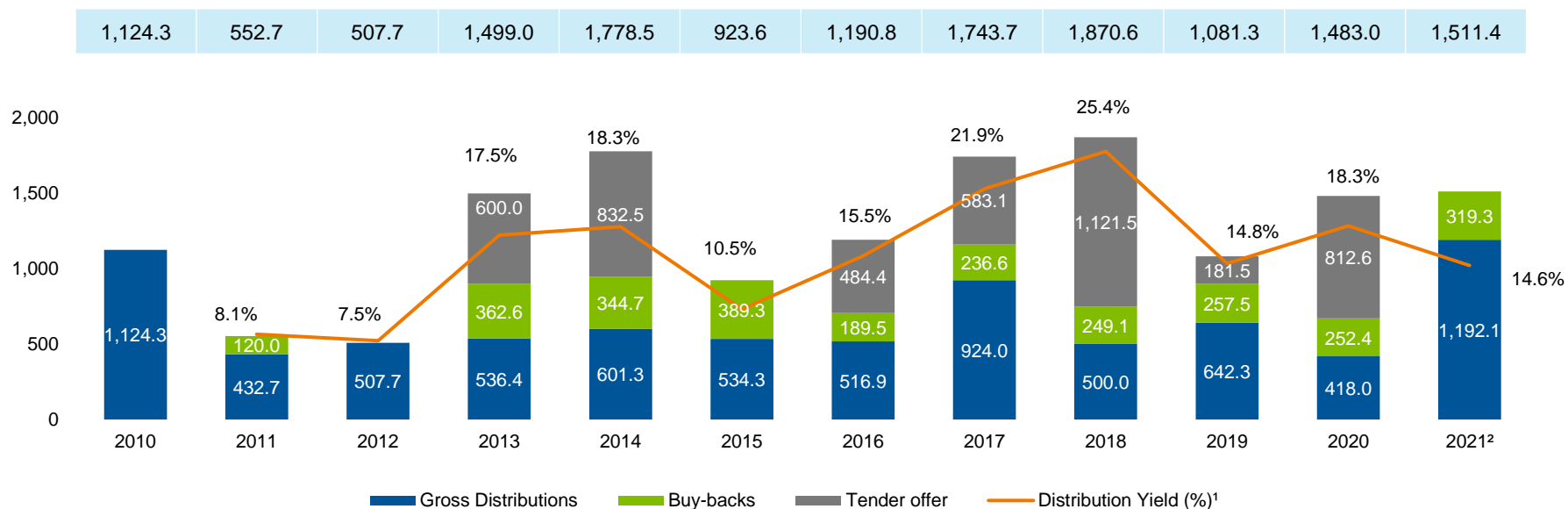
# Corporate Actions



# Distributions to Shareholders



## Annual Distributions to Shareholders (RON mn)



The total distributions through buy-backs and cash would amount to RON 15.3 bn/USD 4.6 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 2021, average USD/RON FX as at 14 December.

- 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 at year-end. For 2021, average closing share price as at 14 December and average number of paid shares excluding Treasury shares as at 10 December.
- Based on buy-backs as at 10 December, RON 0.072/share special distribution payable starting 22 June, RON 0.07/share special distribution payable starting 27 August, RON 0.06/share special distribution submitted for shareholders' approval in the 15 December 2021 GSM, and number of paid shares excluding Treasury shares as at 10 December.
- As at 14 December 2021.

## 15 December 2021 GSM Agenda – Main Points (I)



Only the persons registered as shareholders of Fondul Proprietatea on **26 November 2021** (the **Reference Date**) in the register of shareholders kept by Depozitarul Central S.A. have the right to participate and vote at the GSM that will take place starting **1.00 p.m.** Romanian time, at Athénée Palace Hilton Bucharest Hotel, Enescu room, 1-3 Episcopiei street, 1<sup>st</sup> district, Bucharest



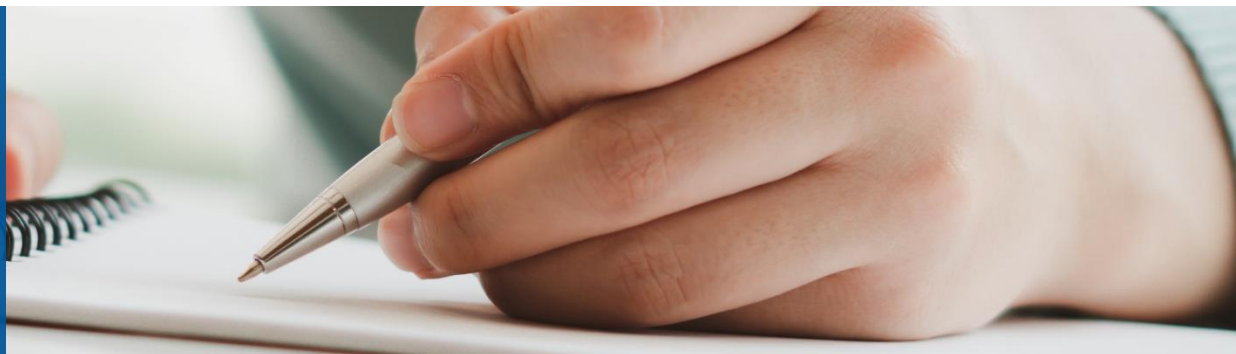
### EGM agenda

- The approval of the thirteen buy-back programme for a maximum number of 800,000,000 treasury shares starting with the date when the GSM resolution is published in the Romanian Official Gazette, until 31 December 2022.
- The approval of the amended Investment Policy Statement, which shall be in force starting with 1 April 2022.

## 15 December 2021 GSM Agenda – Main Points (II)

### The approval of:

27 January 2022 as the Ex – Date  
28 January 2022 as the Registration Date  
18 February 2022 as the Payment Date



### OGM agenda

- The approval of the 2022 budget.
- The approval of a gross special dividend of RON 0.06 per share.
- The approval of the terms along with the execution of the Management Agreement between Fondul Proprietatea and Franklin Templeton International Services S.à r.l., for a duration of 2 years starting with 1 April 2022.



# Disclaimer (I)

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December 2021

## Disclaimer (II)

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In addition, the list of investor rights can be found in the Constitutive Act, available on the Fund's website, in the Corporate Governance section, here: <https://www.fondulproprietatea.ro/about-fund/fund-overview/corporate-governance>.

The price of shares and income from them can go down as well as up and you may lose some or all of your capital invested. The previous results of a fund or company do not account for future performances. Currency fluctuations will affect the value of foreign investments. All investments are subject to certain risks. Generally, investments offering the potential for higher returns are accompanied by a higher degree of risk. Stocks and other equities representing an ownership interest in a corporation have historically outperformed other asset classes over the long term but tend to fluctuate more dramatically over the shorter term. Small or relatively new companies can be particularly sensitive to changing economic conditions due to factors such as relatively small revenues, limited product lines, and small market share. Smaller company stocks have historically exhibited greater price volatility than larger company stocks, particularly over the short term. The significant growth potential offered by Emerging Markets remains accompanied by heightened risks when compared to developed markets, including risks related to market and currency volatility, adverse social and political developments, and the relatively small size and lesser liquidity of these markets.

The Fund's headquarters are located at 76-80 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 3,334,342,422.84 and paid-up share capital is RON 3,145,160,000.84.

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 FTIS, acting through its Romanian branch having its registered office at 76-80 Buzesti Str., 8th floor, 1st. District, 011017, Bucharest, Romania.

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