



FOR IMMEDIATE DISTRIBUTION: 13 SEPTEMBER 2021

**THE FUND CONTESTS MASSIVE OVERVALUATION OF BĂNEASA AIRPORT LAND
OF 3.8 BILLION LEI, WHICH IS 11 TIMES MORE THAN THE PREVIOUSLY AGREED VALUATION AND
REQUESTS IMMEDIATE REVOCATION OF BUCHAREST AIRPORTS BOARD**

Bucharest, 13 September 2021 – Franklin Templeton International Services S.À R.L., as Alternative Investment Fund Manager and Sole Director (“Fund Manager”) of Fondul Proprietatea S.A. (“The Fund”) expresses its extreme dissatisfaction with the possibility that the Bucharest Airports National Company (“CNAB”) might shortly call a General Shareholders Meeting for the approval of a share capital increase based on an **excessive and disputed value of 3.8 billion lei for the land inside the Baneasa airport**, brought as a contribution in kind to the company's capital. This is the third time the process to increase the share capital was initiated since 2001, when Baneasa Airport received the land ownership certificates. Based on this latest disputed valuation, Fondul Proprietatea might be required to make a contribution of **953.7 million lei** in a potential share capital increase, failing which **its 20% participation would be diluted to 0.7%, an equivalent of RON 570 million in value destruction for FP shareholders and the Romanian capital market.**

Johan Meyer, CEO of Franklin Templeton Bucharest and Portfolio Manager of Fondul Proprietatea, said: *“Fondul Proprietatea is extremely frustrated and dissatisfied with the outcome of the latest valuation report for the land of Baneasa Airport, which was carried out in a glaringly unprofessional manner and includes many fundamental errors, which prompted the Fund to dispute its findings. This flawed approach led to a massive overestimation of the value of the land of 3.8 billion lei, which is 11 times more than the previously agreed valuation. FP clearly communicated to the interim board of CNAB the implications of relying on what is obviously a work of fiction for conducting a share capital increase, including legal risks to the company and the board. As always, Fondul Proprietatea will uphold its minority rights at Bucharest Airport and will oppose through all legal means at its disposal this valuation report as well as the implementation of the share capital increase using the disputed valuation. Again, this is an example of wasted resources that should instead be focused on securing better services for Bucharest Airports customers. It’s these types of actions that create severely negative perceptions among existing and potential investors and should be avoided at all costs. This highlights the need to immediately implement corporate governance legislation in order to select an independent board and professional management.”*

Fondul Proprietatea strongly disputes the fundamentally flawed land valuation report, carried out in 2021, which attributes the value of 3.8 billion lei to the land, in spite of a previously approved valuation report from 2017, which had set the value of the same land at 336 million lei. This huge discrepancy in valuation, which is **over 11 times more than the previous amount**, was created by the use of unrealistic and inaccurate commercial indicators in the disputed valuation report such as:

- **The estimated traffic of 3,118,000 passengers / year**, although Baneasa Airport provided the valuator with an estimate of 460,000 passengers / year, information ignored by the valuator. Baneasa Airport had around 25,500 passengers in 2019 (pre-pandemic year), which means **the valuator overestimated more than 100 times the passengers’ traffic**, comparing Baneasa airport to City Airport London and City Airport Belfast.

- **The estimated revenues of Baneasa Airport are 30 times higher than the average revenues of the airport between 2014-2020.** In addition, it is important to note that the Baneasa airport has been loss making since 2014.
- **The valuator did not include any estimated negative cash flows** until the end of the forecast period, 2069. This implies the expectation that the terminal, the equipment, and the runway will not be repaired, changed, or modernised for almost 50 years.

In order to protect its shareholder rights, Fondul Proprietatea has challenged the 2021 land valuation report with the National Association of Authorized Valuers (ANEVAR) and in addition commissioned a verification report of the disputed valuation report, which was carried out by a reputable independent valuator. The verification report identified numerous fundamental flaws in the land valuation report, having a significant impact on the outcome of the valuation. These flaws include:

- The calculation done as part of the extraction method omitted to subtract the value of several key assets that contribute to revenue generation, such as the investments in the runway and platforms, as well as other critical equipment,
- Errors in the calculation method of the net profit and errors in the calculation formula of net cash flows at the disposal of shareholders
- Errors in the determination of the discount factor.

Fondul Proprietatea and the Romanian State represented by the Ministry of Transport as shareholders, **approved the previous land valuation of 336 million lei from 2017 on November 6, 2018.** The Fund contributed **63.7 million** to the share capital increase, transferring the cash to Bucharest Airports on January 18, 2019. Almost a year later, the company's management proposed, and **the majority shareholder decided on 24 September 2019 to stop the entire share capital increase procedure**, with no challenges to the validity of that valuation report, and returned the cash to the Fund. It is also important to note that the 2021 valuation comes more than 20 years later than when the company received the land ownership certificates. According to the law at that time, the share capital increase should have been done immediately after the certificates were received, and long before the Romanian State transferred 20% of the shares in Aeroporturi București to Fondul Proprietatea.

