

THE ACTIVITY OF THE BOARD OF NOMINEES FOR THE YEAR 2020

20 April 2021



Board of Nominees – Structure as at 31 December 2020



Piotr Rymaszewski

Position in BoN: Chairperson

Other Current Roles: CEO at Octava Asset Management and Octava SA

Mandate Until: 5 April 2021



Ilinca von Derenthall

Position in BoN: Member

Other Current Roles: Independent non-Executive Board Director

Mandate Until: 25 November 2023



Ciprian Ladunca

Position in BoN: Member

Other Current Roles: Independent non-Executive Board Director

Mandate Until: 15 November 2023



Mark H. Gitenstein

Position in BoN: Member

Other Current Roles: Special Counsel, Mayer Brown LLP

Mandate Until: 29 September 2022



Julian Healy

Position in BoN: Member

Other Current Roles: Independent non-Executive Board Director

Mandate Until: 5 April 2021

Board of Nominees – Current Structure



Ilinca von Derenthall

Position in BoN: Chairperson

Other Current Roles: Independent Non-Executive Director

Mandate Until: 25 November 2023



Omer Tetik

Position in BoN: Member

Other Current Roles: CEO, Banca Transilvania S.A.

Mandate Until: 5 April 2024



Ciprian Ladunca

Position in BoN: Member and Chairperson of Audit and Valuation Committee

Other Current Roles: Independent Non-Executive Director

Mandate Until: 15 November 2023



Mark H. Gitenstein

Position in BoN: Member

Other Current Roles: Special Counsel, Mayer Brown

Mandate Until: 29 September 2022



Nick Paris

Position in BoN: Member and Chairperson of Nomination and Remuneration Committee

Other Current Roles: Independent Non-Executive Director

Mandate Until: 5 April 2024

Important developments and activities during 2020

- Completion of the eleventh buy-back programme for 797,961,287 shares. The total value of the programme excluding transaction costs was RON 1.07 billion, and the average share price was RON 1.3347 per share;
- Gross dividend distribution of RON 418.0 million to shareholders for the 2019 financial year;
- Completion of 3 tender offers for 585 million shares (374 million in the form of shares and 211 million in the form of GDRs), at a purchase price of RON 1.39 per share and the USD equivalent of RON 69.50 per GDR, executed in order to accelerate the eleventh buy-back programme;
- Continued efforts to promote the Fund and raise its visibility, as well as the visibility of the Romanian capital market, the local companies (listed or candidates for being listed), and of Romania in general, in the key financial centers.

Operations and important activities of the Board of Nominees during 2020

- Supporting the Fund Manager in its dialogue and interaction with government and regulatory authorities and the media, including participating in important high-level meetings;
- Meetings of the Consultative Committees (the Audit and Valuation Committee and the Nomination and Remuneration Committee), including meetings with the internal and financial auditors and external portfolio valuers;
- Portfolio review, discussion of asset management strategy and investor relations at least on quarterly basis;
- Monitoring the performance of the Fund Manager, analyzing reports (Performance Report, annual, semi-annual, quarterly and monthly reports), briefings and other documents related to the activities performed;
- Meetings are usually held quarterly, but also whenever decisions or discussions are required (18 meetings during 2020, especially because of pandemic and succession planning).

- BON has the duty under Management Agreement to review Performance Report prepared by Fund Manager for the Reporting Period (1 January – 31 December 2020) and report to shareholders.
- BON considers that the Performance Report provides a fair and materially accurate account of the Fund Manager's performance during the Reporting Period in respect of the two IPS Objectives and in respect of its fulfilment of its obligations as regards DCMs.
- The Discount Objective: The range of the average discount was of 49,71% – 39,96%, closing the year at a record low of 9,71%. The Discount Objective, as defined in the IPS, is to achieve a discount level of less than 15% during at least than 2/3 of the trading days in the Reporting Period. The average Discount for the Reporting Period was 21,06 %. The Discount Objective has, therefore, not been achieved. However, during 2021 the Discount Objective is met so far – please see the following slide for more details.
- The NAV Objective: NAV Objective has been achieved. The Adjusted NAV per share as at 31 December 2020 was RON 1.7709 and was higher than the NAV per share as at 31 December 2019, which was RON 1.7339.

