

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

29 September 2021

# Fund Information



# The Fund – Key Facts



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

	RON	USD
NAV	11.03 bn	2.64 bn <sup>2</sup>
NAV/Share	1.8691	0.4478 <sup>2</sup>
Price/Share	1.8200	0.4360 <sup>2</sup>
Price/GDR	91.83 <sup>2</sup>	22.00
Market Capitalization as at 28 September 2021	10.54 bn	2.49 bn <sup>3</sup>
(Discount)/Premium per Share as at 28 September 2021		(4.34)%
(Discount)/Premium per GDR as at 28 September 2021		(7.10)%
Number of Paid Shares less Treasury Shares <sup>4</sup>		5,894,806,388
<b>Investment Objective</b>		
Dividend Yield for the RON 0.0720 Dividend/Share <sup>5</sup>		4.17%
Dividend Yield for the RON 0.0700 Dividend/Share <sup>6</sup>		3.91%

Maximization of returns to shareholders and increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities

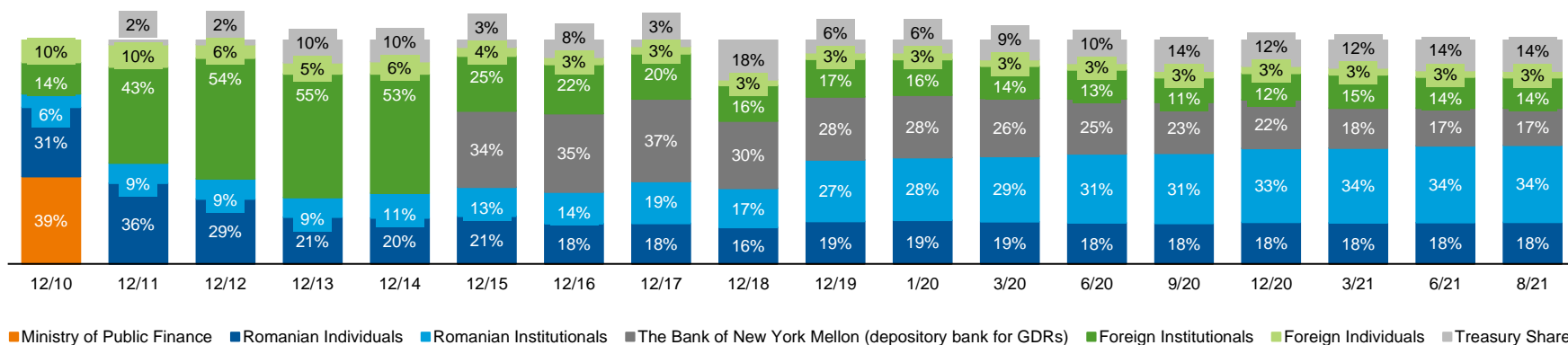
Source: BVB, FP August 2021 Factsheet.

1. As at 31 August 2021. Based on local regulator methodology.
2. Computed using the NBR USD/RON FX rate as at 31 August 2021.
3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 24 September 2021. Computed using the NBR USD/RON FX rate as at 28 September 2021.
4. As at 24 September 2021.
5. Yield calculated based on the 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.
6. Yield calculated based on the 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.

# Shareholder structure



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



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

NN Group	10.01%
Silver Point Capital Funds	5.07%
Allianz-Tiriac Private Pension Funds	5.05%
Total Number of Shareholders <sup>3</sup>	9,633