Based on the above, Fondul Proprietatea has requested the revocation of the board of directors of the Bucharest Airports National Company on Friday, 10 September 2021 based on the unprofessional way in which it conducted the land valuation process and relationship with the minority shareholder. In this case, it is Fondul Proprietatea's opinion that the members of the board of directors declined up until now their competence and did not act in the interest of all the company's shareholders, avoiding assuming any responsibility and acting contrary to their role.

Fondul Proprietatea reaffirms its determination to use all legal means at its disposal to protect the value of the Fund in the interest of all its shareholders.

Key Milestones:

2000 - 2001 - Baneasa Airport receives land ownership certificates. The value written in the certificates was 31 million lei, after the conversion from ROL to RON.

2009 - The merger of Henri Coanda International Airport (Otopeni) with Aurel Vlaicu International Airport (Baneasa) was approved by the Ministry of Transport.

2010 - Bucharest Airports begins its activity

2010 - The first land valuation demanded by the company sets the value of land under Baneasa Airport at 2.7 billion lei, based on the future value of potential real-estate projects, but ignoring that there is an active airfield in the middle of it, which basically prevents them from happening as it is considered public domain.

2017 - A second valuation, done according to ANEVAR standards, sets the value of the land at 336 million lei

6 November 2018 - Ministry of Transport and Fondul Proprietatea vote unanimously to use it as the basis of the share capital increase,

18 January 2019 - Fondul Proprietatea contributes 67.3 million to the capital increase, transferring the money to Bucharest Airports

24 September 2019 - Majority shareholder decides unilaterally to redo the entire valuation procedure, returning the FP money and blocking the capital increase

2021 - A new valuation sets the value of the land under Baneasa Airport at 3.8 billion lei

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Contacts:

<p>Elena Birjovanu Senior Corporate Communications Manager Franklin Templeton Bucharest Branch Premium Point 76-80 Buzesti, 011017, Bucharest Tel: +40 21 200 9640 Email: elena.birjovanu@franklintempleton.com</p>	<p>Cristina Butunoi Head of Corporate Division Golin Metropolis Bravo, 89-97 Grigore Alexandrescu 010627 Bucharest, Romania Tel: +40 751 024 088 Email: cbutunoi@golin.com</p>
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Notes to Editors

1. About Fondul Proprietatea

Launched in December 2005, Fondul Proprietatea was established to compensate Romanians whose properties were confiscated by the former communist government. Following an international tender announced in December 2008, Franklin Templeton Investments was officially appointed as investment manager and sole administrator of the Fund on 29 September 2010.

The Fund is an alternative investment fund and its investment objective is the maximization of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities. The Fund listed on the Bucharest Stock Exchange on 25 January 2011 and on the Specialist Fund Market of the London Stock Exchange by means of global depositary receipts ("GDRs") on 29 April 2015.

The headquarters of Fondul Proprietatea SA are at 76-80 Buzesti Street, 7th Floor, Bucharest District 1, 011017, Romania. For more information on Fondul Proprietatea, please visit <http://www.fondulproprietatea.ro>.

2. About Franklin Templeton Investments

Franklin Resources, Inc. [NYSE:BEN] is a global investment management organization with subsidiaries operating as Franklin Templeton and serving clients in over 165 countries. Franklin Templeton's mission is to help clients achieve better outcomes through investment management expertise, wealth management and technology solutions. Through its specialist investment managers, the company brings extensive capabilities in equity, fixed income, multi-asset solutions and alternatives. With offices in more than 30 countries and approximately 1,300 investment professionals, the California-based company has over 70 years of investment experience and approximately 1.5 trillion in assets under management as of 31 July 2021. For more information, please visit www.franklintempleton.ro.

Franklin Templeton established an office in Bucharest in May 2010, with a team of 32 employees, including 6 locally based investment professionals who are further supported by the over 40 portfolio managers and analysts of the wider Templeton Emerging Markets team.

Starting with 1 April 2016, in view of complying with the EU Directive 2011/61 on alternative investment fund managers, the Fund is managed by Franklin Templeton Investment Services S.À R.L. ("FTIS/ Fund Manager"), 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 B 36.979.

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The office of FTIS Bucharest Branch is located at Premium Point, 8th floor, 78-80 Buzesti, District 1, Bucharest, Romania. Tel: +40.200.96.00, Fax: +40.200.96.31/32.

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