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**FP WELCOMES APPROVAL FOR HIDROELECTRICA'S LISTING INITIATION  
- A DUAL LISTING WOULD FURTHER BOOST THIS LANDMARK TRANSACTION -**

**Bucharest, 31 March 2022** – Fondul Proprietatea (the "Fund") welcomes the approval of the initiation of the listing process of Hidroelectrica's shares on the Bucharest Stock Exchange following a public offering of the company's shares held by the Fund. The decision was taken by the company's shareholders at the general shareholder meeting held on 31 March 2022.

On this occasion, **Calin Metes, Deputy CEO of Franklin Templeton Bucharest and Deputy Portfolio Manager of Fondul Proprietatea**, said: *„The approval of initiating the listing process of Hidroelectrica is a positive development for the Fund, the company and Romania, and we would like to acknowledge the favourable decision taken by the Ministry of Energy. The listing of Hidroelectrica will be a historical moment for Romania and for Fondul Proprietatea. We have been working to achieve this listing since the start of our mandate to manage the Fund. We are now able to speed up the preparations and start, in the coming weeks, the selection of the consortium of investment banks and advisors, which will support the listing efforts. We firmly believe that Hidroelectrica's performance over the last decade from insolvency to record high profits, and bright prospects for the future will be reflected in an attractive valuation. Our objective, depending on the then prevailing market conditions, is to achieve the listing of Hidroelectrica by the 4<sup>th</sup> quarter 2022.”*

In order to ensure the success of the listing, which is promising to be a landmark transaction in the current European context, our view, as the selling shareholder, is that a dual listing of Hidroelectrica should be pursued. This would take place on the Bucharest Stock Exchange as the main market, and a suitable international market, such as the London Stock Exchange, as a secondary listing venue, given the existing ties of listed Romanian entities. This will help to ensure that the listing is accessible to the widest possible pool of investors and create an environment where the true market value will be fully realised. A dual listing has the potential to cement Hidroelectrica as the most valuable Romanian company, public or private. We will also be guided by the advisors that will be engaged in relation to the listing process, including the advisability and choice of secondary listing venue, but we expect that our views will be confirmed.

Whilst fully supporting the listing on the Bucharest Stock Exchange as the main market, the Fund would like to emphasize the key points showcasing why a dual listing would be highly recommended, in its view:

- With an expected **transaction size of potentially over USD 2.3bn or RON 10.4 billion<sup>1</sup> (for a 15% stake)**, Hidroelectrica is estimated to be the largest initial public offering and listing ("IPO") in the history of a Romanian company, exceeding multiple times the value of the Electrica IPO (USD 604 million dual listed on the BVB and LSE), and more than 10 times larger than the largest IPO carried out

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<sup>1</sup> The estimate accounts for (i) the current valuation of Hidroelectrica in the Fund's NAV (i.e. as per the Fund's NAV at the end of February 2022, the Fund's 19.96% stake in Hidroelectrica was valued at USD 2.04billion (RON 9.04bn) , (ii) the expected removal of lack of liquidity discount inherent to an unlisted holding following the IPO and (iii) the market multiples at which peer companies such as Austria's Verbund are being valued as at the date of this press release by investors on the capital market.

exclusively on the BVB (DIGI Communications – USD 204 million). Even by European and international standards, Hidroelectrica's offering, and listing is rightly considered a very large transaction.

According to preliminary feedback received from banks, based on the experience of previous IPOs , for companies the size and profile of Hidroelectrica, to accomplish the successful listing that correctly values the company and supports its stock-price evolution post -IPO , the cumulated value of orders placed by investors should be at least between **2-3 times the size of the actual listing – this means generating gross demand in excess of USD 6.9 billion (RON 31.2 billion).**

The **dual listing of Hidroelectrica is critical in order to achieve the listing of 15% of the shares.** In the absence of a dual listing the main risk is that the size of the transaction would have to be reduced, with negative impact on the value of the company and the further evolution of the share price post-listing. As the selling shareholder, **the Fund intends to ensure that at least 50% of the shares are allocated to investors on the BVB.**

- **A higher valuation of Hidroelectrica through a dual listing** will benefit the Romanian Government as the majority shareholder of the Company, Fondul Proprietatea's shareholders, including the 8,000 Romanian individual shareholders of the Fund, as well as the Romanian pension funds with over 8 million contributors. It would also attract more private companies to list on the BVB and will likely lead to increased valuations for the other flagship companies listed on the BVB.
- A successful dual listing **will help the Romanian Government to fulfil the requirement under the National Resilience and Recovery Plan ("PNRR"):** listing a stake of at least 15% of Hidroelectrica until 30 June 2023.

**The dual listing will definitively support the ongoing transition to Emerging Market status of the BVB;** as proven in the dual listings of Romgaz, Electrica, and Fondul Proprietatea, liquidity transfers over time to the main market, which, as a result of the structure proposed by Fondul Proprietatea for the IPO, will be the BVB.

- **The dual listing of Hidroelectrica will bring research coverage of the Company by a large number of international banks, during and after the listing.** Additional research coverage will contribute to a better understanding of the company and ultimately the Romanian capital market, which increases confidence and valuations. The company is estimated to be the largest company on the BVB and one of the largest electricity producers listed on any of the European stock exchanges, thus highly visible.
- **A unique equity story within the European renewable energy space,** the Hidroelectrica IPO could generate interest from a very broad base of investors, beyond those investors who regularly invest in Romania or the region and would bring extensive international media coverage of Hidroelectrica and Romania through global media outlets.
- Finally, the dual listing of Hidroelectrica should be regarded as a technical decision to ensure the success of the listing and to minimize the risk, as an opportunity to attract new investors in Romanian companies, and as a strong commitment about the openness of the Romanian business environment towards international capital.

**In this context, Marius Dan, Deputy CEO of Franklin Templeton Bucharest,** added: *"We, as the local team of Franklin Templeton are extremely proud of our contribution to the development of Bucharest Stock Exchange over the last 11 years – we have completed transactions of over USD 1.5 billion from the Fund's portfolio, and spent more than 1,500 days on the road meeting investors, introducing them to the equity story of Fondul Proprietatea, and to the progress and reforms happening in Romania. Today's shareholders decision allows us to initiate the listing process and given the large size of the transaction and the unique story of Hidroelectrica, we believe a dual listing would be most opportune. We see the dual listing of Hidroelectrica as the culmination of all our efforts thus far and an opportunity to put Romania on the global radar of all institutional investors, and admission to trading on a suitable international secondary market will further attest that the Company adheres to the strictest international corporate governance standards."*

**Daniel Naftali, Deputy Portfolio Manager of Franklin Templeton Bucharest and member of the Board of Hidroelectrica**, concluded: „*This is a unique opportunity for Romania to be in the international spotlight and to maintain significant visibility internationally even after the listing as Hidroelectrica would be one of the largest electricity producers listed on any of the European stock exchanges and the largest company on the Bucharest Stock Exchange. We look forward to working with the management of the company, the Romanian Government and the advisors to deliver the most successful listing of a Romanian company*”.

Fondul Proprietatea trusts that the Ministry of Energy as the majority shareholder of Hidroelectrica will give further consideration to the Fund's recommendation for a dual listing of Hidroelectrica. We believe that a decision regarding a secondary listing venue should be taken in a subsequent shareholder meeting of Hidroelectrica, based on the recommendation of the consortium of investment banks and advisors.

The Fund reaffirms its openness and full commitment to working with all stakeholders to ensure the successful listing of the company by the end of this year.

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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 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 \$1,486.9 billion in assets under management as of 28 February 2022. 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 International 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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