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# Fondul Proprietatea SA

## Quarterly Report

For the Quarter Ended  
31 March 2021

*This is a translation from the official Romanian version.*

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## Annexes

- Annex 1 Condensed Interim Financial Statements for the three-month period ended 31 March 2021, prepared in accordance with IAS 34 Interim Financial Reporting and applying the FSA Norm no. 39/ 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated and supervised by the FSA – Financial Investments and Instruments Sector
- Annex 2 Statement of Assets and Obligations of Fondul Proprietatea SA as at 31 March 2021, prepared in accordance with CNVM Regulation 4/2010 (Annex no. 4)

## List of Abbreviations

<b>AIF</b>	Alternative Investment Fund
<b>AIF Law</b>	Romanian Law no. 243/2019 on the regulation of alternative investment funds and amending and supplementing certain normative acts
<b>AIF Regulation</b>	Regulation no. 7/2020 on the authorisation and function of alternative investment funds, issued by the Financial Supervisory Authority
<b>AIFM</b>	Alternative Investment Fund Manager
<b>AIFM Directive</b>	Directive 2011/61/EU on Alternative Investment Fund Managers
<b>ANRE</b>	Romanian Energy Regulatory Authority
<b>ATS</b>	Alternative Trading System
<b>BVB</b>	Bucharest Stock Exchange
<b>CIVM</b>	Certification of registration of securities
<b>CNVM</b>	National Securities Commission (currently FSA)
<b>Depozitarul Central SA</b>	Romanian Central Depository
<b>ESEF</b>	European single electronic format
<b>ESG</b>	Environmental, Social and Governance
<b>EU</b>	European Union
<b>Fondul Proprietatea/ the Fund/ FP</b>	Fondul Proprietatea SA
<b>FSA</b>	Romanian Financial Supervisory Authority
<b>FTIS/ Alternative Investment Fund Manager/ Sole Director</b>	Franklin Templeton International Services S.à r.l.
<b>GDP</b>	Gross Domestic Product
<b>GDR</b>	Global Depository Receipt
<b>GEO</b>	Government Emergency Ordinance
<b>GEO 114/2018</b>	GEO 114/29 December 2018 on the implementation of certain measures in the field of public investments and of fiscal-budgetary measures and the amendment and completion of certain normative acts
<b>GEO 1/2020</b>	GEO 1/ 9 January 2020 regarding some fiscal-budgetary measures and the amendment and completion of some normative acts
<b>GSM</b>	General Shareholders Meeting
<b>IFRS</b>	International Financial Reporting Standards as endorsed by the European Union
<b>IMF</b>	International Monetary Fund
<b>IPS</b>	Investment Policy Statement
<b>LSE</b>	London Stock Exchange
<b>NAV</b>	Net Asset Value
<b>PRIIPs</b>	Packaged retail and insurance-based investment products
<b>REGS</b>	Main market (Regular) of Bucharest Stock Exchange
<b>RRR</b>	Regulatory Rate of Return
<b>WEO</b>	World Economic Outlook

# Overview

## Company Information

Fondul Proprietatea was incorporated on 28 December 2005 as a joint stock company operating as a closed-end investment company. The Fund is registered with the Bucharest Trade Register under the number J40/21901/2005 and has the sole registration code 18253260.

The Fund's investment objective is the maximisation of returns to shareholders and the increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities.

During the reporting period, the Fund was managed by FTIS as its Sole Director and AIFM under the AIFM Directive and local implementation regulations, based on the Management Agreement in force between 1 April 2020 – 31 March 2022, as approved by 28 June 2019 GSM Resolution. The portfolio management and the administrative activities are performed by FTIS via its Bucharest Branch.

Since 25 January 2011, the Fund's shares have been listed on BVB. Since 29 April 2015, the Fund's GDRs issued by The Bank of New York Mellon as GDR Depository, having the Fund's shares as support, have been listed on the Specialist Fund Market of LSE.

### Share information

Primary listing	Bucharest Stock Exchange – since 25 January 2011
Secondary listing	London Stock Exchange – since 29 April 2015
BVB symbol	FP
LSE symbol	FP.
Bloomberg ticker on BVB	FP RO
Bloomberg ticker on LSE	FP/ LI
Reuters ticker on BVB	FP.BX
Reuters ticker on LSE	FPq.L
ISIN	ROFPTAACNOR5
FSA register no	PJR09SIIR/400006/18.08.2010
LEI code	549300PVO1VWBFH3DO07
CIVM registration no	AC-4522-6/14.10.2020

Source: Fondul Proprietatea

## Shareholder Information

### Shareholder Structure as at 31 March 2021<sup>1</sup>

Shareholder categories	% of subscribed share capital	% of paid-in share capital	% of voting rights <sup>2</sup>
Romanian institutional shareholders	31.97	33.67	38.58
Romanian private individuals	17.39	18.31	20.99
The Bank of New York Mellon (GDRs) <sup>3</sup>	17.01	17.91	20.19
Foreign institutional shareholders	13.71	14.44	16.55
Foreign private individuals	2.97	3.13	3.58
Romanian State represented by Ministry of Public Finance	5.14	0.10	0.11
Treasury shares <sup>4</sup>	11.81	12.44	-

Source: Depozitarul Central SA

As at 31 March 2021 the Fund had 7,869 shareholders and the total number of voting rights was 5,974,462,574.

<sup>1</sup> Information provided based on settlement date of transactions

<sup>2</sup> The unpaid shares of the Romanian State, represented by the Ministry of Public Finance, and the treasury shares (including GDR's not yet converted) held by Fondul Proprietatea were not taken into consideration at the calculation of the total number of voting rights

<sup>3</sup> Fondul Proprietatea held 404,075 GDRs as at 31 March 2021

<sup>4</sup> 851,679,580 treasury shares out of which 797,961,287 treasury shares acquired in the eleventh buyback program and 53,718,293 treasury shares acquired in the twelfth buyback program

## Largest Shareholders

Shareholder	Latest ownership disclosure	% of voting rights
NN Group	6 March 2020	10.01%
Anchorage Capital Group LLC	21 September 2018	6.69%
Allianz-Tiriatic private pension funds	1 July 2019	5.05%

Source: ownership disclosures submitted by shareholders

For current updates, please see *Subsequent Events* section.

## Share Capital Information

Share capital information	31 March 2021	31 December 2020	31 March 2020
Issued share capital (RON)	3,749,282,292.08	3,749,282,292.08	3,959,264,762.44
Paid in share capital (RON)	3,560,099,870.08	3,560,099,870.08	3,770,082,340.44
Number of shares in issue	7,210,158,254	7,210,158,254	7,613,970,697
Number of paid shares	6,846,345,904	6,846,345,904	7,250,158,347
Nominal value per share (RON)	0.52	0.52	0.52

Source: Fondul Proprietatea

## Summary of Financial Results

The following table shows a summary of the financial information of the Fund during the period:

NAV* and share price developments**	Notes	Q1 2021	Q1 2020	YE 2020
Total shareholders' equity at the end of the period (RON million)		10,850.8	9,585.8	10,266.9
Total shareholders' equity change in period (%)		+5.7%	-19.3%	-13.5%
Total NAV at the end of the period (RON million)	a	10,850.8	9,585.8	10,266.9
Total NAV change in period (%)		+5.7%	-19.3%	-13.5%
NAV per share at the end of the period (RON)	a	1.8166	1.4515	1.6974
NAV per share at the end of the period (USD)	a	0.4329	0.3300	0.4280
NAV per share change in the period (%)		+7.0%	-16.3%	-2.1%
NAV per share total return in the period (%)	g	+7.0%	-16.3%	+2.2%
Share price as at the end of the period (RON)	b	1.7450	1.1100	1.4500
Share price low in the period (RON)	b	1.4400	0.9980	0.9980
Share price high in the period (RON)	b	1.7450	1.3800	1.4500
Share price change in the period (%)		+20.3%	-8.3%	+19.8%
Share price total return in the period (%)	h	+20.3%	-8.3%	+26.4%
Share price discount to NAV as at the end of the period (%)	d	3.9%	23.5%	14.6%
Average share price discount in the period (%)	d	7.0%	25.6%	21.1%
Average daily share turnover in the period (RON million)	c	3.9	11.9	7.4
GDR price as at the end of the period (USD)	e	20.4000	12.1000	17.1000
GDR price low in the period (USD)	e	17.4000	11.2000	11.2000
GDR price high in the period (USD)	e	20.4000	15.7000	17.3000
GDR price change in the period (%)		+19.3%	-11.7%	+24.8%
GDR price total return in the period (%)	i	+19.3%	-11.7%	+31.1%
GDR price discount to NAV as at the end of the period (%)	d	5.8%	26.7%	20.1%
Average GDR price discount in the period (%)	d	9.5%	27.4%	21.7%
Average daily GDR turnover in the period (USD million)	f	0.7	1.1	0.8

Source: Fondul Proprietatea, BVB (for shares), LSE and Bloomberg (for GDRs)

\* NAV for the end of each period was computed in the last working day of the month

\*\* Period should be read as Q1 2021/ Q1 2020/ year end 2020, respectively

### Notes:

- Prepared based on local rules issued by the capital market regulator (NAV in USD using the BNR FX rate at the reporting date)
- Source: BVB - REGS market - Closing prices
- Source: BVB

- d. Share Price/ GDR Price discount to NAV as at the end of the period (%) is calculated as the discount between FP share closing price on BVB - REGS/ FP GDR closing price on LSE on the last trading day of the period and the NAV per share at the end of the period; the average discount is calculated according to IPS, using the latest published NAV per share at the date of calculation (NAV in USD using the BNR FX rate at the reporting date)
- e. Source: LSE - Closing prices
- f. Source: LSE and Bloomberg
- g. The NAV per Share Total Return is calculated in RON by geometrically linking total returns for all intermediate periods when official NAV is published. Each total return for a single period is calculated using the following formula: the NAV per share at the end of the period plus any cash distribution during the period, dividing the resulting sum by the official NAV per share at the beginning of the period. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS
- h. The Share Price Total Return is calculated in RON by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS
- i. The GDR Price Total Return is calculated in USD by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS

The table below presents the unaudited results of the Fund in accordance with IFRS for the three months ended 31 March 2021:

RON million	31 March 2021	31 March 2020
Profit / (Loss) for the quarter ended	701.4	(1,955.0)
Total shareholders' equity as at	10,850.8	9,585.8

The main contributor to the profit recorded in the first quarter of 2021 was the positive net change in fair value of the Fund's equity investments generated by the positive share price evolution of the Fund's listed holdings (mainly coming from OMV Petrom SA) and the valuation update for Hidroelectrica SA (unlisted holding).

For more details, please see the section *Financial Statements Analysis*.

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# Analysis of the Fund's Activity

## Regulated Stock Market Trading

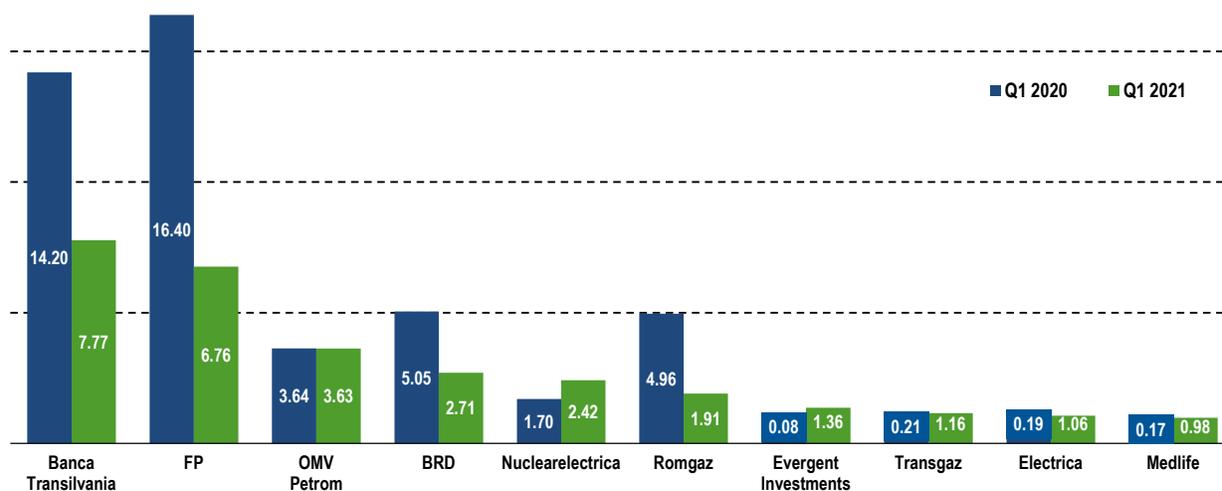
### Local Stock Market Evolution

In the quarter ended 31 March 2021, despite the COVID-19 pandemic, BVB recorded the highest increase compared to the largest markets in Central Europe, in local currency terms, as shown in the table below:

% change in Q1 2021	in local currency	in EUR
<b>BET-XT (Romania)</b>	13.67%	12.47%
ATX (Austria)	13.64%	13.64%
PX (Czech Republic)	6.17%	6.68%
BUX (Hungary)	0.17%	6.30%
WIG20 (Poland)	-2.28%	-3.45%

Source: Bloomberg

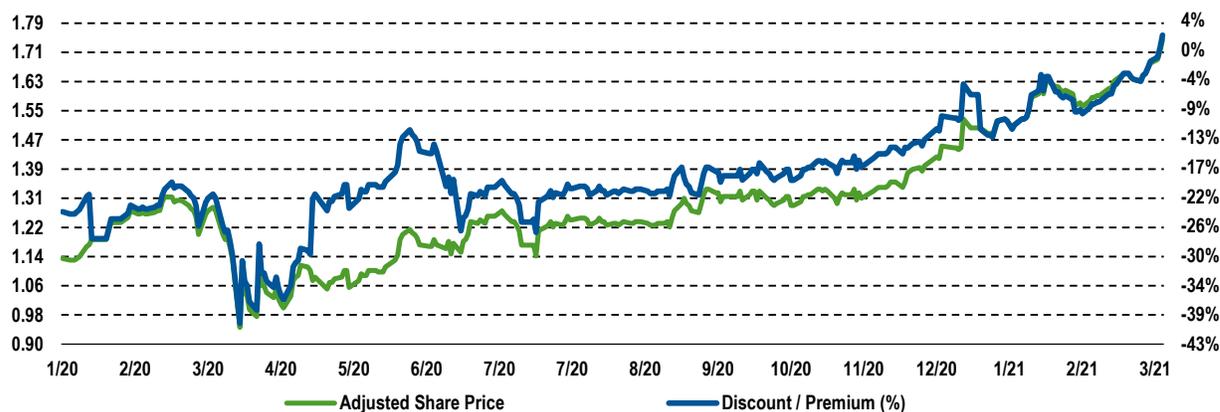
### Average Daily Turnover (RON million)



Source: BVB, Bloomberg

Note: The values for FP, Electrica, OMV Petrom and Romgaz also include the GDR trading on LSE. The values for FP include the tender offer from March 2020, of RON 173.0 million for the 124.5 million shares acquired on BVB and RON 105.0 million for the 75.5 million shares equivalent to the GDRs acquired on LSE.