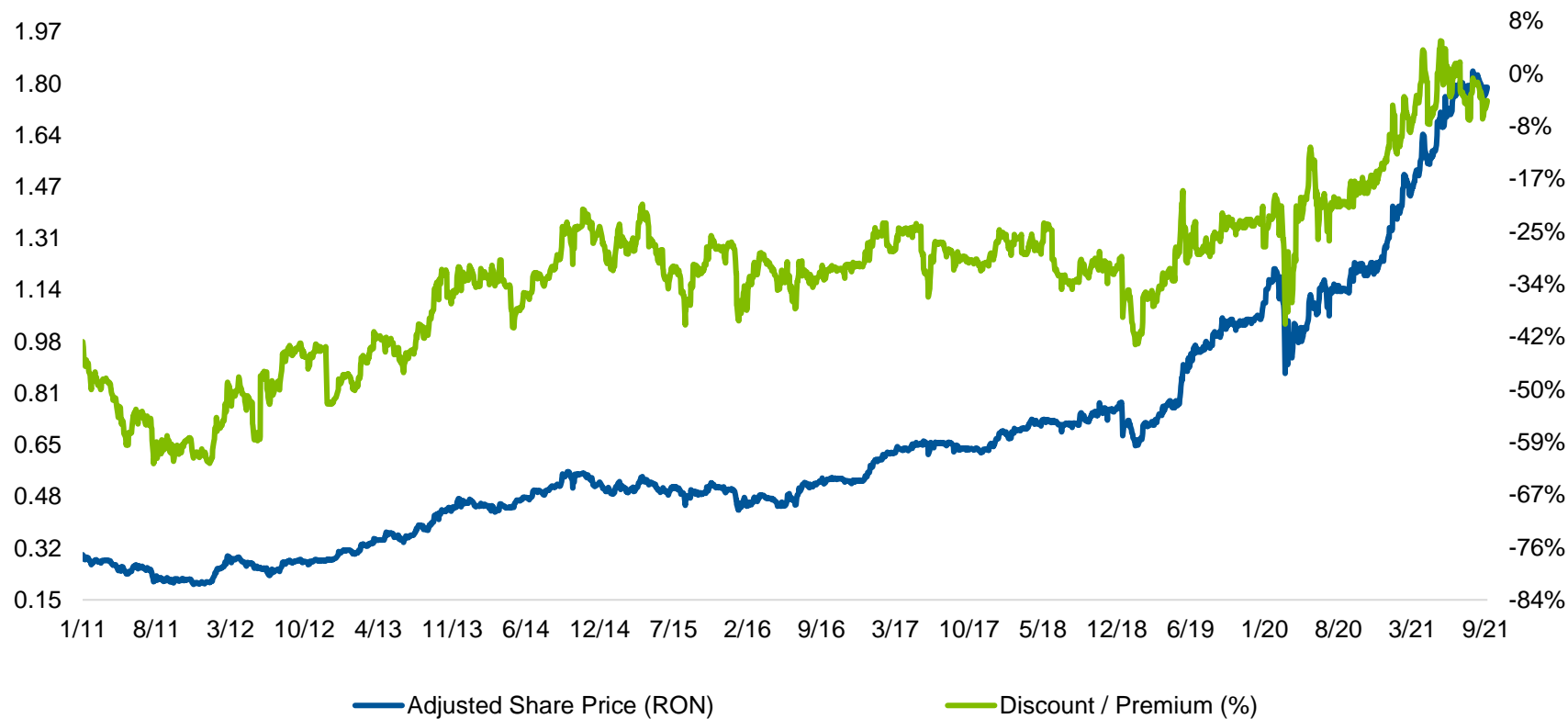
**All treasury shares repurchased by the Fund are being cancelled on a regularly basis.**

1. Note: Based on the paid share capital starting December 2011. Source: FP shareholder structure reports.  
 2. Note: Based on the total voting rights. Source: Ownership disclosures submitted by NN Group on 6 March 2020, Allianz-Tiriac Private Pension Funds on 1 July 2019, and Silver Point Capital Funds on 4 May 2021.  
 3. Source: FP shareholder structure as at 31 August 2021.

# FP Market performance



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



Source: Bloomberg and BVB, for the period 4 January – 28 September 2021. Based on the NBR USD/RON FX rate as at 28 September 2021.



# Portfolio

**FONDUL**  
PROPRIETATEA

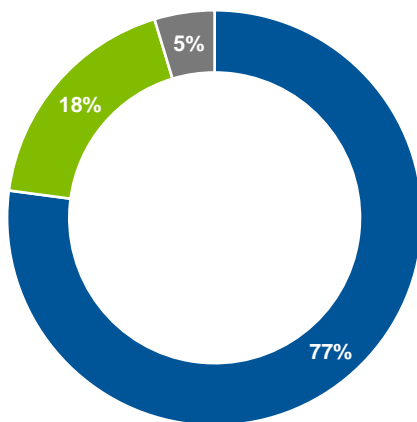


# Current Portfolio Structure



## Listed vs Unlisted

(% of NAV as at 31 August 2021)<sup>1</sup>

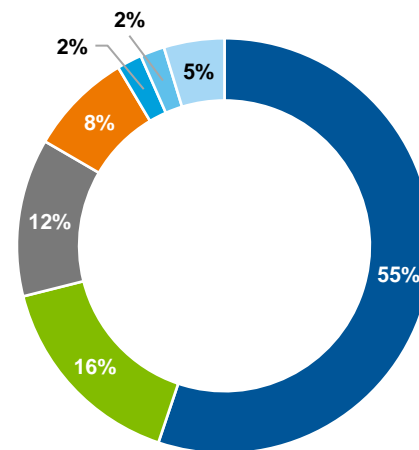


■ Unlisted   ■ Listed   ■ Net Cash & receivables



## By Sector

(% of NAV as at 31 August 2021)<sup>1</sup>



■ Power Utilities: Generation   ■ Infrastructure  
 ■ Oil & Gas   ■ Heavy industry  
 ■ Power & Gas Utilities: Distribution & Supply   ■ Aluminium  
 ■ Net Cash & Receivables