1 January – 31 March 2021 Discount / Premium

January 2021	Discount/ Premium	February 2021	Discount / Premium	March 2021	Discount / Premium
04-Jan-21	-10.02%	01-Feb-21	-10.16%	01-Mar-21	-8.52%
05-Jan-21	-10.02%	02-Feb-21	-10.16%	02-Mar-21	-7.93%
06-Jan-21	-10.34%	03-Feb-21	-9.86%	03-Mar-21	-7.93%
07-Jan-21	-10.02%	04-Feb-21	-8.68%	04-Mar-21	-7.64%
08-Jan-21	-5.04%	05-Feb-21	-6.62%	05-Mar-21	-7.64%
11-Jan-21	-6.60%	08-Feb-21	-6.03%	08-Mar-21	-6.77%
12-Jan-21	-6.60%	09-Feb-21	-3.68%	09-Mar-21	-6.48%
13-Jan-21	-6.60%	10-Feb-21	-6.03%	10-Mar-21	-6.48%
14-Jan-21	-6.60%	11-Feb-21	-3.97%	11-Mar-21	-5.32%
15-Jan-21	-6.60%	12-Feb-21	-3.97%	12-Mar-21	-5.03%
18-Jan-21	-12.51%	15-Feb-21	-6.19%	15-Mar-21	-3.48%
19-Jan-21	-12.51%	16-Feb-21	-6.19%	16-Mar-21	-3.48%
20-Jan-21	-12.81%	17-Feb-21	-6.77%	17-Mar-21	-3.48%
21-Jan-21	-11.63%	18-Feb-21	-7.06%	18-Mar-21	-4.07%
22-Jan-21	-10.45%	19-Feb-21	-6.77%	19-Mar-21	-4.36%
25-Jan-21	-10.16%	22-Feb-21	-7.35%	22-Mar-21	-4.65%
26-Jan-21	-10.45%	23-Feb-21	-9.10%	23-Mar-21	-3.77%
27-Jan-21	-11.04%	24-Feb-21	-9.10%	24-Mar-21	-3.48%
28-Jan-21	-11.63%	25-Feb-21	-8.81%	25-Mar-21	-2.60%
29-Jan-21	-11.04%	26-Feb-21	-9.39%	26-Mar-21	-1.73%
				29-Mar-21	-1.14%
				30-Mar-21	+0.32%
				31-Mar-21	+2.08%

Factors Affecting Performance and Fund Manager Actions

- BON believes that the challenging local operating environment and market conditions, including the absence of new listings on the Bucharest Stock Exchange and the pandemic, have been contributing factors to the failure to achieve the Discount Objective.
- BON approves of the actions, including Discount Control Mechanisms, taken by the Fund Manager to increase the attractiveness of the Fund to investors and notes the need for the rigorous continued application of such actions going forwards to stimulate a sustained narrowing of the Discount.
- BON strongly supports continued appropriate shareholder activist efforts by the Fund Manager at investee companies and its robust and consistent approach to raising corporate governance standards and installing professional and independent management teams.

- The Performance Report provides a fair and materially accurate account for shareholders of the Fund Manager's performance during the Reporting Period.
- BoN encourages the Fund Manager to focus on increasing its efforts in applying Discount Control Mechanisms.
- Performance of the Fund Manager during the Reporting Period, in spite of the failure to achieve the Discount Objective, has been creditable and BON views the Fund Manager's efforts positively

- Potential changes of the Investment Policy Statement during the discussions for a new mandate
- Working with the Fund Manager in order to develop the future strategy of the Fund, especially with a view of eventually upcoming Hidroelectrica IPO
- Discount management policy and strategies
- On-going discussions regarding the strategy for the unlisted portfolio
- Continuous review of the Fund's portfolio strategy and performance
- Supporting the Fund Manager in the promotion of the Fund's goals and activities, especially with public authorities and media
- Evaluation of the Fund Manager's performance and preparation of recommendations to shareholders
- Support the Fund Manager in addressing challenges from the portfolio as effect of pandemic risk and other global challenges

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