### Fund's Share Price (RON per share) and Discount History (%)



Source: Bloomberg for Adjusted Share Price, Fondul Proprietatea for Discount / Premium

Note: The value of the discount / premium is calculated in accordance with the IPS, i.e. the discount / premium between FP closing share price on BVB - REGS for each trading day and the latest published NAV per share at the date of calculation

The share price had an impressive performance in the first quarter of the year, reaching another milestone in the Fund's history: trading at a premium. As of 31 March 2021, the share price was RON 1.7450, a record high value which implied a trading premium of 2.08%, based on the NAV available at the date of the calculation.

## Management and Governance of the Fund

### Changes in FTIS Bucharest Branch management

On 9 February 2021, the AIFM informed investors of the following changes in FTIS Bucharest Branch management:

- Mr Calin Metes was promoted to Deputy CEO for investment activities of the AIFM for Romanian business and Deputy Portfolio Manager of the Fund;
- Mr Marius Dan was promoted to Deputy CEO for corporate strategy activities of the AIFM for Romanian business and the Fund;
- Mr Daniel Naftali was promoted to Deputy Portfolio Manager of the Fund.

Mr Calin Metes, Mr Marius Dan and Mr Daniel Naftali will continue to report to Mr Johan Meyer, CEO of the AIFM for Romanian business and Portfolio Manager of the Fund.

### AIF Law implementation

In February 2021, the FSA sent several comments for the documents filed in the Fund's application for registering as an AIF, related to the draft of prospectus and its annexes, the rules of the Fund and the PRIIPS Key Information Document. The AIFM updated the documentation and sent the new set of documents to FSA gradually, last set of documents being registered on 17 March 2021.

### Board of Nominees changes

As mentioned in the 2020 Annual Report of the Fund, two members of the Board of Nominees (Mr Julian Healy and Mr Piotr Rymaszewski) reached nine years as members of the Board during 2021 and as a result, a succession plan was implemented. On 24 March 2021, the shareholders of the Fund voted the new proposed candidates and decided to appoint Mr Nicholas Paris for replacing Mr Julian Healy and Mr Ömer Tetik for replacing Mr Piotr Rymaszewski. Both newly appointed members of the Board of Nominees started their three (3) years mandates on 6 April 2021. For more details regarding the members of Board of Nominees please check the website of the Fund [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro).

For current updates, please see section *Subsequent events*.

## Performance Objectives

According to the Management Agreement in force starting with 1 April 2020, the First Reporting Period of the mandate is from 1 January until 31 December 2020 and the Second Reporting Period is from 1 January until 31 December 2021.

In accordance with the Fund's IPS, there are two performance objectives that the AIFM is aiming to achieve. The NAV objective refers to an Adjusted NAV<sup>1</sup> per share in the last day of the Reporting Period higher than the reported NAV per share as at the end of the previous Reporting Period. The discount objective implies the discount between the closing price of the Fund's shares on BVB – REGS and the latest reported NAV per share to be equal to, or lower than 15%, in at least 2/3 of the trading days in the Reporting Period.

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<sup>1</sup> Summarizing the provisions of the IPS, the adjusted NAV for a given date is calculated as the sum of: (i) the reported NAV as at the end of the Reporting Period; (ii) any distributions to shareholders, being either dividend or non-dividend ones (i.e. in the last case following reductions of the par value of the shares and distribution to the shareholders), implemented after the end of the previous Reporting Period, and (iii) any distribution fee and any transaction/ distribution costs relating to either dividend or non-dividend distributions including buy-backs of shares/ GDRs/ depositary interests executed through daily acquisitions or public tenders after the end of the previous Reporting Period. The adjusted NAV per share is equal to the adjusted NAV divided by the total number of the Fund's paid shares, less FP ordinary shares bought back and less equivalent in FP ordinary shares of FP GDRs acquired and not yet converted into FP ordinary shares, on the last day of the Reporting Period. For more details, please refer to the IPS available on the Fund's webpage.

**NAV Objective – Second reporting period (interim monitoring)**

The Adjusted NAV per share as at 31 March 2021 was 7.05% higher than the 31 December 2020 NAV per share of RON 1.6974.

NAV Objective	Amount RON	Details
<b>Total NAV as 31 March 2021</b>	<b>10,850,776,178</b>	
Costs related to buy-backs after 31 December 2020	552,228	Fees related to twelfth buy-back programme after 31 Dec 2020, excluding the distribution fees for buy-backs, plus fees related to the eleventh buy-back programme which were paid after 31 December 2020
Distribution fees for buy-backs performed after 31 December 2020	1,132,899	Distribution fees for buy-backs, after 31 December 2020
Costs related to the returns of capital and dividends after 31 December 2020	759	Fees charged by the Central Depository and Paying Agent for the payments performed for returns of capital and dividends
<b>Total Adjusted NAV as at 31 March 2021</b>	<b>10,852,462,064</b>	
Number of Fund's paid shares, less treasury shares and GDRs held as at 31 March 2021	5,972,966,238	
<b>Adjusted NAV per share as at 31 March 2021</b>	<b>1.8170</b>	
<b>NAV per share as at 31 December 2020</b>	<b>1.6974</b>	
<b>Difference</b>	<b>0.1196</b>	
<b>%</b>	<b>7.05%</b>	

Source: Fondul Proprietatea

The total NAV at 31 March 2021 was 5.7% higher compared to the end of 2020, while the NAV per share increased by 7.0% over the same period. OMV Petrom SA, the largest listed holding in the portfolio recorded a share price increase of 18.3% with a total NAV impact of RON 263.6 million. Additionally, the value of Hidroelectrica SA increase by RON 417.9 million (share price increase of 8.1%) following the valuation update in March 2021.

The Sole Director is committed to its continued efforts towards protecting shareholders' value and to implement the necessary measures in accordance with the IPS to address this volatile environment. The Sole Director proposed, and shareholders already approved during the 28 April 2021 shareholders meeting a cash dividend distribution of RON 0.072 per share with payment date on 22 June 2021 and the remaining cash balance will be distributed to shareholders through a combination of share buybacks and cash distributions.

**Discount Objective – second reporting period (interim monitoring)**

In the period between 1 January 2021 and 31 March 2021, the discount to NAV was below 15%, for both shares and GDRs in all trading days.

**Discount / Premium (%) Evolution<sup>1</sup>**

Premium as at 31 March 2021	Minimum discount during the interim monitoring period	Maximum discount during the interim monitoring period	Average discount during the interim monitoring period
2.08%	1.1%	12.8%	7.37%

Source: Fondul Proprietatea

The AIFM will continue its efforts to reduce and maintain a low discount to NAV as we firmly believe that the Fund's shares should be trading at a low level of discount to NAV given the quality of the underlying portfolio assets, our track record in working with the portfolio companies to improve efficiency and profitability, the attractive dividend yield, the ongoing buy-back programmes and our transparency, disclosure, and proactive investor relations efforts.

<sup>1</sup> The value of the discount / premium is calculated in accordance with the IPS, i.e. the discount / premium between FP closing share price on BVB - REGS for each trading day and the latest published NAV per share at the date of calculation.

## GDR Facility

The GDR facility is limited to one-third of the Fund's subscribed share capital under the Romanian securities regulations, or 48,067,721 GDRs as at 31 March 2021, each GDR representing 50 shares. As at 31 March 2021, 1,226,499,800 of the Fund's issued shares were held by The Bank of New York Mellon, the GDR depository bank, accounting for 24,469,996 GDRs, representing 50.91% of the GDR facility. The difference of 3,000,000 shares is represented by the shares held by The Bank of New York Mellon which were not converted in GDRs as at 31 March 2021.

## Investor Relations

In the first three months of the year, we continued our efforts to increase the visibility and the profile of the Fund, and to keep investors and shareholders up to date with the effects of the pandemic and of the entire economic environment on the Fund and its portfolio companies.

As travel restrictions imposed by the pandemic continue worldwide, the investor meetings and conferences continue to be held in the online environment. During this period, we participated in two online investors conferences organised by international brokers, where we discussed with representatives of 31 international asset managers.

Furthermore, during the same period, we had 25 additional conference calls with analysts, brokers, current and prospective investors interested in the latest developments regarding the Fund's corporate actions and its portfolio companies.

On 23 February, we organised a conference call to present and discuss the Fund's 2020 annual results. 28 analysts and investors participated in the call and received information regarding the financial results published on the same day.

Communication between the Fund Manager and investors remains our top priority as we aim to ensure that investors are informed about the latest developments and obtain feedback as we continue to focus on maximising shareholder value.

## Buy-back Programmes

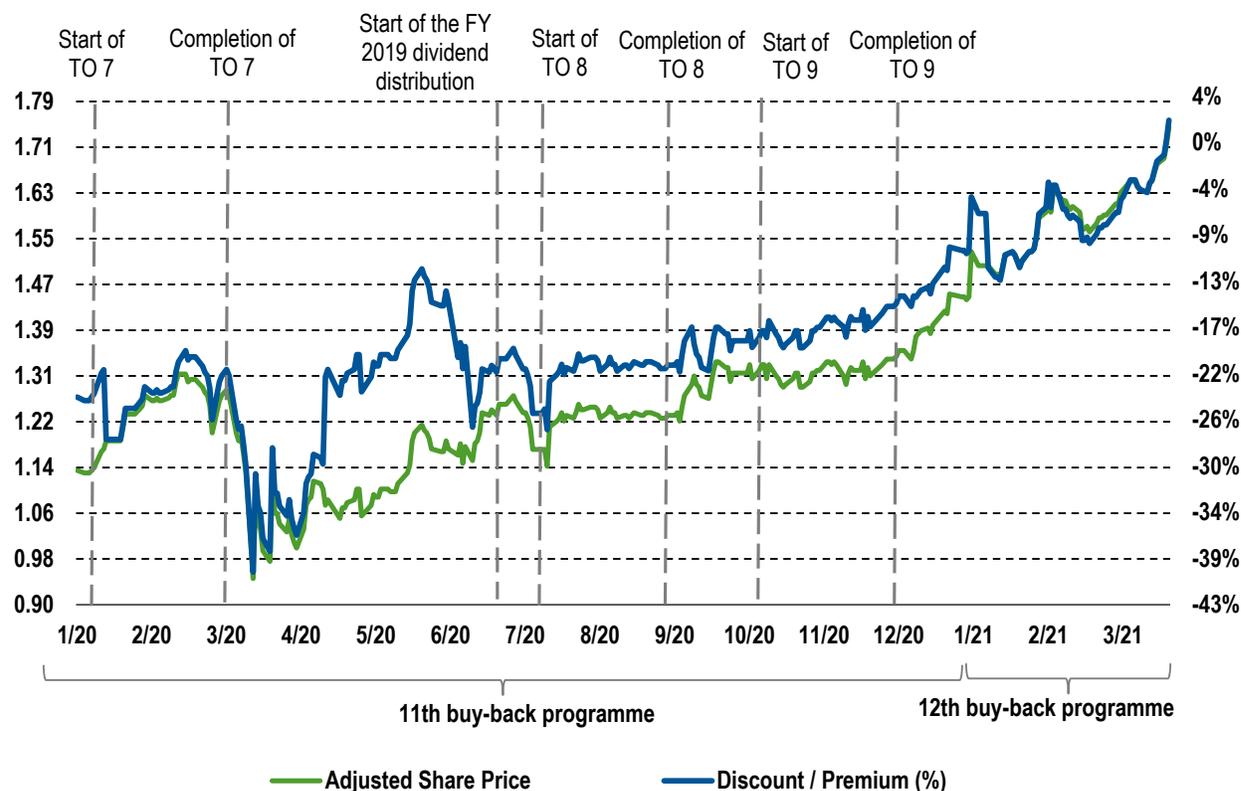
### Overview of share buy-back programmes since listing

Programme	Period	No. of shares repurchased (million shares)	Tender offer	Cancellation of shares
First	May – Sep 2011	240.3	N/A	Completed
Second	Apr – Dec 2013	1,100.9	Oct – Nov 2013	Completed
Third	Mar – Jul 2014	252.9	N/A	Completed
Fourth	Oct 2014 – Feb 2015	990.8	Nov – Dec 2014	Completed
Fifth	Feb – Jul 2015	227.5	N/A	Completed
Sixth	Sep 2015 – Sep 2016	891.7	Aug – Sep 2016	Completed
Seventh	Sep 2016 – May 2017	830.2	Feb – Mar 2017	Completed
Eight	May – Nov 2017	141.9	N/A	Completed
Ninth	Nov 2017 – Dec 2018	1,488.0	Jan – Feb 2018	Completed
Tenth	Jan – Dec 2019	403.8	Jul – Aug 2019	Completed.
Eleventh	Jan – Dec 2020	798.0	Jan – Mar 2020/ July – Sep 2020/ Oct – Dec 2020	Finalised on 31 December 2020. During April 2021 GSM, the shareholders approved the cancelation of the shares and the process is ongoing
Twelfth	Jan - March 2021	75.4	N/A	Approved during 13 November 2020 GSM, and started on 1 January 2021 (at transaction date)
<b>TOTAL</b>		<b>7,441.4</b>		

Source: Fondul Proprietatea

### Discount / premium and buy-back programmes evolution

The chart below presents the evolution of the discount / premium and trading price by reference to the buy-back programmes and dividend distributions implemented:



Source: Bloomberg for Adjusted Share Price, Fondul Proprietatea for Discount

Note: The discount is calculated in accordance with the IPS i.e. the discount between the FP shares closing price on the BVB - REGS for each trading day and the latest published NAV per share at the date of calculation

During the quarter ended 31 March 2021, the Fund bought back a total number of 75,418,379 own shares within the twelve buy-back programme (out of which 54,798,129 ordinary shares and 20,620,250 ordinary shares corresponding to GDRs), representing 1.0% of the total issued shares as at 31 March 2021, for a total acquisition value of RON 115,859,547.65, excluding transaction costs. The total number of own shares (including shares corresponding to GDRs) held by the Fund as at 31 March 2021 is 873,379,666 own shares, having a total nominal value of RON 454,157,426.32 (RON 0.52 per share). During 2021 there were no GDR's converted into ordinary shares. As at 31 March 2021, the Fund held 412,405 GDRs.