- As at 31 August 2021, the portfolio included stakes in 32 companies (6 listed and 26 unlisted)
- The net cash and receivables as at 31 August 2021 was USD 123.5 million<sup>2</sup>.

1. Source: FP August 2021 Factsheet.

2. Source: 31 August 2021 NAV report, based on the NBR RON/USD FX rate as at 31 August 2021.

# Largest Holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake <sup>1</sup>	NAV as at 31 August 2021 (USD mn)	% in NAV as at 31 August 2021
Hydroelectrica	Unlisted	Romanian State	19.9%	1,446.8	54.8%
OMV Petrom	Listed	OMV	7.0%	417.8	15.8%
Engie Romania	Unlisted	Engie	12.0%	144.7	5.5%
Bucharest Airports	Unlisted	Romanian State	20.0%	141.8	5.4%
Constanta Port	Unlisted	Romanian State	20.0%	63.3	2.4%
E-Distributie Banat	Unlisted	Enel Group	24.1%	60.2	2.3%
Alro	Listed	Vimetco N.V.	10.2%	49.6	1.9%
E-Distributie Muntenia	Unlisted	Enel Group	12.0%	49.8	1.9%
E-Distributie Dobrogea	Unlisted	Enel Group	24.1%	45.2	1.7%
Salrom	Unlisted	Romanian State	49.0%	43.8	1.7%
<b>Top 10 Portfolio Holdings</b>				<b>2,462.9</b>	<b>93.2%</b>
<b>NAV</b>				<b>2,642.3</b>	<b>100.0%</b>
<b>NAV Per Share (USD)</b>				<b>0.4478</b>	

Source: FP August 2021 Factsheet. Note: Values in USD calculated using the NBR USD/RON FX rate as at 31 August 2021.

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



# Top Portfolio Holdings – H1 2021 Key financials

Top Holdings	Net Profit (RON mn)		
	H1 2020	H1 2021	% change
Hidroelectrica	805.5	1,687.4	109.5%
OMV Petrom	867.0	979.6	13.0%
Bucharest Airports	(27.4)	(53.6)	95.6%
Constanta Port	90.5	100.9	11.5%
Alro	253.7	(47.6)	(118.8)%
Salrom	4.1	22.2	443.9%
<b>Total</b>	<b>1,993.4</b>	<b>2,688.9</b>	<b>34.9%</b>

Source: OMV Petrom and Alro H1 2021 results reports, H1 2021 preliminary individual results for Hidroelectrica, Bucharest Airports, Constanta Port and Salrom.



