
FOR IMMEDIATE DISTRIBUTION: 31 AUGUST 2021

FONDUL PROPRIETATEA FINANCIAL RESULTS FOR H1 2021

Bucharest, 31 August 2021 – Fondul Proprietatea (hereinafter “The Fund”) published today its financial results for the six months ended 30 June 2021 and would like to share the following highlights:

- The share price had **an impressive performance in the first half of the year**, reaching another milestone in the Fund’s history: trading at a premium. As at the end of the first six months of the year, on 30 June 2021, the share price was RON 1.85, implying a trading **premium of 0.77%**, based on the NAV available at the date of the calculation.
- **The share price total return** during the first half of 2021 **was 32.9%. The total NAV** as at 30 June 2021 **was 11.3% higher compared to the end of 2020**, while the **NAV per share increased by 13.8%** over the same period.
- The **discount to NAV was below 15%**, for both shares and GDRs in all trading days during 1 January 2021 and 30 June 2021, while the **average share price to NAV discount was 4.2%** during the same period.
- On 28 April 2021, the shareholders approved the distribution of **a gross special dividend of RON 0.072** per share. The Fund started the payment of dividends on 22 June 2021.
- **The profit realized by Fondul Proprietatea in the first six months of 2021 was RON 1,801.1 million.** The main contributor to the profit was the net unrealised gain from equity investments at fair value through profit or loss, generated by OMV Petrom SA as a result of the positive evolution of this company’s share price during the first semester of 2021 (increase of RON 243.8 million, share price increased of 16.9%) and by the increase in the value of unlisted holdings in the portfolio following the valuation update process (mainly due to Hidroelectrica SA, that registered an increase in valuation of RON 909.7 million).
- **Gross dividend income** for the six-month period ended 30 June 2021 was **RON 655.1 milion.** It included the dividend income earned from the Fund’s portfolio companies, mainly from Hidroelectrica SA (RON 456 million) and OMV Petrom SA (RON 122.8 million).
- The **cash and cash equivalents** (liquid assets) of the Fund during the first six months of 2021 included term deposits with banks and government bonds issued by the Ministry of Public Finance of Romania. All instruments are denominated in RON and have maturities of up to one year.
- **The decrease in liquid assets by 48%** during the six-month period ended 30 June 2021 was mainly due to **cash outflows related to dividend payments** (RON 380.4 million) and to the **acquisition of treasury shares performed during the twelfth buy-back programme** (RON 209.8 million), which were offset mainly by the proceeds registered from the sale of bonds – net increase of RON 297.4 million.
- **Payables** have increased by 86% compared to 31 December 2020 mainly due to the registration of the liability related to the tax on dividends due to State Budget (RON 11.8 million).
- **Other liabilities** have increased by 96% compared to 31 December 2020 as the payment date for the annual dividend was 22 June 2021 and not all correspondent amounts have been transferred to shareholders yet.

For more detailed information on the financial results for H1 2021 please consult the report on www.fondulproprietatea.ro or www.bvb.ro.

Appendix

Statement of Financial Position

RON million	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Jun 2020	30 Jun 2021 vs. 31 Dec 2020 (%)
	Unaudited	Unaudited	Audited	Unaudited	
Cash and current accounts	65.6	32.7	34.4	431.3	
Deposits with banks	415.3	652.5	660.0	139.5	
Government bonds	77.6	254.4	380.3	152.0	
Dividend receivables	525.3	-	-	436.1	
Equity investments	10,446.8	9,964.8	9,246.7	9,449.0	
Other assets	4.1	0.9	0.6	0.5	
Total assets	11,534.7	10,905.3	10,322.0	10,608.4	11.7%
Payables	36.6	21.0	19.8	21.1	
Other liabilities	69.2	33.5	35.3	445.9	
Total liabilities	106.0	54.5	55.1	467.0	92.4%
Total equity	11,428.7	10,850.8	10,266.9	10,141.4	11.3%
Total liabilities and equity	11,534.7	10,905.3	10,322.0	10,608.4	11.7%

Source: IFRS financial statements

Statement of Comprehensive Income

RON million	Q1 2021 Unaudited	Q2 2020 Unaudited	H1 2021 Unaudited	H1 2020 Unaudited
Unrealised loss from equity investments at fair value through profit or loss	(5.3)	(98.2)	(103.5)	(1,995.3)
Unrealised gain from equity investments at fair value through profit or loss	723.0	570.1	1,293.1	33.6
Realised gain from equity investments at fair value through profit or loss	-	-	-	0.8
Gross dividend income	-	655.1	655.1	1,151.2
Interest income	6.0	4.0	10.0	6.4
Other income/ (expenses), net*	(1.1)	2.3	1.2	4.4
Net operating (loss)/ income	722.6	1,133.3	1,855.9	(798.9)
Administration fees recognised in profit and loss	(16.3)	(22.5)	(38.8)	(29.1)
Other operating expenses	(4.9)	(5.0)	(9.9)	(10.1)
Operating expenses	(21.2)	(27.5)	(48.7)	(39.2)
Finance costs	-	-	-	-
(Loss)/ Profit before income tax	701.4	1,105.8	1,807.2	(838.1)
Income tax	-	(6.1)	(6.1)	(10.5)
(Loss)/ Profit for the period	701.4	1,099.7	1,801.1	(848.6)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	701.4	1099.7	1,801.1	(848.6)

Source: IFRS financial statements

* Other income/ (expenses), net included mainly the net gain/ (loss) from fair value changes related to government securities, net foreign exchange gain/ (loss) 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 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.Ă 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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