The table below shows a summary of the buy-back programmes conducted during the first quarter of 2021\*:

Programme	Description	No of shares*	Equivalent shares of GDRs*	Total no of shares	% of issued share capital***
11th	Opening balance as at 1 January 2021	797,961,287	-	797,961,287	
	Acquisitions	-	-	-	
	Conversions	-	-	-	
	Cancellations	-	-	-	
	Closing balance as at 31 March 2021	797,961,287	-	797,961,287	11.1%
	Weighted average price (RON per share; USD per GDR)**	1.3247	16.3185	1.3347	

Programme	Description	No of shares*	Equivalent shares of GDRs*	Total no of shares	% of issued share capital***
12th	Opening balance as at 1 January 2021	-	-	-	
	Acquisitions	54,798,129	20,620,250	75,418,379	
	Conversions	-	-	-	
	<b>Closing balance as at 31 March 2021</b>	<b>54,798,129</b>	<b>20,620,250</b>	<b>75,418,379</b>	<b>1.0%</b>
	<b>Weighted average price (RON per share; USD per GDR)**</b>	<b>1.5467</b>	<b>18.7408</b>	<b>1.5362</b>	
All	<b>Total balance of treasury shares as at 31 March 2021</b>	<b>852,759,416</b>	<b>20,620,250</b>	<b>873,379,666</b>	<b>12.1%</b>

Source: Fondul Proprietatea

\* Based on the transaction date

\*\* Weighted average price is calculated based on transaction price, excluding the related transaction costs, for the entire buy-back programme

\*\*\*calculated as the total number of shares acquired within the programme (own shares and shares corresponding to GDRs) divided by the number of shares corresponding to the issued share capital at the end of the programme (for completed programmes)/ at the reporting date (for ongoing programmes). The difference compared with the % of the treasury shares from Central Depository relates to the GDR's not converted at 31 March 2021.

### The eleventh buy-back programme

The eleventh buy-back programme has been finalized on 31 December 2020. During the 28 April 2021 Extraordinary General Shareholders' Meeting, the Fund's Sole Director proposed, and the shareholders approved the cancellation of the 797,961,287 treasury shares repurchased through the eleventh buy-back programme. The Fund will undertake all the required legal and regulatory steps for the cancellation of the shares. For more details, please see section *Subsequent events*.

### The twelfth buy-back programme

During 13 November 2020 GSM the shareholders approved the twelfth buy-back programme for a maximum number of 800,000,000 shares and/ or equivalent GDRs corresponding to shares, starting with 1 January 2021 until 31 December 2021, at a price that cannot be lower than RON 0.2 per share or higher than RON 2 per share. The shares repurchased during the buy-back programme will be cancelled. The Fund selected Auerbach-Grayson in consortium with Swiss Capital to provide brokerage services for the programme. The Fund is allowed to buy back daily up to 25% of the average daily volume of the Fund's shares (in the form of ordinary shares or GDRs) on the regulated market on which the purchase is carried out, calculated in accordance with the applicable law.

### Impact of the buy-back programmes on the Fund's equity

The Fund recognises the treasury shares (repurchases of own shares and GDRs) at trade date as a deduction from shareholders' equity (in an equity reserve account). Treasury shares are recorded at acquisition cost, including brokerage fees, distribution fees and other transaction costs directly related to their acquisition.

Upon completion of all legal and regulatory requirements, the treasury shares are cancelled and netted off against the share capital and/ or other reserves. The details on the accounting treatment to be applied for the registration and cancellation of treasury shares can be found in the FSA Norm no. 39/2015, article 75.

A negative equity element arises upon cancellation of the shares acquired in a buy-back programme, where the acquisition price is higher than the nominal value, but this does not generate an additional shareholder's equity decrease. At the cancellation date, only a reallocation between the equity accounts is booked, without any impact on profit or loss and without generating additional shareholders' equity decrease (the decrease is recorded at share acquisition date).

Article 75 from Norm no. 39/2015 mentions that the negative balance arising on the cancellation of equity instruments may be covered from the retained earnings and other equity elements, in accordance with the resolution of the General Shareholders Meeting. As at 31 March 2021, the Fund's equity elements that could be used to cover the negative reserve are sufficient and include retained earnings, reserves and share capital.

### Coverage of the negative reserves

The total negative reserves recorded by the Fund as at 31 March 2021 of RON 236,026,121 were related to the cancellation of the shares acquired within the tenth buy-back programme. There were no changes in the negative reserves balance in the quarter ended 31 March 2021.

During 28 April 2020 Annual GSM, the shareholders approved the allocation RON 236,026,121 from 2019 audited profit to other reserves in order to be available for covering the related negative reserves. The shareholders' approved during the 2021 annual shareholders' meeting from 28 April 2021, the coverage of the negative reserve

using the amount of RON 236,026,121, amounts allocated to other reserves specially for this purpose according to the decision of 28 April 2020 General Shareholders' Meeting.

The table below shows additional details on the estimated negative reserve that will arise upon the cancellation of the treasury shares in balance, as at 31 March 2021:

Negative reserve that would arise on cancelation of the treasury shares in balance as at 31 March 2021		Buy-back programme 11	Buy-back programme 12
Number of shares to be cancelled	(1)	797,961,287	75,418,379
Total costs (including transaction costs and other costs), representing the accounting value of the shares to be cancelled in the future (RON)	(2)	1,086,881,807	117,106,217
Correspondent nominal value (NV = RON 0.52 per share) (RON)	(3)=(1)*NV	414,939,869	39,217,557
<b>Estimated negative reserve to be booked on cancelation (RON)</b>	<b>(4)=(3)-(2)</b>	<b>(671,941,938)</b>	<b>(77,888,660)</b>

Source: Fondul Proprietatea

During the 28 April 2021 Annual GSM, the shareholders approved the cancellation of the 797,961,287 treasury shares repurchased within the eleventh buy-back programme and also the allocation RON 671,941,938 from the balance of distributions for which the statute of limitation occurred and from the unallocated profit of the years 2017-2019 to other reserves in order to be available for covering the related negative reserve. The negative reserve will be booked and recorded upon the finalisation of the legal required steps while the actual coverage of this negative reserve using the amount of RON 671,941,938 transferred to other reserves will be approved by shareholders during the annual shareholders' meeting subsequent to the completion of all cancellation steps.

## General Shareholders Meeting Resolutions in the First Quarter of 2021

During Q1 2021 there were two shareholders meetings:

- During 14 January 2021 Extraordinary General Meeting of the Fund the shareholders approved several amendments to the Constitutive Act;
- During the 24 March 2021 Annual Ordinary General Meeting of the Fund the shareholders approved the appointment of Mr Nicholas Paris for replacing Mr Julian Healy and the appointment of Mr Ömer Tetik for replacing Mr Piotr Rymaszewski. Both newly appointed members of the Board of Nominees started their three (3) years mandates on 6 April 2021.

## Impact of COVID-19 Pandemic on the Fund's Activity

### Overview

On 11 March 2020, the World Health Organisation declared the epidemic of COVID-19 a pandemic. On 16 March 2020, the President of Romania declared the State of Emergency over COVID-19 outbreak. This was initially announced for a period of 30 days and was subsequently extended by another month to 14 May 2020.

Various Military Ordinances have been issued since 16 March 2020 setting numerous restrictions with the objective of limiting the virus spread: closure of schools, prohibition of movement outside home or household barring some exceptions, severely restricted domestic and international travel, enforcing additional disinfection measures, etc.

Starting 15 May 2020, the State of Emergency was replaced with the state of alert and most of the restrictions were relaxed to a certain extent, being stricter in areas with a high rate of infections. The state of alert was periodically extended and the next decision in this regard is expected to be announced in June 2021. The authorities might impose additional local restrictions depending on the evolution of the pandemic context. The authorities announced the intention to relax the restrictions starting with June 2021 under certain conditions.

In 2021, the Government continue to impose the state of alert and local restrictions which applies during it for preventing and combating the effects of the COVID-19 pandemic. The Government has also implemented various measures to help the economy deal with COVID-19 pandemic effects, ensure social protection for vulnerable categories, and prepare the health system: extended guarantees for companies taking loans for investments and working capital, covering the costs with technical unemployment for companies that suspend their operations due to the pandemic, procurement of medical equipment and medical protection equipment, additional bonuses to healthcare sector employees, acquisition of hygiene goods, and the possibility to suspend mortgage and consumer loan payments until 31 December 2020, as well as other measures. Some of the measures are continued to be applied in 2021 and new ones were also implemented.

## Economic impact

It is one year since Covid-19 was declared a global pandemic and the current projections are more optimistic compared to the previous ones reflecting the additional fiscal support received in a few of the large economies and the anticipated vaccine-powered recovery in the second half of the year. After an estimated contraction of -3.3% in 2020, the global economy is projected to have a stronger recovery in 2021 and 2022 compared to the previous forecast, with a projected growth of 6% in 2021 and 4.4% in 2022<sup>1</sup>.

It is expected that the **Romanian economy** will experience a growth during 2021, depending on the evolution of the pandemic. According with National Commission for Strategy and Prognosis<sup>2</sup> the Romania's GDP contracted by 3.9% in 2020. A growth of 5.0% is forecasted for 2021.

During the first quarter, the **Romanian capital market**<sup>3</sup> registered significant increases for the investors trading on the BVB. In a context dominated by the coronavirus pandemic, the last 12 months brought an increase of BET index, and its equivalent including dividends, BET-TR. In the last trading session from March, BET reached the level of 11,189 points, and BET-TR reached a new record level of 18,848 points. In the first 3 months of this year, BET and BET-TR indices increased by over 14% and for the last 12 months, the growth rates amounted to 46.7% for BET and to 54.4% for BET-TR.

## Portfolio impact

Given the current economic context as a result of COVID-19 pandemic, which caused significant economic changes around the world, the Fund has performed an assessment of the related impact on the valuation of unlisted holdings in the portfolio. KPMG Advisory Romania has assisted with the preparation of an analysis of multiples' evolution between 31 October 2020 and 31 March 2021. For 31 March 2021, the current valuation reports were prepared as at 31 October 2020 and in addition, the Fund decide to update the value of Hidroelectrica SA with the assistance of KPMG Advisory Romania, which was prepared as at 28 February 2021 based on financial information available for the companies under valuation at the respective date. The total impact was an increase in value of the unlisted holding with 8.1%/ RON 417.9 million on 31 March 2021 NAV compared to 31 December 2020 NAV.

During this volatile and uncertain period, the Fund will continue to closely monitor the evolution of financial markets and that of the specific industries the unlisted holdings operate in, and for each NAV reporting date will assess if an updated valuation is required.

## Impact on operations and business continuity

The Sole Director has taken a number of precautionary measures to limit the impact of COVID-19 on the Fund's activity. The business continuity plan has been activated to protect and minimise risk to employees, while also ensuring no disruption to business operations and management of Fondul Proprietatea. The Sole Director has a robust and regularly tested work-from-home capability and 90% of Bucharest employees have worked remotely since 16 March 2020. The Fund's business operations continue to be fully functional. The Sole Director has also temporarily suspended all business travel. At its headquarters, additional hygiene and disinfection measures have been implemented.

The communication with the Fund's shareholders takes place smoothly in the new circumstances: the Sole Director continues to provide regular updates to them via current reports, conference calls, usual calls, e-mails and updates on the Fund's website. The only restriction that temporarily applies is that shareholders are no longer able to visit the Fund's office.

The Sole Director does not envisage difficulties for the Fund in fulfilling commitments to shareholders and obligations to third parties, the current and estimated future cash flows being sufficient to cover the payments and the ongoing distributions to shareholders during the year.

