

FOR IMMEDIATE DISTRIBUTION: 23 FEBRUARY 2021

## FONDUL PROPRIETATEA FINANCIAL RESULTS FOR 2020

Bucharest, 23 February 2021 – Fondul Proprietatea (hereinafter “The Fund”) published today its financial results for 2020 and would like to share the following highlights:

- The Fund’s share price registered a strong performance in the second part of 2020, following the rebound of global stock markets, which led to a **historical high level of the share price of RON 1.4500** per share registered on 30 December 2020, and also **the lowest discount to the NAV, of 9.71%**<sup>1</sup>, on the same day.
- Last year, the **Fund’s NAV per share total return was 2.21%** and the **Fund’s share price cumulative performance was 26.44%**.
- During 2020, the discount of the Fund’s share price to the NAV ranged between a high of 39.96%<sup>1</sup> and a low of 9.71%<sup>1</sup> which was also the closing value of the year, while the average annual discount for ordinary shares was 21.06%.
- **The liquid assets increased by 111.7%** in 2020 compared to the previous year. This is mainly due to the cash inflows from the dividends collected from portfolio companies (RON 1.2 billion) and the proceeds from disposal of equity investments of RON 920.6 million which were offset by the payments for the acquisition of own shares within the eleventh buy-back programme (RON 1.1 billion), including the tender offers finalised in March, September and December and by the payments to shareholders regarding cash distributions in total amount of RON 398.0 million.
- The **gross dividend income increased by 29% in 2020 compared to 2019**, amounting to RON 1.2 billion, mainly including the dividends from E-Distributie companies (RON 522.9 million), Hidroelectrica SA (RON 399.5 million) and OMV Petrom SA (RON 175.6 million).
- The **net decrease in equity investments** of RON 2.2 billion during 2020 was mainly generated by:
  - the decrease in the value of unlisted holdings by RON 787.9 million following the valuation update process at the end of the year;
  - the disposal of 1.7 billion shares in OMV Petrom SA under an accelerated bookbuild offering and of the entire holding in Nuclearelectrica SA (total impact RON 920.6 million);
  - the negative evolution of OMV Petrom SA share price, the largest listed holding (total impact RON 529.9 million, share price decrease of 18.7%).
- The main contributor to the **loss of RON 103 million** recorded in 2020 was the negative net change in fair value of the Fund’s equity investments as result of COVID-19 pandemic impact on overall economic activity and capital markets (RON 1.24 billion), partially netted off by the gross dividend income from portfolio companies (RON 1.22 billion).
- The **net unrealised loss from equity investments at fair value through profit or loss** of RON 1.1 billion mainly relates to the holdings in CN Aeroporturi Bucuresti SA (RON 398.8 million), OMV Petrom SA (RON 331.0 million), E-Distributie Banat SA (RON 246.6 million), E-Distributie Muntenia SA (RON

<sup>1</sup> Calculated as the discount between FP share closing price on BVB - REGS/ FP GDR closing price on LSE and the latest available published NAV per share at the date of calculation.

200.7 million), and E-Distributie Dobrogea SA (RON 144.3 million), partially netted off by the increase in Hidroelectrica SA fair value (RON 242.4 million) as a result of the company's strong performance.

- **The net realised loss from disposal of equity investments at fair value through profit or loss** was related to the partial disposal of OMV Petrom SA holding and by the disposal of the entire holding in Nuclearelectrica SA.

For more detailed information on the Financial Results for 2020 please consult the report on [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro) or [www.bvb.ro](http://www.bvb.ro).

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## Appendix

### Statement of Financial Position

RON million

	31 December 2020	31 December 2019
	Audited	Audited
Cash and current accounts	34.4	31.9
Deposits with banks	660.0	338.4
Treasury bills	-	-
Government bonds	380.3	137.3
Dividend receivables	-	-
Equity investments	9,246.7	11,413.1
Other assets	0.6	0.3
<b>Total assets</b>	<b>10,322.0</b>	<b>11,921.0</b>
Payables	19.8	16.7
Other liabilities	35.3	32.8
<b>Total liabilities</b>	<b>55.1</b>	<b>49.5</b>
Total equity	10,266.9	11,871.5
<b>Total liabilities and equity</b>	<b>10,322.0</b>	<b>11,921.0</b>

Source: IFRS financial statements

### Statement of Comprehensive Income

RON million

	2020	2019
	Audited	Audited
Gross dividend income	1,218.7	942.9
Net unrealised (loss)/ gain from equity investments at fair value through profit or loss	(1,103.2)	2,260.3
Net realised (loss)/ gain from disposal of equity investments at fair value through profit or loss	(142.6)	9.9
Interest income	14.0	9.9
(Impairment losses)/ Reversal of impairment losses on receivables, net	(0.2)	(10.3)
Other income, net*	3.2	3.4
<b>Net operating (loss)/ income</b>	<b>(10.1)</b>	<b>3,216.1</b>
Administration fees recognised in profit or loss	(55.2)	(50.3)
Other operating expenses	(27.1)	(25.6)
<b>Operating expenses</b>	<b>(82.3)</b>	<b>(75.9)</b>
Finance costs	(0.1)	(0.4)
<b>(Loss)/ Profit before income tax</b>	<b>(92.5)</b>	<b>3,139.8</b>
Income tax expense	(10.5)	(9.9)
<b>(Loss)/ Profit for the year</b>	<b>(103.0)</b>	<b>3,129.9</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>(103.0)</b>	<b>3,129.9</b>

Source: IFRS financial statements

\* Other income, net included mainly the net gain/ (loss) from revaluation of government securities at fair value, net foreign exchange gain/ (loss), annual income from the depositary bank of the Fund's GDRs and other operating income/ (expenses).

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## Notes to Editors

### 1. About Fondul Proprietatea

Launched in December 2005, Fondul Proprietatea (“the Fund”) 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 to shareholders and the increase of the net asset value per share 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 78-80 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 January 2021. For more information, please visit [www.franklintempleton.ro](http://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.

This release herein is issued by FTIS Bucharest Branch, registered therein under the number 40198471.

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