

FOR IMMEDIATE DISTRIBUTION: 31 August 2020

## FONDUL PROPRIETATEA H1 2020 FINANCIAL RESULTS

Bucharest, 31 August 2020 – Fondul Proprietatea (hereinafter “The Fund”) has published today its semi-annual report and financial results for the first half of 2020 and would like to share the most important highlights:

- The share price had a strong performance in the first two months of the year, reaching a record high of RON 1.3800 per share on 14 February 2020. The negative impact of COVID-19 pandemic on the economic activity and global capital markets led to a significant drop in the Fund’s performance in March. In the second quarter of the year, the markets started recovering, and Fondul followed this trend. Therefore, the share price as of the end of June 2020 was 13.5% higher compared to the end of March 2020, and 4.1% higher compared to end of December 2019.
- The cumulative performance of the Fund’s NAV/share continues to be very strong, recording in the first six months of the year an increase of 122.45% since the Fund’s inception. At the end of June 2020, the Fund’s NAV was RON 10.14 billion (USD 2.35 billion) and the NAV/share reached RON 1.5622.
- In terms of the contribution to the NAV performance in the first 6 months of the year, the main performers among the Fund’s portfolio companies were Hidroelectrica, Nuclearelectrica and Romaero. The main detractors for the period were OMV Petrom, Bucharest Airports, Engie and Salrom.
- The Fund’s trading discount to NAV\* continued to shrink. As of the end of June, the discount for the ordinary shares listed on the Bucharest Stock Exchange was 19.79% compared to 23.05% as of the end of December 2019, while for the GDRs listed on the London Stock Exchange was 20.73%, versus 25.76% as at 31 December 2019.
- The unaudited results of the Fund in accordance with IFRS for the six months ended 30 June 2020 recorded a loss of RON 848.6 million. The main contributor to the loss was the net unrealised loss from equity investments at fair value through profit or loss amounting to RON 1,960.9 million, generated by OMV Petrom SA, as a result of the negative evolution of the company’s share price during the first semester of 2020 (total impact represented a decrease of RON 696.6 million and share price drop of 27.5%) and the decrease in the value of unlisted holdings in the portfolio of RON 1,264.4 million following the valuation update process (mostly related to CN Aeroporturi Bucuresti SA, E-Distributie companies and Hidroelectrica SA). This was partially offset by the gross regular and special dividend income from portfolio companies of RON 1,151.2 million recorded during this period.
- The dividend income came mainly from E-Distributie companies (special dividend of RON 522.9 million), Hidroelectrica SA (RON 399.5 million), OMV Petrom SA (RON 175.6 million), and Nuclearelectrica SA (RON 34.9 million).

\* The discount is calculated based on the latest published NAV available for the day of the calculation.

For more detailed information on the H1 2020 Report and Financial Results 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	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Jun 2019	30 Jun 2020 vs. 31 Dec 2019 (%)
	Unaudited	Unaudited	Audited	Unaudited	
Cash and current accounts	431.3	25.9	31.9	631.2	
Deposits with banks	139.5	641.6	338.4	207.8	
Treasury bills	-	-	-	49.4	
Government bonds	152.0	-	137.3	-	
Dividend receivables	436.1	24.2	-	227.6	
Equity investments	9,449.0	8,949.7	11,413.1	10,178.1	
Other assets	0.5	0.7	0.3	117.8	
<b>Total assets</b>	<b>10,608.4</b>	<b>9,642.1</b>	<b>11,921.0</b>	<b>11,411.9</b>	<b>-11.0%</b>
Payables	21.1	29.5	16.7	19.7	
Other liabilities	445.9	26.8	32.8	657.8	
<b>Total liabilities</b>	<b>467.0</b>	<b>56.3</b>	<b>49.5</b>	<b>677.5</b>	<b>+843.4%</b>
Total equity	10,141.4	9,585.8	11,871.5	10,734.4	
<b>Total liabilities and equity</b>	<b>10,608.4</b>	<b>9,642.1</b>	<b>11,921.0</b>	<b>11,411.9</b>	<b>-11.0%</b>

Source: IFRS financial statements

### Statement of Comprehensive Income

RON million	Q1 2020	Q2 2020	H1 2020	H1 2019
	Unaudited	Unaudited	Unaudited	Unaudited
Net (loss)/ gain from equity investments at fair value through profit or loss	(2,463.3)	502.4	(1,960.9)	1,041.6
Gross dividend income	522.9	628.3	1,151.2	680.8
Interest income	3.4	3.0	6.4	5.6
Other income, net*	0.1	4.3	4.4	3.6
<b>Net operating (loss)/ income</b>	<b>(1,936.9)</b>	<b>1,138.0</b>	<b>(798.9)</b>	<b>1,731.6</b>
Administration fees recognised in profit and loss	(13.0)	(16.1)	(29.1)	(26.2)
Other operating expenses	(5.1)	(5.0)	(10.1)	(12.0)
<b>Operating expenses</b>	<b>(18.1)</b>	<b>(21.1)</b>	<b>(39.2)</b>	<b>(38.2)</b>
Finance costs	-	-	-	(0.3)
<b>(Loss)/ Profit before income tax</b>	<b>(1,955.0)</b>	<b>1,116.9</b>	<b>(838.1)</b>	<b>1,693.1</b>
Income tax	-	(10.5)	(10.5)	(9.9)
<b>(Loss)/ Profit for the period</b>	<b>(1,955.0)</b>	<b>1,106.4</b>	<b>(848.6)</b>	<b>1,683.2</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(1,955.0)</b>	<b>1,106.4</b>	<b>(848.6)</b>	<b>1,683.2</b>

Source: IFRS financial statements

\* Other income, net included mainly the net gain/ (loss) from fair value changes related to government securities, net foreign exchange gain/ (loss), net impairment losses on receivables 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 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 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 operating together with its subsidiaries as Franklin Templeton. Franklin Templeton’s goal is to deliver better outcomes by providing global and domestic investment management to retail, institutional and sovereign wealth clients in over 170 countries. Through specialized teams, the company has expertise across all asset classes, including equity, fixed income, alternatives and custom multi-asset solutions. The company’s more than 600 investment professionals are supported by its integrated, worldwide team of risk management professionals and global trading desk network. With offices in over 30 countries, the California-based company has more than 70 years of investment experience. For more information, please visit [www.franklintempleton.co.uk](http://www.franklintempleton.co.uk).

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”), 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, registered with the Romanian Financial Supervisory Authority (“FSA”) under number PJM07.1AFIASMDLUX0037/10 March 2016.

This release herein is issued by Franklin Templeton Investment Management Limited (“FTIML”), registered with the FSA under no. PJM01SFIM/400005/14 September 2009, which is authorized and regulated in the UK by the Financial Conduct Authority, registered therein under the number 121779, registered as a foreign equivalent of an investment adviser with the US Securities Exchange Commission. FTIML acts herein as a delegate of FTIS with respect to the portfolio management functions as well as administration services over the Fund.

The office of Franklin Templeton Investment Management Limited is located at Premium Point, 7-8th floors, 78-80 Buzesti, District 1, Bucharest, Romania. Tel: +40.200.96.00, Fax: +40.200.96.31/32.

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