## Regulatory Updates

### SFDR implementation

The European Union has set in motion a legislative programme to make environmental, social and governance concerns a central plank of regulation in the financial services industry. As part of this package, the Regulation

<sup>1</sup> [International Monetary Fund World Economic Outlook April 2021](https://www.imf.org/en/Publications/WEO/Issues/2021/04/01/wEO-apr-2021)

<sup>2</sup> [https://cnp.ro/user/repository/prognoze/EN\\_Spring\\_Forecast\\_2021.pdf](https://cnp.ro/user/repository/prognoze/EN_Spring_Forecast_2021.pdf)

<sup>3</sup> [https://bvb.ro/press/2021/BVB\\_Raport\\_lunar\\_martie\\_2021.pdf](https://bvb.ro/press/2021/BVB_Raport_lunar_martie_2021.pdf)

(EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector (SFDR) was published in December 2019 and needed to be implemented until March 2021. The AIFM has implemented a policy for integrating sustainability risks and opportunities into their research, analysis and investment decision-making processes. Sustainability risk means an environmental, social, or governance event or condition, that, if it occurs, could potentially or actually cause a material negative impact on the value of the Fund's investments. Sustainability risks can either represent a risk on their own or have an impact on other risks such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks are important elements to consider in order to enhance long-term risk adjusted returns for investors and determine specific Fund's strategy risks and opportunities. Integration of sustainability risk may vary depending on the Fund's strategy, assets and/ or portfolio composition. The AIFM makes use of specific methodologies and databases into which environmental, social, and governance data from external research companies, as well as own research results, are incorporated. Assessment of sustainability risks is complex and may be based on ESG data, which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed. To the extent that a sustainability risk occurs, or occurs in a manner that is not anticipated by the AIFM's models, there may be a sudden, material negative impact on the value of an investment, and hence on the NAV. Such negative impact may have an equivalent negative impact on the market price for shares traded on BVB or on GDRs traded on LSE.

The AIFM published at the beginning of March 2021 an updated Investor Disclosure paper presenting the sustainability risk, as requested under SFDR.

#### ***Romanian state prohibited from selling shares in Romanian companies for two years***

In August 2020, the Romanian Parliament enacted Law 173/2020 regarding certain measures for protecting national interest within the economic activity. The law entered into force on 16 August 2020, banning the sale of shareholdings owned by the Romanian state in national companies, banks or other companies in which the state is a shareholder, irrespective of the ownership percentage, for the next two years. Ownership transfers that commenced before the entry into force of the law are suspended for a two-year term. Even though this suspension will not apply to finalised privatisations, these restrictions will likely impact the Romanian market. The law is likely to complicate the long-awaited listing of energy producer Hidroelectrica SA, Romania's most valuable state company, and other ongoing sales of companies where the state holds shares. On 5 October 2020, GEO no. 166/2020 entered into force, the setting exceptions from Law 173/2020. On 3 February 2021, the Government proposed for Parliament's approval a new draft of law that repeals the requirements in Law 173/2020 regarding the state prohibition to sell shares in Romanian companies, which was adopted by the Senate on 22 March. The draft is still in Parliament for other legislative procedure. There is no time estimation as to when this law will enter into force.

#### ***Changes in Romanian Water Law***

During 2020, the Parliament approved several changes to the Water Law which entered into force on 13 July 2020 while the Romanian Government changed the Water Law starting with 31 December 2020. According to these changes, all owners of water installations that collect underground or surface waters are required to install water metering devices within 6 months calculated from 13 July 2020. Failure to comply with this requirement, even for well justified technical reasons, could lead to the obligation to pay the water contribution to ANAR at the level of the maximum authorised flow.

For the purpose of calculating the water volume used by its hydropower plants to produce electricity Hidroelectrica SA has been using an indirect calculation method based on the electricity volume produced by each hydro-unit. Hidroelectrica SA management considers it technically unfeasible to install standard water meters as required by the law, given the size and the variety of technical specifications of its power plants.

Following the latest changes approved in December 2020, further amendments to Romanian Water Law are currently debated in Parliament, with a potential impact on the activity of Hidroelectrica SA. On 8 February 2021, the Senate as first chamber discussing the amendments, approved a change that would allow Hidroelectrica SA to continue to use indirect methods for determining the water volumes as before July 2020 (i.e. cancelling the effects of the changes in legislation adopted after July 2020). The law then moved to the Chamber of Deputies which was also the decisional body. Here it suffered unexpected changes brought by the Agricultural Commission which included a flat-water contribution for hydropower producer of RON 33/ MWh. This would push Hidroelectrica SA production costs in an average hydrological year to around RON 528 million from around RON 350 million based

on the system until 2020, leading to a more than 10% increase in Hidroelectrica's over-all average production cost. The law is currently re-assessed by the same Agricultural Committee in the Chamber of Deputies.

The entire legislative process involves several mandatory steps and the final wording of the law cannot be predicted.

The changes in legislation are estimated to be effective after the date of publication of this report. The Fund is monitoring the legislative process in Parliament as well as Hidroelectrica SA ongoing discussions with ANAR in order to be able to assess any potential impact on the company.

### **European Single Electronic Format Reporting**

In March 2021, FSA issued regulation 7/2021 regarding the obligations of the issuers, whose securities are admitted to trading on a regulated market, to issue the annual financial statements in the single electronic reporting format, which was published in the Official Gazette of Romania and entered into force on 24 March 2021.

By means of this law, FSA delayed by one year the application of the ESEF requirements for listed companies' annual financial reports, starting with the reporting for financial years beginning on or after 1 January 2021.

Also, FSA allowed that listed companies who wish to publish their ESEF 2020 annual financial reports will still be able to proceed. For the year end 2020, the Fund voluntary apply to publish the Annual Report in in the single electronic reporting format, which can be found on Fondul Proprietatea [website](#).

### **FSA Regulation no. 6/2021**

In March 2021, FSA published the Regulation no. 6/2021 amending and supplementing the Regulation no 7/2020 on the authorisation and function of alternative investment funds, which modify the NAV monthly report. The changes would be applicable to the Fund starting the date when the Fund's registration process as an alternative investment fund with the FSA is finalised.

# NAV Analysis and portfolio evolution

## NAV Methodology and NAV Evolution

The key performance indicator of the Fund is its Net Asset Value. The Fund is required to publish a monthly net asset value per share in accordance with the local rules issued by the capital market regulator, no later than 15 calendar days after the reporting month end.

All NAV reports are published on the Fund's website at [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro), together with the share price and discount / premium information.

Listed securities are valued either at closing market prices if listed on regulated markets, or at reference prices if listed on an ATS. In case of shares listed on ATS the reference price is considered to be the average price. Illiquid or unlisted securities are valued using either the value of shareholders' equity, as per the latest available annual financial statements, proportionally with the stake held, or at fair value according to International Valuation Standards. The shares in the companies under insolvency or reorganisation procedures, in companies under a judicial liquidation procedure or any other liquidation procedures, as well as in companies under temporary or permanent suspension of operation, are valued at zero until the procedure is finalised.

The treasury shares acquired through buy-backs are excluded from the number of shares used in the NAV per share computation. Due to the fact that in substance the Fund's GDRs are similar to the ordinary shares to which they correspond, in the computation of the number of shares used NAV per share calculation, the equivalent number of shares corresponding to the GDRs bought back and held by the Fund as at NAV reporting date is also deducted, together with the number of ordinary own shares bought back and held.

### Changes to NAV reporting

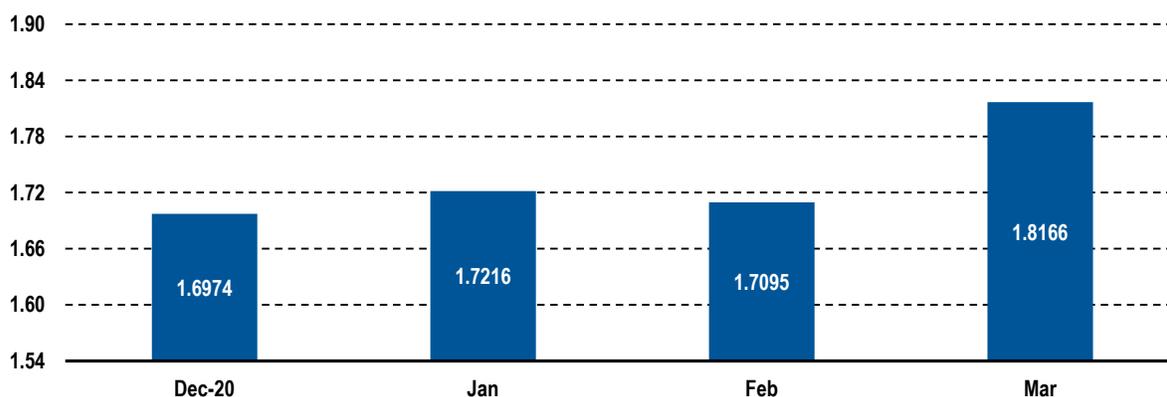
Romanian AIF Law and AIF Regulation became effective in 2020, requiring the Fund to apply for FSA authorisation as an AIF and bringing various changes to the internal procedures of the Fund, including the NAV reporting process. The current NAV calculation methodology did not require any significant change, as the valuation rules for the portfolio instruments are mainly the same. Most of the amendments in the new AIF legislation refer to:

- changes in the reporting templates provided by the regulator;
- new reporting requirements regarding leverage as part of the NAV reporting;
- certain changes in NAV reporting publication deadlines – both NAV calculation and the Annex containing the detailed statement of investments, are to be published after FSA review.

However, the changes would be applicable to the Fund starting the date when the Fund's registration process as an alternative investment fund with the FSA is finalised.

### NAV per share (RON per share)

The following chart shows information on the monthly published NAVs per share for the period 31 December 2020 to 31 March 2021:



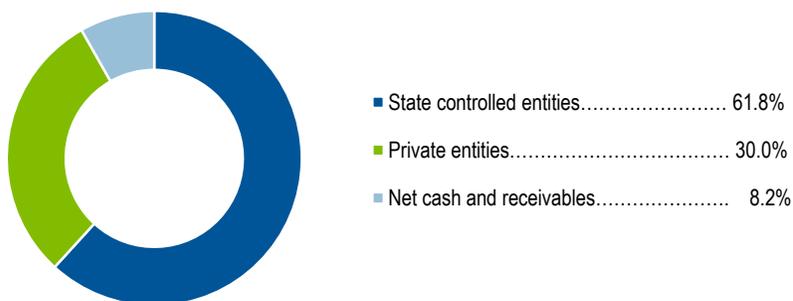
Source: Fondul Proprietatea, based on NAV reports submitted to the FSA, computed for the last working day of the month

During the **first quarter of 2021**, the NAV per share had an increase of 7.0% compared to the end of the previous year, mainly due to the positive share price evolution of the Fund’s listed holdings, principally OMV Petrom SA (impact on the Fund’s NAV of RON 263.6 million or RON 0.0436 per share) and due to the increase in valuation of the unlisted holding Hidroelectrica SA (impact on the Fund’s NAV of RON 417.9 million or RON 0.0691 per share).

### Investment Strategy and Portfolio Analysis

The Fund’s investment objective is the maximisation of returns to shareholders and the increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities. The equity exposure amounted to 91.84% of the Fund’s NAV as at 31 March 2021. As at that date, the portfolio was composed of holdings in 32 companies (6 listed and 26 unlisted), a combination of privately held and state-controlled entities.

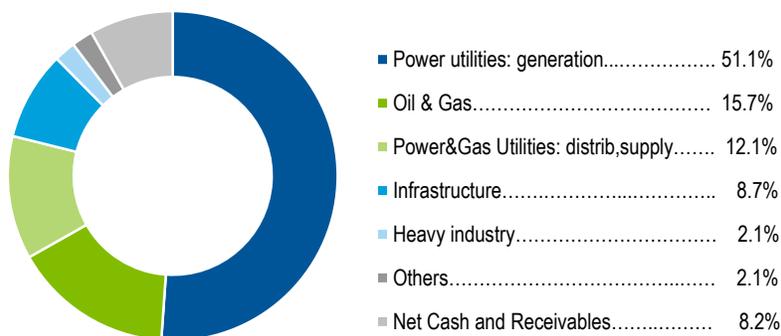
#### Portfolio Structure – by Controlling Ownership



- Net cash and receivables includes bank deposits, current bank accounts, short-term Government securities, dividend receivables, as well as other receivables and assets, net of all liabilities (including liabilities to shareholders related to the returns of capital and dividend distribution) and provisions.

Source: Fondul Proprietatea, data as at 31 March 2021, % in total NAV

#### Portfolio Structure – by Sector



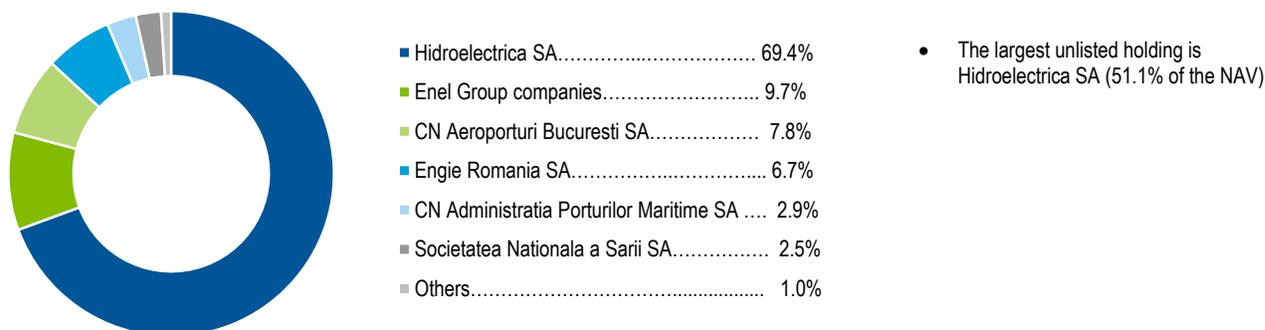
- The portfolio remains heavily weighted in power, oil and gas sectors (approx. 78.9% of the NAV), through several listed and unlisted Romanian companies

Source: Fondul Proprietatea, data as at 31 March 2021, % in total NAV

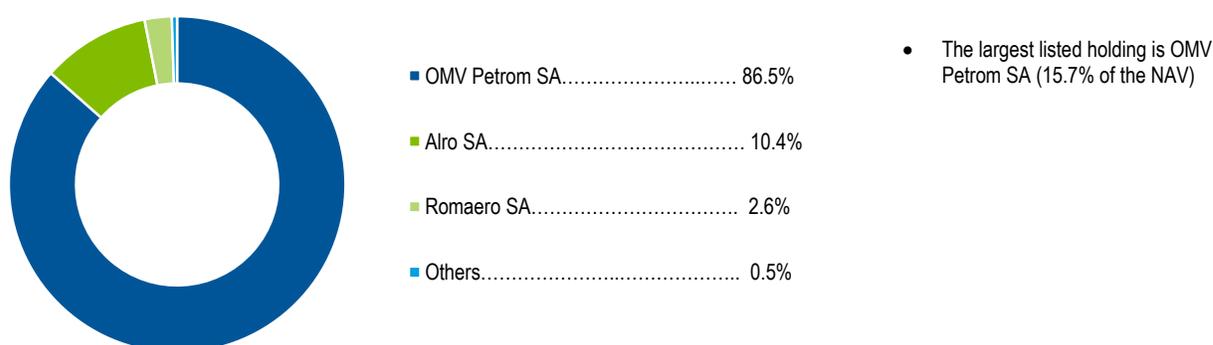
#### Portfolio Structure – by Asset Type



Source: Fondul Proprietatea, data as at 31 March 2021, % in total NAV

**Portfolio Structure – Unlisted holdings**

Source: Fondul Proprietatea, data as at 31 March 2021; the chart reflects the company NAV value as a % in total NAV value of unlisted holdings

**Portfolio Structure – Listed holdings**

Source: Fondul Proprietatea, data as at 31 March 2021; the chart reflects the company NAV value as a % in total NAV value of listed holdings

**Key portfolio developments****Participation in share capital increases**

On 12 November 2020, the Fund subscribed to the share capital increase of Hidroelectrica SA with a cash contribution of RON 415,110, which was effective on 15 January 2021, at the registration date with the Romanian Trade Register.