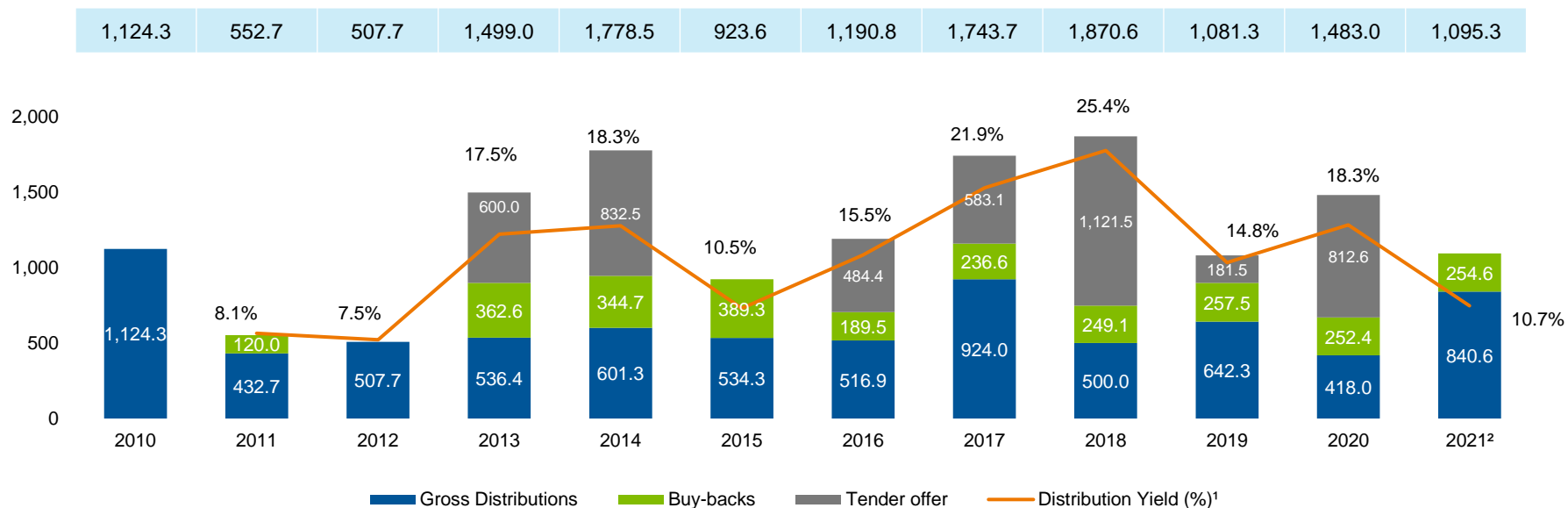
# Corporate Actions



# Distributions to Shareholders



## Annual Distributions to Shareholders (RON mn)



The total distributions through buy-backs and cash would amount to RON 14.9 bn/USD 4.0 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 28 September.

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 at year-end. For 2021, average closing share price as at 28 September and average number of paid shares excluding Treasury shares as at 24 September.
2. Based on RON 0.072/share special distribution payable starting 22 June, RON 0.07/share special distribution payable starting 27 August, and number of paid shares excluding Treasury shares as at 24 September.
3. As at 28 September 2021.

# Special Dividend Distributions in 2021



RON 0.0720 gross dividend per share<sup>1</sup>

RON 0.0700 gross dividend per share<sup>2</sup>



## Main dates related to the RON 0.0720 gross dividend per share distribution<sup>1</sup>

- NAV Ex-Date: 29 April 2021
- Share price Ex-Date: 27 May 2021
- Registration Date: 28 May 2021
- Payment Date: 22 June 2021



## Main dates related to the RON 0.0700 gross dividend per share distribution<sup>2</sup>

- NAV Ex-Date: 30 July 2021
- Share price Ex-Date: 5 August 2021
- Registration Date: 6 August 2021
- Payment Date: 27 August 2021

Source: 28 April 2021 Annual GSM Resolutions and 16 July 2021 OGSM Resolution.

1. Approved by the Fund's shareholders during the 28 April 2021 Annual GSM.

2. Approved by the Fund's shareholders during the 16 July 2021 OGSM.

# Cash Distributions to Shareholders

Distribution	Financial year	Paid in	Gross Cash distribution (RON/share)	Net Cash distribution (RON/share)
Dividend	2008-2009 (aggregate)	2010	0.08160	0.06854
Dividend	2010	2011	0.03141	0.02638
Dividend	2011	2012	0.03854	0.03237
Dividend	2012	2013	0.04089	0.03435
Return of Capital	-	2014	0.05000	0.05000
Return of Capital	-	2015	0.05000	0.05000
Return of Capital	-	2016	0.05000	0.05000
Special Distribution	-	2017	0.05000	0.05000
Return of Capital	-	2017	0.05000	0.05000
Dividend	2017	2018	0.06780	0.06441
Dividend	2018	2019	0.09030	0.08579
Dividend	2019	2020	0.06420	0.06099
Special Dividend	-	Starting 22 June 2021	0.07200	0.06840
Special Dividend	-	Starting 27 August 2021	0.07000	0.06650
<b>Total</b>			<b>0.80674</b>	<b>0.75773</b>

Source: Investment Manager.

Note: Values resulted after applying the standard Romanian dividend withholding tax rate (amounting to 16% for the 2010 – 2013 dividend distributions and 5% for the 2018 – 2021 dividend distributions) to the value of the Gross Cash Distribution per Share. Shareholder could benefit from a reduced dividend withholding tax rate or tax exemption, if either Double Taxation Treaty provisions or a specific Romanian tax law exemption was applicable. The tax treatment of cash distributions resulting from a share capital decrease is uncertain under the Romanian tax law. Based on our understanding of Romanian tax law, we are of the opinion there are good arguments to assume that the cash distribution is not subject to Romanian withholding tax.

