
FOR IMMEDIATE DISTRIBUTION: 16 NOVEMBER 2020

**FONDUL PROPRIETATEA FINANCIAL RESULTS FOR
THE QUARTER ENDED 30 SEPTEMBER 2020**

Bucharest, 16 November 2020 – Fondul Proprietatea (hereinafter “The Fund”) has published today its financial results for the third quarter of 2020 and would like to share the most important highlights:

- The share price continued to recover after the significant drop recorded by all capital markets following the COVID-19 outbreak at the beginning of the year and, as at the end of September 2020, was 16.7% higher compared to the end of March 2020, and 7.0% higher compared to end of December 2019.
- At the end of September 2020, the Fund’s NAV was RON 9.91 billion (USD 2.38 billion) and the NAV/share reached RON 1.5881 per share, 8.4% lower compared to the 31 December 2019 NAV.
- The discount of the share price to NAV at the end of September 2020 was at a record low level of 18.5%, compared to 23.6% at the end of Q3 2019
- The top performers in the third quarter were the listed companies OMV Petrom and Nuclearelectrica, followed by Bucharest Airports, Salrom and Enel Energie Muntenia. Bottom performers were listed companies Alcom and Romaero, but overall performance for the NAV per share was positive, of 1.7%.
- The NAV total return in the third quarter was 1.66%, the total return for the local shares was 2.78%, while the total return for the GDRs was 7.64%. For the January – September period, the NAV total return was down 4.37%, while the total return for local shares was up 12.92%, and up 18.86% for the GDRs.
- The Fund recorded a net loss from equity investments at fair value through profit or loss for the first nine months of 2020 of RON 1,885.7 million, mainly generated by (1) the decrease in unlisted holdings value of RON 1,264.4 million following the valuation update (mostly related to CN Aeroporturi Bucuresti SA, E-Distributie companies and Hidroelectrica SA), which also considered the effect of dividends distributed by unlisted companies of RON 940 million and (2) OMV Petrom SA, as a result of the 25.1% share price decrease (total impact RON 642.8 million).
- Gross dividend income for the 9-month period ended 30 September 2020 included the dividend income earned from the Fund’s portfolio companies, mainly from E-Distributie companies (RON 522.9 million), Hidroelectrica SA (RON 399.5 million) and OMV Petrom SA (RON 175.6 million).
- The increase in liquid assets by 128.6% during January - September 2020 is mainly due to the cash inflows from the dividends collected from portfolio companies (RON 1,197.2 million) and the proceeds from disposal of equity investments (RON 635.4 million), which were offset by the acquisition of own shares within the eleventh buy-back programme (RON 790.7 million), including the tender offers

finalized in March and September, and by the payments to shareholders regarding cash distributions in total amount of RON 396.6 million.

For more detailed information on Financial Results please consult the report on www.fondulproprietatea.ro or www.bvb.ro.

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Appendix

Statement of Financial Position

| RON million | 30 Sep 2020 Unaudited | 31 Dec 2019 Audited |
|-------------------------------------|--------------------------|------------------------|
| Cash and current accounts | 36.0 | 34.5 |
| Deposits with banks | 955.8 | 206.9 |
| Treasury bills | - | 49.7 |
| Government bonds | 168.6 | 101.0 |
| Dividend receivables | 10.6 | - |
| Equity investments | 8,892.0 | 10,405.9 |
| Other assets | 0.4 | 0.9 |
| Total assets | 10,063.4 | 10,798.9 |
| Payables | 26.0 | 26.6 |
| Other liabilities | 128.2 | 36.7 |
| Total liabilities | 154.2 | 63.3 |
| Total equity | 9,909.2 | 10,735.6 |
| Total liabilities and equity | 10,063.4 | 10,798.9 |

Source: IFRS financial statements

Statement of Comprehensive Income

| RON million | 9mo 2020 Unaudited | 9mo 2019 Unaudited |
|---|-----------------------|-----------------------|
| Net (loss)/ gain from equity investments at fair value through profit or loss | (1,885.7) | 1,267.9 |
| Gross dividend income | 1,218.7 | 723.4 |
| Interest income | 8.7 | 8.0 |
| Other income, net* | 3.6 | 3.1 |
| Net operating (loss)/ income | (654.7) | 2,002.4 |
| Administration fees recognised in profit and loss | (41.5) | (38.0) |
| Other operating expenses | (19.6) | (18.0) |
| Operating expenses | (61.1) | (56.0) |
| Finance costs | (0.1) | (0.4) |
| (Loss)/ Profit before income tax | (715.9) | 1,946.0 |
| Income tax | (10.5) | (9.9) |
| (Loss)/ Profit for the period | (726.4) | 1,936.1 |
| Total comprehensive income for the period | (726.4) | 1,936.1 |

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 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 \$1.39 trillion in assets under management as of October 31, 2020. For more information, please visit franklinresources.com.

Franklin Templeton established an office in Bucharest in May 2010, with a team of 29 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, registered with the Romanian Financial Supervisory Authority ("FSA") under number PJM07.1AFIASMDLUX0037/10 March 2016.

Effective with the same date, i.e. 1 April 2016, FTIS has appointed Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch to act as its investment manager ("FTIML/ Investment Manager") and thus delegated to the latter the portfolio management and the performance of administration services over the Fund. The said delegation excludes expressly the delegation of the risk management of the Fund, which shall remain the sole prerogative of the Fund Manager.

This release herein is issued by 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 Bucharest Branch 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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