On 18 February 2021, the Fund subscribed to the share capital increase of Societatea Nationala a Sarii SA with a cash contribution of RON 55,720, which will be effective at the date of registration with the Romanian Trade Register.

**Energy Sector Updates****Updates on the regulatory requirements in the energy sector**

In January 2020, the Government issued GEO 1/2020 in order to repeal most of the fiscal package approved in 2018 through GEO 114/2018. As a result, starting with 2021, the electricity market has been fully liberalised and the obligation previously imposed on certain producers to deliver electricity on regulated contracts to the suppliers of last resort to cover household electricity consumption has been fully eliminated.

The Ministry of Energy has launched in public consultation a draft law for the amendment of the Romanian electricity and natural gas law (Law 123/2012), as result of the obligation to transpose the European Directive 944/2019 on common rules for the internal market for electricity into the Romanian law. According to the draft law, the following types of transactions can be concluded on the wholesale competitive market: a) directly negotiated bilateral transactions; b) transactions concluded following the conduct of auctions on organized markets, including the electricity balancing market; c) electricity import and export transactions. As such, Romanian electricity producers would be allowed to enter into directly negotiated bilateral contracts, a significant change from the current situation where for existing production capacities, producers are obliged to sell the electricity on centralised markets.

Starting with 1 January 2021 there is no more regulated market as regards to the electricity producers. Please see the 2020 Annual report for the last regulated quantities and prices for the companies in the Fund's portfolio, according with ANRE decisions.

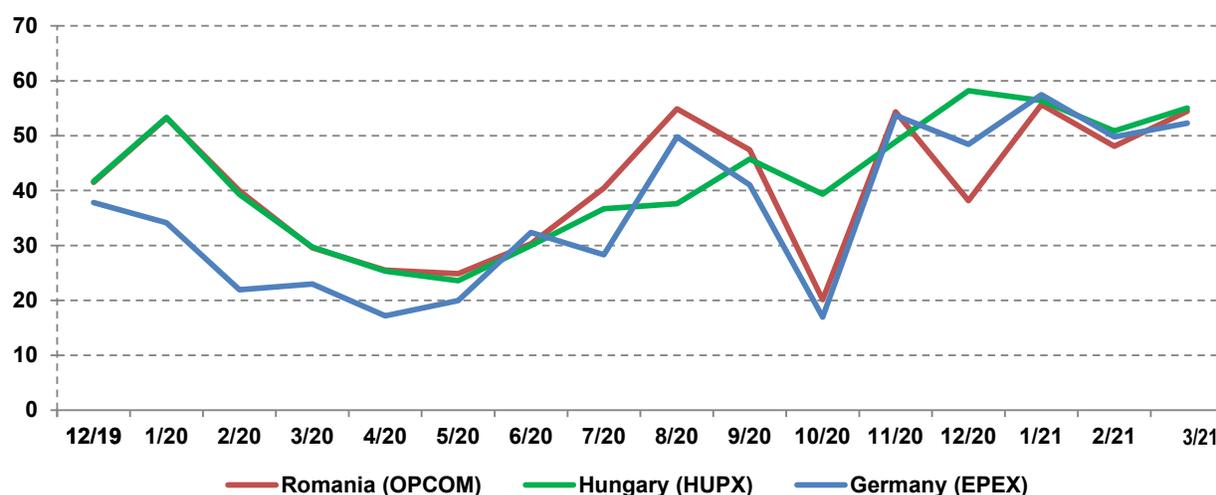
For gas distribution tariffs, there are no changes in the first three months of 2021. Please check 2020 Annual report for last approved tariffs by ANRE (currently in force).

### Other regulations

According to ANRE's Order no. 1/ 20 January 2021 and Order no. 3/ 20 January 2021 respectively, effective starting with 1 February 2021, the regulator allows for electricity and gas distribution companies the following:

- to add 1% incentive above the current level of RRR for newly employed assets;
- to add an incentive of 2% to the current level of RRR for investments fully or partially financed through EU grants.

### Electricity prices (EUR/ MWh)



Source: Bloomberg

### Energy resources (thousand tonnes barrels of oil equivalent)

	January – March 2021			January – March 2020			% change		
	Total	Production	Import	Total	Production	Import	Total	Production	Import
Net coal	812.7	733.6	79.1	958.9	826.2	132.7	-15.2%	-11.2%	-40.4%
Crude oil	2,850.5	773.1	2,077.4	2,742.8	829.6	1,913.2	3.9%	-6.8%	8.6%
Usable natural gas	2,593.3	1,904.0	689.3	2,680.4	2,051.9	628.5	-3.2%	-7.2%	9.7%
Hidro. nuclear. and import energy	1,456.0	1,294.6	161.4	1,461.0	1,279.5	181.5	-0.3%	1.2%	-11.1%
Import oil products	530.7	-	530.7	634.5	-	634.5	-16.4%	-	-16.4%
Others	143.9	-	143.9	103.9	-	103.9	38.5%	-	38.5%
<b>Total resources</b>	<b>8,387.1</b>	<b>4,705.3</b>	<b>3,681.8</b>	<b>8,581.5</b>	<b>4,987.2</b>	<b>3,594.3</b>	<b>-2.3%</b>	<b>-5.7%</b>	<b>2.4%</b>

Source: National Institute of Statistics webpage

## Update on the Largest 10 Portfolio Holdings

## Top 10 equity investments

No	Name	Fund's stake (%)	Value as at 31 March 2021 <sup>1</sup> (RON million)	% of NAV as at 31 March 2021 <sup>1</sup>
1	Hidroelectrica SA	19.94%	5,547.2	51.1%
2	OMV Petrom SA	7.00%	1,704.3	15.7%
3	CN Aeroporturi Bucuresti SA	20.00%	624.1	5.8%
4	Engie Romania SA	12.00%	538.8	5.0%
5	E-Distributie Banat SA	24.13%	272.7	2.5%
6	CN Administratia Porturilor Maritime SA	20.00%	235.8	2.2%
7	E-Distributie Muntenia SA	12.00%	227.8	2.1%
10	Alro SA	10.21%	204.8	1.9%
8	Societatea Nationala a Sariei SA	49.00%	201.2	1.9%
9	E-Distributie Dobrogea SA	24.09%	177.2	1.5%
<b>Top 10 equity holdings</b>			<b>9,733.9</b>	<b>89.7%</b>
<b>Total equity holdings</b>			<b>9,964.8</b>	<b>91.8%</b>
<b>Net cash and receivables</b>			<b>886.0</b>	<b>8.2%</b>
<b>Total NAV</b>			<b>10,850.8</b>	<b>100.0%</b>

Source: Fondul Proprietatea, based on NAV reports submitted to FSA

<sup>1</sup> Rounded to one decimal

## Hidroelectrica SA

RON million	2019	2020
Revenues	4,177.2	3,850.4
Operating profit	1,975.3	1,673.4
Net profit	1,386.5	1,451.6
Dividends*	1,253.3	1,286.4

Source: Individual IFRS financial statements

\*does not include the special dividends declared by the company

May: According to audited individual IFRS financial statements, Hidroelectrica SA reported revenues of RON 3,850.4 million, down 7.8% y.o.y., an EBITDA of 2,711.0 million, down by 7.6% y.o.y., an operating profit of RON 1,673.4 million, down 15.2% y.o.y., a profit before tax of RON 1,782.4 million, down 14.4% y.o.y. and a net profit of RON 1,451.6 million, up 4.6% y.o.y. Electricity delivered by the company out of its own production reached 14.58 TWh, down 2.3% y.o.y., while total electricity sold reached 15.96 TWh, up 0.6% y.o.y. Over the period, the average realised selling price was down 6.6% y.o.y. to RON 214.3 per MWh. On the competitive segment of the electricity market, the average realised price was RON 240.1 per MWh, down 1.1% y.o.y. During 2020, the company delivered on the regulated market a total volume of electricity of 3.15 TWh compared to 1.64 TWh in 2019, at an average price of RON 109.5 per MWh, down 2.9% y.o.y. At the end of December 2020, the company's cash position stood at RON 2.08 billion.

May: According to management, over the first three months of 2021, the company reported a turnover of RON 1,418.1 million, up 67.2% y.o.y., an EBITDA of RON 1,072.6 million, up 80.6% y.o.y., an operating profit of RON 888.5 million, up 90.3% y.o.y., a profit before tax of RON 895.7 million, up 83.0% y.o.y. and a net profit of RON 759.5 million, up 76.5% y.o.y. Over the period, total electricity sold reached 4.74 TWh, up 32.0% y.o.y., out of which the electricity sold out of own production reached 4.50 TWh, up 38.0% y.o.y. The average realised electricity selling price was RON 279.6 / MWh up 36.5% y.o.y. As a result of the changes to the Romanian Water Law implemented during 2020, over the first three months of the year Hidroelectrica SA registered total costs with the water used to produce electricity of RON 149.0 million, up from RON 69.6 million during the similar period of the previous year. At the end of March 2021, the company's net cash position stood at RON 2.90 billion.

May: Shareholders approved the distribution of RON 1.29 billion as dividend out of the 2020 net profit and RON 1.00 billion as special dividends out of retain earnings. The deadline for the payment by Hidroelectrica SA to

shareholders of the annual dividend is 12 July 2021, while the deadline for the payment of the special dividend is 30 September 2021.

#### COVID-19 considerations

In the context of COVID-19 pandemic, the company has implemented a number of measures aimed at protecting the company personnel, ensuring the safety and continuity of operations and safeguarding the financial position of the company. Among the measures outlined by management are the implementation of work from home measures in shifts for a significant part of the administrative and support personnel, implementation of strict prevention and social distancing measures for production departments, as well as close monitoring of company expenses.

#### OMV Petrom SA

RON million	2019	2020	Q1 2020	Q1 2021	Budget 2020	Budget 2021
Sales	25,485.5	19,717.0	6,085.70	4,868.1	18,088.0	15,875.0
Operating profit	4,245.1	1,467.1	829.6	706.7	3,453.0	2,133.0
Net profit	3,634.7	1,291.0	653.4	573.3	2,815.0	1,824.0
Dividends*	1,756.0	1,756.0	-	-	-	-

Source: Consolidated IFRS financial statements/ Budgeted figures based on company's budgets as approved by shareholders

\*Based on separate IFRS financial statements

February: The company reported 2020 preliminary results. Consolidated sales decreased in Q4 2020 by 37% y.o.y., negatively impacted by lower sales volumes and prices for petroleum products and natural gas, as well as lower sales volumes for electricity, partially offset by higher prices for electricity. The Clean CCS (current cost of supply) Operating Result of RON 467 million in Q4 2020 was lower by 58% y.o.y., mainly due to the negative evolution in Upstream, triggered by lower crude oil and gas prices, and lower refining margins in Downstream Oil, partially mitigated by better market conditions in the power sector for the Downstream Gas segment.

Full year 2020 net income attributable to shareholders was RON 1,291 million (2019: RON 3,635 million). The Executive Board proposed a 2020 dividend per share of RON 0.031, the same as last year. This implies a dividend pay-out ratio of 136%.

April: Shareholders approved the distribution of RON 1.76 billion as dividends and the Fund will receive approx. RON 122.9 million. Q1 2021 results were broadly in line with market expectations, as the clean CCS operating profit came in just 2% below consensus at RON 653 million. Higher oil prices significantly increased E&P's (exploration and production) earnings generation capacity, as expected.

#### COVID-19 considerations

The 2021 budget of the company was prepared based on the following main assumptions:

- Average Brent oil price of USD 50/bbl;
- Refining margins to be above USD 4/bbl;
- Gas price expected to be below the level of 2020.

Management presented the impact of movements in oil price market environment on company's operation for 2021, thus:

- An increase of 1 USD/bbl in Brent price is impacting the company by EUR 20 million;
- An increase of 1 USD/bbl in refining margin is impacting the company by EUR 25 million;
- A 5 cents appreciation of USD against EUR is impacting the company by EUR 35 million;
- An increase of 1 EUR/MWh in gas price is impacting the company by EUR 20 million.

Management included an update in the Q1 2021 report regarding the market environment, as the average Brent oil price expected to be at USD 60-65/bbl for 2021 above the USD 50-55/bbl guidance in Q3 2020 report.