## 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
Eleventh	1 Jan – 31 Dec 2020	Finalized	797.96 mn/11.07%	1.3347 <sup>2</sup>	Auerbach Grayson, Swiss Capital	Cancellation of shares approved by shareholders during the 28 April 2021 Annual GSM <sup>1</sup>
Twelfth	1 Jan – 31 Dec 2021	Ongoing	800.00 mn/11.10%	1.6581 <sup>3</sup>	Auerbach Grayson, Swiss Capital	The cancellation of shares will be subject to shareholders' approval in 2022

Source: Alternative Investment Fund Manager current reports, Alternative Investment 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. Based on the 797,961,287 shares repurchased (555,481,637 ordinary shares and 242,479,650 equivalent shares of the GDRs repurchased).
3. As at 24 September 2021. Based on the 153,578,229 shares repurchased (112,893,729 ordinary shares and 40,684,500 equivalent shares of the GDRs repurchased).

## 29 September 2021 GSM Agenda – Main Points (I)



Only the persons registered as shareholders of the Fondul Proprietatea on 9 September 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, Le Diplome Salon, 1-3 Episcopiei Street, 1<sup>st</sup> district, Bucharest



### EGM agenda

- The approval of the amendment of the authorization to buy-back shares and GDRs of Fondul Proprietatea granted by the Fund's shareholders to the Sole Director during the 13 November 2020 GSM, as follows: "The buy-back shall be performed at a price that cannot be lower than RON 0.2 / share or higher than RON 2.5 / share."
- All other aspects of the buy-back programme as approved by shareholders remain unchanged.

## 29 September 2021 GSM Agenda – Main Points (II)

According to Article 19 paragraph (3) of the Constitutive Act of Fondul Proprietatea, the two subpoints A and B below should not be voted in the same manner since they are mutually exclusive, e.g., voting "in favour" of one should mean voting "against"/ "abstention" of the other



### OGM agenda

**A.** The approval of the renewal of the mandate of Franklin Templeton International Services S.à r.l. as the alternative investment fund manager and sole director of Fondul Proprietatea for a duration of two years starting with 1 April 2022, based on the following key commercial elements:

- Base fee / year 0.45%,
- Distribution fee 2.50% applied to the value of the distributions during 1 April 2022 – 31 March 2023 and 1.75% applied to the value of the distributions during 1 April 2023 – 31 March 2024
- The mandate continuation vote will take place in April 2022, and there will not be a mandate continuation vote in April 2023 as there will be a negotiation for a new mandate during the same year.

**B.** The approval of the appointment of a new sole director of Fondul Proprietatea that will act as alternative investment fund manager for a mandate of two years starting with 1 April 2022, according to legal provisions in force. For this point, shareholders can propose candidates and commercial terms for each candidate proposed until 6 September 2021, 5:00 PM (Romanian time).



# Key terms of the Management Agreement in force

## Management Agreement – Starting 1 April 2020



### Base Fee per Year

0.60%

- Discount 15% – 20%, + 0.05%, i.e. Base Fee Rate = 0.65%
- Discount <15%, + additional 0.05%, i.e. Base Fee Rate = 0.70%



### Distribution Fees for Cash Distribution

- 1.00%: 1 April 2020 – 31 March 2022



### Duration

- 2 years



### Consideration for Base Fee

- Weighted average market cap of the Fund



### Consideration for Cash Distribution Fee

- Share buy-backs, GDR buy-backs, share capital returns, dividends



### Continuation Vote

- Annually, each April

Source: Fondul Proprietatea GSMs documentation.

# Key Terms of the Proposed Management Agreement

(subject to shareholders' approval)

## Management Agreement – Starting 1 April 2022



### Base Fee per Year

- 0.45%



### Distribution Fees for Cash Distribution

- 2.50%: 1 April 2022 – 31 March 2023
- 1.75%: 1 April 2023 – 31 March 2024



### Duration

- 2 years



### Consideration for Base Fee

- Weighted average market cap of the Fund



### Consideration for Cash Distribution Fee

- Share buy-backs, GDR buy-backs, share capital returns, dividends



### Continuation Vote

- There will not be a mandate continuation vote in April 2023 as there will be a negotiation for a new mandate during the same year

Source: Fondul Proprietatea 29 September 2021 GSM documentation.

# Disclaimer (I)

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September 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 3,749,282,292.08 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 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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