## CN Aeroporturi Bucuresti SA

RON million	2019*	2020*	Budget 2020**	Budget 2021
Operating revenue	1,066.6	409.8	466.1	538.6
Operating profit	399.0	(128.1)	(137.4)	1.7
Net profit / (loss)	359.6	(120.3)	(129.5)	0.2
Dividends***	183.5	-	-	-

Source: Individual IFRS financial statements/ Budgeted figures based on company's budgets as approved by shareholders

\*preliminary results

\*\* restated

\*\*\*do not include the special dividends declared by the company

January: The majority shareholder replaced five interim Board members with Mr. Cosmin Mircea, Mr. Eduard Zevedei, Mr. Florin Tancu, Mr. Mugur Popescu and Mr. Adrian Preda. Mr. Cosmin Catalin Pestesan replaced Mr. Florin Dimitrescu as General Manager, while retaining his interim Board mandate. Preliminary 2020 results point to a net loss of RON 120.3 million. Traffic was down by 70% in 2020 to 4.5 million passengers, and the number of aircraft movements also halved compared to 2019.

April: Shareholders approved the 2021 budget. It is based on a traffic of 6.85 mn passengers for this year, down by more than 50% vs pre-Covid levels. The management sees this as the breakeven point for profitability. However, traffic continued to be down by more than 70% vs pre-covid levels in Q1 2021.

*COVID-19 considerations*

The company has been heavily impacted by another pandemic wave: the number of passengers and flights have seen a significant decline since the beginning of this year. ACI Europe, the airport industry trade body, reveals that traffic in EU airports from February 2021<sup>1</sup> decreased by 83.6% year-on-year.

## Engie Romania SA

RON million	2019	2020***	Budget 2020	Budget 2021***
Turnover	6,689.1**	6,228.9	7,611.2	6,116.8
Operating profit	433.7	557.4	271.4	351.8
Net profit	385.2	492.8	241.8	315.9
Dividends*	100.7	-	-	-

Source: Consolidated IFRS financial statements/ Budgeted figures based on company's budgets as approved by shareholders, on a consolidated basis

\*Dividends are based on the separate financial statements

\*\* Restated

\*\*\* Pending shareholders' approval

May: According to the audited financial statements, in 2020 the company reported turnover of RON 6,228.9 million, down 7% y.o.y and a net profit of RON 492.8 million, up 28% y.o.y.

## E-Distributie Banat SA

RON million	2019	2020	Budget 2020	Budget 2021
Operating revenue	550.8	556.8	565.1	546.5
Operating profit before depreciation and amortization (EBITDA)	102.5	144.7	150.7	163.4
Net profit	167.7	38.6	(5.9)	36.0
Dividends	886.2*	77.3**	-	-

Source: Financial statements in accordance with applicable Romanian accounting regulations/ Budgeted figures based on company's budgets as approved by shareholders EBITDA computed as operating profit plus depreciation/amortization and adjusted for revenues/expenses from revaluation of tangible assets, impairment of tangible assets and subsidiaries

\*Special dividends approved by shareholders and paid in 2020

\*\*as of GSM resolution from 12 May 2021, of which RON 62 million represents special dividends

December 2020: ANRE published the regulated tariffs applicable starting with 1 January 2021. On average, the tariffs were increased by 1.63% (for more details on tariffs please see section Energy Sector Updates).

April: E-Distributie Banat SA reported almost flat operating revenues (+1.1% y.o.y.) and EBITDA of RON 144.7 million in 2020, 41.2% y.o.y. higher compared to 2019. Management proposes a 40% dividend pay-out ratio (RON 15.3 million) and on top, an special dividend from retained earnings in the amount of RON 62 million.

<sup>1</sup> <https://www.aci-europe.org/44-industry-data/40-airport-traffic.html>

## CN Administratia Porturilor Maritime SA

RON million	2019	2020*	Budget 2020	Budget 2021
Operating revenue	369.0	385.6	380.0	411.8
Operating profit	117.0	160.9	96.3	77.7
Net profit	108.2	146.4	95.7	78.3
Dividends	27.5	-	25.1	21.2

Source: Financial statements in accordance with applicable Romanian accounting regulations/ Budgeted figures based on company's budgets as approved by shareholders  
\*preliminary results

February: According to the preliminary 2020 results, sales were down y.o.y. by around 1.4% to RON 345.2 million, although traffic declined by 9.3% y.o.y. to 60.4 million tonnes, the reduction in traffic being driven mainly by crude oil and petroleum products, which registered a decline of 18.5% y.o.y. to 11.7 million tonnes. Preliminary net profit for the year stands at RON 146.4 million, up 35.3% y.o.y. The boost in profitability was supported by significantly lower provisions, but we stress out that the final level of provisions will be established only by the audited financial statements.

April: The 2021 budget was approved in the annual GSM. Excluding the new internalized activity of pilotage, operating revenues are projected to stay almost flat this year. However, the management sees inflating goods and services costs and higher personnel expenses, after hiring pilots for the internalized activity. Thus, the net profit is seen almost halving this year.

## COVID-19 considerations

In the context of COVID-19 pandemic, the company has implemented a number of measures aimed at protecting the company personnel, ensuring the safety and continuity of operations and safeguarding the financial position of the company.

## E-Distributie Muntenia SA

RON million	2019	2020	Budget 2020	Budget 2021
Operating revenue	993.8	968.2	989.3	939.4
Operating profit before depreciation and amortization (EBITDA)	271.3	181.3	305.7	328.7
Net profit	96.7	111.8	106.9	115.9
Dividends	1,566.3*	167.7**	-	-

Source: Financial statements in accordance with applicable Romanian accounting regulations/ Budgeted figures based on company's budgets as approved by shareholders  
EBITDA computed as operating profit plus depreciation/amortization and adjusted for revenues/expenses from revaluation of tangible assets, impairment of tangible assets and subsidies

\*special dividends approved by shareholders and paid in 2020

\*\* as of GSM resolution from 12 May 2021, of which RON 71.7 million represents special dividends.

December 2020: ANRE published the regulated tariffs applicable starting with 1 January 2021. On average, the tariffs were increased by 1% (for more details on tariffs please see section *Energy Sector Updates*).

April: E-Distributie Muntenia SA reported 33.4% y.o.y lower EBITDA in 2020 at RON 181.3 million, due to slightly lower operating revenues (-2.6% y.o.y.). Management proposes an 86% dividend pay-out ratio (RON 95.9 million) and on top, a special dividend from retained earnings in the amount of RON 71.7 million.

## Societatea Nationala a Sarii SA (Salrom)

RON million	2019	H1 2019	H1 2020	2020*	Budget 2019	Budget 2020	Revised Budget 2020
Operating revenue	469.2	209.0	127.7	300.2	411.9	396.2	322.8
Operating profit	84.6	57.7	3.1	15.8	63.7	69.3	25.9
Net profit	77.0	48.8	4.1	11.5	62.2	59.8	23.7
Dividends	40.4	-	-	-	62.2	59.8	23.7

Source: IFRS financial statements/ Budgeted figures based on company's budgets as approved by shareholders

\*Pending shareholders' approval

February: Ms Simona Fatu stepped down from her position as board member following her appointment as State Secretary in the Ministry of Economy.

March: Fondul Proprietatea proposed and appointed through cumulative voting Ms Simona Ochian and Mr Valeriu Ionita as board members. The majority shareholder proposed and voted for Mr Medves Ervin, Mr Dragos

Oancea and Ms Alina Prahoveanu and as temporary board members. The mandates entered in force on 29 March 2021, for a period of 4 months.

May: According to the audited financial statements, in 2020 the company reported operating revenues of RON 300.2 million, down 36% y.o.y and a net profit of RON 11.5 million, down 85% y.o.y..

### E-Distributie Dobrogea SA

RON million	2019	2020	Budget 2020	Budget 2021
Operating revenue	506.4	530.1	528.6	525.8
Operating profit before depreciation and amortization (EBITDA)	94.3	163.3	164.1	183.1
Net profit	87.6	53.7	4.0	58.4
Dividends	502.7*	-	-	-

Source: Financial statements in accordance with applicable Romanian accounting regulations/ Budgeted figures based on company's budgets as approved by shareholders EBITDA computed as operating profit plus depreciation/amortization and adjusted for revenues/expenses from revaluation of tangible assets, impairment of tangible assets and subsidies

\*special dividends approved by shareholders and paid in 2020

December 2020: ANRE published the regulated tariffs applicable starting with 1 January 2021. On average, the tariffs were increased by 2.93% (for more details on tariffs please see section *Energy Sector Updates*).

April: E-Distributie Dobrogea SA reported 4.7% y.o.y. increase in operating revenues at RON 528.6 million and EBITDA of RON 163.3 million (+73.1% y.o.y.) in 2020. Management proposes no dividends to be paid to shareholders in 2021.

### Alro SA

RON million	2019	2020	Q1 2020	Q1 2021	Budget 2020*	Budget 2021**
Operating revenue	2,777.8	2,514.7	712.3	743.9	2,432.5	2,790.9
Operating profit	99.2	399.4	(74.6)	(8.5)	139.2	360.9
Net profit/ (loss)	(67.2)	329.0	(110.0)	(61.9)	60.2	289.6
Dividends	-	-	-	-	-	-

Source: Consolidated IFRS financial statements/ Budgeted figures based on company's budgets as approved by shareholders

\*Computed using the NBR USD/RON FX rate as at 31 December 2020

\*\* GSM resolution from 29 April, 2021, values computed using the NBR USD/RON FX rate as at 31 March 2021

February: Alro reported 2020 preliminary financial results on 26 February, as follows: operating revenues at RON 2,514.7 million, lower by 9.5% y.o.y., due to the slowdown in demand experienced during this period, which was further reflected in the overall output levels. Aluminum prices on London Metal Exchange ("LME") recovered ground in the 4th quarter 2020, increasing by 11.3% y.o.y. and registered an average price of USD 1,731.8 per tonne in 2020 (down by 4.8% yoy). EBIT reached RON 399.4 million in 2020 versus RON 99.2 million in 2019, while Alro Group reported a net profit of RON 329.0 million in 2020 versus a net loss of RON 67.2 million in 2019, both due the one-off recognised as state aid scheme.

May: Alro reported Q1 2021 financial results on 14 May, as follows: operating revenues amounting to RON 743.9 million (+4.4% y.o.y.), especially due to 24.0% y.o.y. surge in LME aluminium average price at USD 2,096.0 per tonne. EBIT stood at RON -8.5 million in Q1 2021 versus RON -74.6 million Q1 2020, while Alro Group reported a net loss of RON -61.9 million, mainly due to negative financial result of RON -54.4 million, which increased by 13.9% in Q1 2021 compared to the same period of 2020. In Q1 2021, Alro Group did not recognize revenues from subsidies related to the indirect emissions.

### COVID-19 considerations

Alro SA succeeded in maintaining production units fully operational and in order to prevent COVID-19 spreading the company implemented protocols and operational, administrative and health procedures in its locations designed to protect the health of its employees and ensure a chain of continuous supply for its customers.

## Financial Statements Analysis

The unaudited IFRS financial statements for the three months ended 31 March 2021, prepared in accordance with IAS 34 Interim Financial Reporting and applying the FSA Norm no. 39/2015 with subsequent amendments, are included in full in Annex 1 to this Report. The captions Statement of Financial Position and Statement of Comprehensive Income presented in the quarterly report may differ from the ones included in the IFRS financial statements due to other regulatory requirements.

This section provides an overview of the Fund's financial position and performance for the three months ended 31 March 2021. The analysis presents the main developments during the three-month period ended 31 March 2021, for more details regarding the comparative amounts from previous period, please see the corresponding section in *Annex 1 IFRS Financial Statements*.

### Statement of Financial Position

RON million	31 Mar 2021	31 Dec 2020	31 Mar 2021 vs. 31 Dec 2020 (%)
	Unaudited	Audited	
Cash and current accounts	32.7	34.4	
Deposits with banks	652.5	660.0	
Government bonds	254.4	380.3	
Equity investments	9,964.8	9,246.7	
Other assets	0.9	0.6	
<b>Total assets</b>	<b>10,905.3</b>	<b>10,322.0</b>	5.7%
Payables	21.0	19.8	
Other liabilities	33.5	35.3	
<b>Total liabilities</b>	<b>54.5</b>	<b>55.1</b>	-1.1%
Total equity	<b>10,850.8</b>	<b>10,266.9</b>	5.7%
<b>Total liabilities and equity</b>	<b>10,905.3</b>	<b>10,322.0</b>	5.7%

Source: IFRS financial statements

### Overview

The **cash and cash equivalents** (liquid assets) of the Fund at the end of the first quarter 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 of 12.6% at 31 March 2021 compared to 31 December 2020 is mainly due to liquidity outflows corresponding to acquisitions of treasury shares (RON 113.4 million).

The increase in **equity investments** of 7.8% is mainly due to the increase in the value of Hidroelectrica SA holding by RON 417.9 million following the new valuation report and also the increase in the value of OMV Petrom SA by RON 263.6 million following the stock price increase reported in the period (18.3%).

### Equity investments

#### *Classification and measurement of equity investments*

Starting 1 January 2014, Fondul Proprietatea applies the Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities, the Fund being an investment entity. As a result, the Fund classifies and measures its investments in subsidiaries and associates as financial assets at fair value through profit or loss.

Starting 1 January 2018, the Fund adopted IFRS 9 and classified all its equity investments (other than subsidiaries and associates) as equity investments at fair value through profit or loss (the default option under IFRS 9).

The equity investments at fair value through profit or loss are initially recognised at fair value and the transaction costs are recorded in profit or loss. They are subsequently measured at fair value with all changes in fair value accounted for through profit or loss. Equity investments at fair value through profit or loss are not subject to impairment testing.

## Valuation

As at 31 March 2021 all the equity investments of the Fund were carried at fair value.

*Listed shares* are measured at fair value using quoted prices for that instrument at the reporting date.

The fair value of *unlisted shares* is calculated and approved by the Fund's Sole Director using valuation techniques in accordance with International Valuation Standards, based on independently appraised valuation reports.

The holdings in companies in liquidation, dissolution, bankruptcy, companies in insolvency or reorganisation are valued at nil.

## Capital Expenditure

Capital expenditure comprises the costs for the acquisition and upgrade of the intangible assets of the Fund, which include the value of the licences, the implementation costs and the updates of the Fund's accounting and reporting software, net of the accumulated amortisation. During the first quarter of 2021 the Fund did not incur any capital expenditure costs.

## Statement of Comprehensive Income

RON million	Q1 2021 Unaudited	Q1 2020 Unaudited
Unrealised loss from equity investments at fair value through profit or loss	(5.3)	(2,463.3)
Unrealised gain from equity investments at fair value through profit or loss	723.0	-
Gross dividend income	-	522.9
Interest income	6.0	3.4
Other income/(expenses), net*	(1.1)	0.1
<b>Net operating income/(loss)</b>	<b>722.6</b>	<b>(1,936.9)</b>
Administration fees recognised in profit and loss	(16.3)	(13.0)
Other operating expenses	(4.9)	(5.1)
<b>Operating expenses</b>	<b>(21.2)</b>	<b>(18.1)</b>
Finance costs	-	-
<b>Profit/(Loss) before income tax</b>	<b>701.4</b>	<b>(1,955.0)</b>
Income tax	-	-
<b>Profit/(Loss) for the period</b>	<b>701.4</b>	<b>(1,955.0)</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>701.4</b>	<b>(1,955.0)</b>

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), net impairment losses on receivables and other operating income/ (expenses).

The **unrealised gain from equity investments at fair value through profit or loss** for the first three months of 2021 of RON 723.0 million was mainly generated by OMV Petrom SA and Hidroelectrica SA.

**Gross dividend income** for Q1 2020 correspond to E-Distributie Banat SA, E-Distributie Dobrogea SA and E-Distributie Muntenia SA as a result of a special dividend distribution from retained earnings approved by the shareholders of the companies.

Details regarding the **administration fees** for the three-month period ended 31 March 2021 are presented in the table below:

RON million	Q1 2021 Unaudited	Q1 2020 Unaudited
<b>Recognised in profit or loss</b>	<b>16.3</b>	<b>13.0</b>
Base fee	14.0	13.0
Performance fee	2.3	-
<b>Recognised in other comprehensive income</b>	<b>1.1</b>	<b>3.1</b>
Distribution fee for buy-back programmes	1.1	3.1
<b>Total administration fees</b>	<b>17.4</b>	<b>16.1</b>

Source: IFRS financial statements

The increase in the administration fees in Q1 2021 compared with Q1 2020 was mainly due to:

- Increase in base fee mainly as a result of the increase in the Fund's share price on BVB
- the performance fees recorded in the first three months of 2021 are as a result of the Fund's share price discount to NAV lowering below 15%/20% throughout the period.

The decrease in distribution fees is due to the lower number of bought back shares (54.8 million decreasing by 65.7% compared to March 2020) and GDRs (20.6 million decreasing by 76.3% compared to March 2020) during the period. The increase of the distribution fee in Q1 2020 was as a result of the tender offer finalised in March 2020.

### Other Operating Expenses

The main categories of other operating expenses are detailed in the table below:

<b>RON million</b>	<b>Q1 2021 Unaudited</b>	<b>Q1 2020 Unaudited</b>
FSA monthly fees	2.4	2.8
Transactions costs	-	0.1
Depositary fees	0.1	0.2
Other expenses	2.4	2.0
<b>Total other operating expenses</b>	<b>4.9</b>	<b>5.1</b>

Source: IFRS financial statements

At 31 March 2021, **other expenses** caption comprised mainly Board of Nominees remuneration and related expenses, legal and litigation assistance expenses, investor relations expenses, audit related expenses and tax compliance and tax advisory expenses.

## Financial Ratios

Description	31 March 2021		
<b>1. Current liquidity ratio</b>			
<u>Current Assets*</u> Current Liabilities		=	17.25
<i>*For the computation of this ratio, "Current assets" comprise cash and current accounts, distributions bank accounts, deposits with banks, government bonds and other assets. "Current liabilities" include payables and other payables (as presented in the section afferent to the statement of financial position).</i>			
<b>2. Debt-to-equity ratio (%)</b>			
<u>Borrowings</u> Shareholders' Equity	x 100	=	-
<i>The Fund had no borrowings as at 31 March 2021 therefore this ratio is nil</i>			
<b>3. Receivables turnover ratio - customers (number of days)</b>			
<u>Average balance of receivables</u> Turnover	x 90	=	n.a.
<i>This ratio is not applicable to an investment fund and cannot be calculated</i>			
<b>4. Turnover of non-current assets</b>			
<u>Turnover</u> Non-current assets		=	0.07
<i>For the computation of this ratio, "Turnover" includes dividend income, net unrealised/realised gain/ (loss) from financial instruments at fair value through profit or loss, interest income and other income for the three-month period ended 31 March 2021, while "Non-current assets" included equity investments as at 31 March 2021.</i>			
<i>This ratio has no significance for an investment fund.</i>			

## Subsequent Events

### The resolutions adopted by shareholders during the 2021 Annual GSM of the Fund

During the 28 April 2021 Annual GSM of the Fund the shareholders approved:

- One change to Constitutive Act as recommended by FSA;
- Decrease of the subscribed share capital of the Fund from RON 3,749,282,292.08 to RON 3,334,342,422.84 following the cancellation of the 797,961,287 shares acquired within the eleventh buy-back programme;
- The continuation of the AIFM mandate;
- Annual Activity Report of the Sole Director for the period ended on 31 December 2020 and the financial statements;
- Coverage of the negative reserves incurred in 2020 from the cancellation of treasury shares;
- Coverage of the accounting loss of RON 102,978,968 incurred in 2020 financial year;
- The distribution of a gross special dividend of RON 0.072 per share, following the approval of the coverage of the negative reserves, and coverage of the accounting loss mentioned above (payment date 22 June 2021);
- The allocation to other reserves of an amount of RON 671,941,938 to be used for covering the negative reserves estimated to arise from the cancellation of treasury shares acquired during 2020 through the 11th buy-back programme;
- The approval of the Remuneration Policy;
- Appointment of Ernst & Young Assurance Services SRL as financial auditor of the Fund for 2022 - 2024.

### Legal representation changes at the level of the Fund

Starting with 6 April 2021, the composition of the Board of Nominees changed considering the start of the new mandates of member for Ömer Tetik and Nicholas Paris and the current composition is:

- Ilinca von Derenthall – Chairperson of the Board of Nominees;
- Ciprian Lăduncă – Member of BoN and Chairperson of Audit and Valuation Committee;
- Nicholas Paris – Member and Chairperson of Nomination and Remuneration Committee;
- Mark Gitenstein – Member;
- Ömer Tetik – Member.

### Hidroelectrica SA dividends

On 13 May, the shareholders of the company approved the distribution of RON 1.29 billion as annual dividends out of the 2020 net profit and RON 1.00 billion as special dividends out of retain earnings. The total amounts corresponding to the Fund is RON 456.0 million. The deadline for the payment by Hidroelectrica SA to shareholders of the annual dividend is 12 July 2021, while the deadline for the payment of the special dividend is 30 September 2021.

### Update on largest shareholders

According to the disclosure received by the Fund:

- AIO V (Ireland) Finance Designated Activity Company and AIO VI (Ireland) Finance Designated Activity Company held together, as of 27 April 2021, a number of 241,913,750 voting rights, representing 4.050% of the total number of voting rights in Fondul Proprietatea;
- Silver Point Luxembourg Platform S.a.r.l., Silver Point Distressed Opportunities Fund, L.P., Silver Point Distressed Opportunities Offshore Master Fund, L.P., Silver Point Distressed Opportunity Institutional Partners, L.P. and Silver Point Distressed Opportunity Institutional Partners (Offshore), L.P. held together, as of 26 April 2021, a number of 302,600,000 voting rights, representing 5.07% of the total number of voting rights in Fondul Proprietatea.

### Signatures:

17 May 2021

Johan Meyer

Permanent Representative

Franklin Templeton International Services S.à r.l. acting in the capacity of Sole Director of Fondul Proprietatea SA

Prepared by

Catalin Cadaru

Financial Reporting Manager

Franklin Templeton International Services S.à r.l. Bucharest Branch

## **Annex 1**

### **FONDUL PROPRIETATEA SA**

#### **CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

Prepared in accordance with IAS 34 Interim Financial Reporting and applying the Financial Supervisory Authority ("FSA") Norm no. 39/ 28 December 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated and supervised by the FSA – Financial Investments and Instruments Sector ("FSA Norm 39/2015")

**(This is a translation from the official Romanian version)**

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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
Net gain/(loss) from equity investments at fair value through profit or loss	5	717,712,724	(2,463,345,249)
Interest income		5,984,558	3,436,183
Other (expenses)/income, net		(1,063,962)	310,269
Gross dividend income	6	-	522,949,943
Net foreign exchange loss		(47,992)	(278,141)
<b>Net operating income/(loss)</b>		<b>722,585,328</b>	<b>(1,936,926,995)</b>
<b>Operating expenses</b>	7	<b>(21,157,413)</b>	<b>(18,057,237)</b>
<b>Finance costs</b>	8	<b>(22,500)</b>	<b>(18,200)</b>
<b>Profit/(Loss) before profit tax</b>		<b>701,405,415</b>	<b>(1,955,002,432)</b>
Tax on profit	9	-	-
<b>Profit/(Loss) for the period</b>		<b>701,405,415</b>	<b>(1,955,002,432)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>701,405,415</b>	<b>(1,955,002,432)</b>
<b>Basic and diluted earnings/(loss) per share</b>	10	<b>0.1168</b>	<b>(0.2869)</b>

These condensed interim financial statements were authorised for issue on 17 May 2021 by:

Franklin Templeton International Services S.à r.l., in its capacity of alternative investment fund manager of Fondul Proprietatea SA

Johan Meyer

Permanent Representative

Prepared by:

Catalin Cadaru

Financial Reporting Manager

The notes on pages 8 to 30 are an integral part of these condensed interim financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Assets</b>			
Cash and current accounts	<i>11</i>	114,091	174,667
Distributions bank accounts	<i>11</i>	32,538,817	34,255,963
Deposits with banks	<i>11</i>	652,522,364	659,982,573
Government bonds		254,422,064	380,268,285
Equity investments	<i>13</i>	9,964,837,103	9,246,709,268
Other assets		862,633	613,444
<b>Total assets</b>		<b>10,905,297,072</b>	<b>10,322,004,200</b>
<b>Liabilities</b>			
Payable to shareholders	<i>14 (a)</i>	32,664,795	34,380,437
Other liabilities and provisions	<i>14 (b)</i>	21,852,251	20,704,337
<b>Total liabilities</b>		<b>54,517,046</b>	<b>55,084,774</b>
<b>Equity</b>			
Paid share capital	<i>15 (a)</i>	3,560,099,870	3,560,099,870
Reserves related to the unpaid share capital	<i>15 (b)</i>	189,182,422	189,182,422
Other reserves	<i>15 (c)</i>	539,400,224	539,400,224
Treasury shares	<i>15 (d)</i>	(1,203,988,024)	(1,086,443,209)
Retained earnings		7,766,085,534	7,064,680,119
<b>Total equity</b>		<b>10,850,780,026</b>	<b>10,266,919,426</b>
<b>Total liabilities and equity</b>		<b>10,905,297,072</b>	<b>10,322,004,200</b>

The notes on pages 8 to 30 are an integral part of these condensed interim financial statements.

**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

	Share capital	Reserves related to the unpaid share capital	Other reserves	Treasury shares	Retained earnings	Total attributable to the equity holders of the Fund
<b>Balance as at 1 January 2021</b>	<b>3,560,099,870</b>	<b>189,182,422</b>	<b>539,400,224</b>	<b>(1,086,443,209)</b>	<b>7,064,680,119</b>	<b>10,266,919,426</b>
Profit for the period	-	-	-	-	701,405,415	701,405,415
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>701,405,415</b>	<b>701,405,415</b>
<b>Transactions with owners, recorded directly in equity</b>						
Acquisition of treasury shares	-	-	-	(117,544,815)	-	(117,544,815)
<b>Total transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(117,544,815)</b>	<b>-</b>	<b>(117,544,815)</b>
<b>Balance as at 31 March 2021</b>	<b>3,560,099,870</b>	<b>189,182,422</b>	<b>539,400,224</b>	<b>(1,203,988,024)</b>	<b>7,766,085,534</b>	<b>10,850,780,026</b>

The notes on pages 8 to 30 are an integral part of these condensed interim financial statements.

**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

	<b>Share capital</b>	<b>Reserves related to the unpaid share capital</b>	<b>Other reserves</b>	<b>Treasury shares</b>	<b>Retained earnings</b>	<b>Total attributable to the equity holders of the Fund</b>
<b>Balance as at 1 January 2020</b>	<b>3,770,082,341</b>	<b>189,182,422</b>	<b>536,545,225</b>	<b>(446,008,591)</b>	<b>7,821,650,592</b>	<b>11,871,451,989</b>
Loss for the period	-	-	-	-	(1,955,002,432)	(1,955,002,432)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>(1,955,002,432)</b>	<b>(1,955,002,432)</b>
<b>Transactions with owners, recorded directly in equity</b>						
Acquisition of treasury shares	-	-	-	(330,650,671)	-	(330,650,671)
<b>Total transactions with owners recorded directly in equity</b>	-	-	-	<b>(330,650,671)</b>	-	<b>(330,650,671)</b>
<b>Balance as at 31 March 2020</b>	<b>3,770,082,341</b>	<b>189,182,422</b>	<b>536,545,225</b>	<b>(776,659,262)</b>	<b>5,866,648,160</b>	<b>9,585,798,886</b>

The notes on pages 8 to 30 are an integral part of these condensed interim financial statements.

**CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED  
31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
<b>Cash flows from operating activities</b>		
Proceeds from transactions with treasury bills and bonds	247,199,276	101,199,715
Interest received	4,543,814	4,116,836
Other amounts received /(payments performed), net	930,636	(317,266)
Dividends received (net of withholding tax)	-	498,684,280
Acquisition of treasury bills and bonds	(122,297,124)	-
Suppliers and other taxes and fees paid	(24,440,572)	(23,022,810)
Subscriptions to share capital increase of portfolio companies	(55,720)	-
<b>Net cash flows from operating activities</b>	<b>105,880,310</b>	<b>580,660,755</b>
<b>Cash flows from financing activities</b>		
Acquisition cost of treasury shares	(113,399,734)	(313,160,721)
Dividends paid (net of withholding tax)	(1,715,642)	(4,533,253)
Payments to shareholders related to the return of capital	-	(1,477,602)
Payment of fees related to the short term bank loans	(22,500)	(18,200)
<b>Net cash flows used in financing activities</b>	<b>(115,137,876)</b>	<b>(319,189,776)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,257,566)</b>	<b>261,470,979</b>
Cash and cash equivalents at the beginning of the period	694,344,555	405,776,121
<b>Cash and cash equivalents at the end of the period as per the Statement of Cash Flows</b>	<b>685,086,989</b>	<b>667,247,100</b>
<b><i>Reconciliation of Statement of Cash Flows with the equivalent items reported in the Statement of Financial Position</i></b>		
	<b>31 March 2021</b>	<b>31 March 2020</b>
Cash and current accounts (see Note 11)	114,091	86,370
Distributions bank accounts (see Note 11)	32,538,817	25,788,739
Bank deposits with original maturities of less than three months (see Note 11)	652,434,081	641,371,991
Government bonds with original maturities of less than three months	-	-
	<b>685,086,989</b>	<b>667,247,100</b>
Interest accrued on bank deposits (see Note 11)	88,283	180,146
Government bonds with original maturities of more than three months and less than one year	254,422,064	-
<b>Total cash and current accounts, deposits with banks, treasury bills and government bonds as per Statement of Financial Position</b>	<b>939,597,336</b>	<b>667,427,246</b>

The notes on pages 8 to 30 are an integral part of these condensed interim financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**1. General information**

Fondul Proprietatea SA (referred to as “Fondul Proprietatea” or “the Fund”) was incorporated as a joint stock company and is operating as an undertaking for collective investment, in the form of a closed end investment company, established in accordance with Law no. 247/2005 on the reform in the field of property and justice and other adjacent measures, as subsequently amended (“Law 247/2005”) and registered in Bucharest on 28 December 2005. The address of the Fund’s registered office is 78 - 80, Buzești Street, 7th Floor, District 1, Bucharest.

Starting 1 April 2016, Fondul Proprietatea is an alternative investment fund as defined by the Alternative Investment Fund Managers Directive and by the Romanian legislation.

The Fund undertakes its activities in accordance with Law 24/2017 on issuers of financial instruments and market operations, Law 74/2015 regarding Alternative Investment Fund Managers, Law 247/2005, Law 297/2004 regarding the capital market, as subsequently amended, Law 243/2019 regulating the alternative investment funds and amending and supplementing certain normative acts and Companies Law 31/1990 republished as subsequently amended and it is an entity authorised, regulated and supervised by the FSA, as an issuer. Until 2013, FSA (the financial market supervisory authority) was known as the National Securities Commission. In accordance with its Constitutive Act, the main activity of the Fund is the management and administration of its portfolio.

The Fund was initially established to allow the payment in shares equivalent of the compensation due in respect of abusive expropriations undertaken by the Romanian State during the communist period, when properties were not returned in kind. Beginning with 15 March 2013, the compensation process was suspended and starting January 2015, the Romanian State decided to use a different compensation scheme that no longer involves the payment in Fondul Proprietatea shares equivalent.

Starting with 1 April 2016 the Fund is managed by Franklin Templeton International Services S.à r.l. (“FTIS”) as its Sole Director and Alternative Investment Fund Manager (“AIFM”) under the Directive 2011/61/EU on Alternative Investment Fund Managers and local implementation regulations. The FTIS’ mandate is for a period of two years and current mandate was approved in June 2019 for the period 1 April 2020 – 31 March 2022. The next mandate for the period 1 April 2022 – 31 March 2024 will be discussed and proposed for shareholders’ approval during 2021.

Until 30 November 2020, FTIS had delegated the role of Investment Manager, as well as certain administrative functions to Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch (“FTIML”). Starting 1 December 2020, the activity carried out by FTIML through the delegation agreement ceased by mutual consent of the parties. Therefore, starting this date, the portfolio management and the administrative activities previously delegated to FTIML are performed by FTIS through its Bucharest Branch.

Since 25 January 2011, Fondul Proprietatea has been a listed company on the spot regulated market managed by the Bucharest Stock Exchange in Tier I shares of the Equity Sector of the market (renamed as of 5 January 2015 as Premium Tier shares), under ISIN number ROFPTAACNOR5 with the market symbol “FP”.

Since 29 April 2015, the Fund’s Global Depositary Receipts (“GDR”) have been listed on the London Stock Exchange – Specialist Fund Market, under ISIN number US34460G1067, with the market symbol “FP.”. The Bank of New York Mellon has been appointed by the Fund to act as depositary bank in relation to the GDR facility. The GDR facility is limited to one-third of the Fund’s subscribed share capital under the Romanian securities regulations, each GDR representing 50 shares, and the currency of the GDRs is the US dollar.

These condensed interim financial statements for the three month period ended 31 March 2021 are not audited.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**2. Basis of preparation****(a) Statement of compliance**

These condensed interim financial statements for the three month period ended 31 March 2021 have been prepared in accordance with IAS 34 Interim financial reporting and applying the FSA Norm 39/2015. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, prepared in accordance with IFRS. These condensed interim financial statements are available starting with 17 May 2021, on the Fund's official webpage, [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro), and at the Fund's registered office.

The Fund is an investment entity and does not consolidate its subsidiaries as it applies IFRS 10, IFRS 12 and IAS 27 (Investment Entities). In consequence, the Fund does not prepare consolidated financial statements, the separate financial statements being the Fund's only financial statements. The Fund has reassessed the criteria for being an investment entity for the quarter ended 31 March 2021 and continues to meet them.

In determining whether the Fund meets the criteria from the definition of an investment entity, the management considered the investments portfolio structure and the Fund's investment objective. Aspects considered in making this judgement were the fact that the Fund has more than one investment, more investors neither of which are related parties of the Fund and the ownership interests from its portfolio are in the form of equity. The Fund's investment objective is also a typical one for an investment entity, respectively the maximization of returns to shareholders and the increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities. The Fund's management analysis considered also other relevant factors, including the fact that almost all Fund's investments are accounted for using the fair value model.

**(b) Basis of measurement**

These condensed interim financial statements have been prepared on a fair value basis for the main part of the Fund's assets (equity investments, treasury bills and government bonds, respectively), and on the historical cost or amortised cost basis for the rest of the items included in the financial statements.

**(c) Functional and presentation currency**

These condensed interim financial statements are prepared and presented in Romanian Lei (RON), which is the Fund's functional and presentation currency. All financial information presented in RON has been rounded to the nearest unit.

**(d) Use of estimates**

The preparation of these condensed interim financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information and critical judgements in applying accounting policies with significant areas of estimation uncertainty that have the most significant impact on the amounts recognised in these condensed interim financial statements are included in the following notes:

- Note 12 – Deferred tax;
- Note 13 – Equity investments;
- Note 16 – Contingencies.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**2. Basis of preparation (continued)**
**(e) The impact of the COVID-19 pandemic on the Fund's financial position**

Due to the negative impact of the COVID-19 pandemic on the global economic activity and global financial markets, Fund's Sole Director estimates that the financial position and performance of the Fund was and may also be affected in the future as well, especially by the negative change in fair value of the Fund's holdings which is recorded in profit or loss and also by the decrease of income from dividends received from portfolio companies.

The Fund's Sole Director performs a periodic analysis of multiples values of publicly traded peer companies and adjusts the value of unlisted holdings accordingly, where the case.

However, an accurate quantification of the further impact is difficult to estimate due to limited availability of the information, volatility and uncertainties existing in the market. Nevertheless, the Fund's Sole Director does not estimate difficulties in fulfilling the Fund's commitments to shareholders and obligations to third parties, the current and estimated future cash flows being sufficient to cover the payments to third parties and the distributions to shareholders.

The Fund's Sole Director will continue to closely monitor the evolution of the economic environment and the effects of the economic measures applied on a national and international level.

**3. Significant accounting policies**

The significant accounting policies applied in these condensed interim financial statements are the same as those applied in the Fund's financial statements for the year ended 31 December 2020 and have been applied consistently to all periods presented in these condensed interim financial statements.

**4. Financial assets and financial liabilities**
**Accounting classifications and fair values**

The table below presents the carrying amounts and fair values of the Fund's financial assets and financial liabilities:

	<b>Other financial assets at amortised cost</b>	<b>Fair value through profit or loss</b>	<b>Other financial liabilities at amortised cost</b>	<b>Total carrying amount</b>	<b>Fair value</b>
<b>31 March 2021</b>					
Cash and current accounts	114,091	-	-	114,091	114,091
Distributions bank accounts	32,538,817	-	-	32,538,817	32,538,817
Deposits with banks	652,522,364	-	-	652,522,364	652,522,364
Government bonds	-	254,422,064	-	254,422,064	254,422,064
Equity investments	-	9,964,837,103	-	9,964,837,103	9,964,837,103
Other financial assets	85,750	-	-	85,750	85,750
Other financial liabilities	-	-	(52,832,396)	(52,832,396)	(52,832,396)
	<b>685,261,022</b>	<b>10,219,259,167</b>	<b>(52,832,396)</b>	<b>10,851,687,793</b>	<b>10,851,687,793</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**4. Financial assets and financial liabilities (continued)**

	Other financial assets at amortised cost	Fair value through profit or loss	Other financial liabilities at amortised cost	Total carrying amount	Fair value
<b>31 December 2020</b>					
Cash and current accounts	174,667	-	-	174,667	174,667
Distributions bank accounts	34,255,963	-	-	34,255,963	34,255,963
Deposits with banks	659,982,573	-	-	659,982,573	659,982,573
Government bonds	-	380,268,285	-	380,268,285	380,268,285
Equity investments	-	9,246,709,268	-	9,246,709,268	9,246,709,268
Other financial assets	445,140	-	-	445,140	445,140
Other financial liabilities	-	-	(52,648,441)	(52,648,441)	(52,648,441)
	<b>694,858,343</b>	<b>9,626,977,553</b>	<b>(52,648,441)</b>	<b>10,269,187,455</b>	<b>10,269,187,455</b>

**5. Net gain/(loss) from equity investments at fair value through profit or loss**

	3 months ended 31 March 2021	3 months ended 31 March 2020
Unrealised gain from equity investments at fair value through profit or loss	723,005,124	-
Unrealised loss from equity investments at fair value through profit or loss	(5,292,400)	(2,463,345,249)
<b>Total</b>	<b>717,712,724</b>	<b>(2,463,345,249)</b>

The unrealised gain from equity investments at fair value through profit or loss for the three month period ended 31 March 2021 (three month period ended 31 March 2020: nil) was mainly generated by the change in fair value for the holding in Hidroelectrica SA (unrealised gain of RON 417,884,890) and OMV Petrom SA (unrealised gain of RON 263,575,947), as a result of the strong performance of these companies.

The unrealised loss from equity investments at fair value through profit or loss the three month period ended 31 March 2021 was mainly generated by the change in fair value for the holding in Romaero SA (unrealised loss of RON 4,984,426). The unrealised loss from equity investments at fair value through profit or loss for the three month period ended 31 March 2020 was generated by the negative change in fair value of the Fund's holdings as a result of the negative impact of the COVID-19 pandemic on the economic activity and global capital markets. The most significant decreases of fair value were recorded by the holdings in OMV Petrom (RON 889,177,048), Hidroelectrica SA (RON 349,700,000) and CN Aeroporturi Bucuresti SA (RON 311,200,000).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**6. Gross dividend income**

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
E-Distributie Banat SA	-	213,812,923
E-Distributie Muntenia SA	-	187,961,077
E-Distributie Dobrogea SA	-	121,130,893
CN Administratia Porturilor Dunarii Fluviale SA	-	45,050
	<u>-</u>	<u><b>522,949,943</b></u>

In 2020, the dividend income was subject to 5% Romanian withholding tax and it will be subject of the same withholding tax in 2021 as well. In cases where the relevant shareholding of the Fund was above 10% of total share capital of the paying company, for at least one year prior to the dividend distribution date, a withholding tax exemption is applied.

According to the Annual Cash Distribution Policy of the Fund, the special cash distributions received from portfolio companies are not subject to Fund's dividend distribution to shareholders. The Fund Manager may propose the distribution to shareholders of such amounts after considering the on-going measures imposed by the Discount Control Mechanism and the available cash. For the purpose of the Annual Cash Distribution Policy of the Fund, the special cash distributions are the amounts distributed by the portfolio companies from other sources than the annual net profit included in the latest annual financial statements. From the total gross dividend income for the three month period ended 31 March 2020 a total amount of RON 522,904,893 represented special cash distributions.

**7. Operating expenses**

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
Administration fees (i)	16,273,201	13,003,292
FSA monthly fees (ii)	2,426,294	2,774,660
Third party services (iii)	1,693,545	1,469,596
BON remunerations and related taxes (iv)	361,845	361,845
Depositary bank fee	142,849	155,434
Intermediaries and other fees related to disposal of portfolio holdings	4,888	64,816
Other operating expenses	254,791	227,594
	<u><b>21,157,413</b></u>	<u><b>18,057,237</b></u>

*(i) Administration fees*

The administration fees include the base fee and the distribution fee. The distribution fee related to dividend distributions to shareholders is recognised through profit or loss while the distribution fee related to the buy-backs is recognised directly in equity as buy-backs acquisition cost. An additional base fee of 0.05% is payable to FTIS as performance fee when the discount of the Fund's share price to net asset value per share is below or equal to 20% but above 15% and a further 0.05% when the discount is equal or below 15%.

The administration fees recorded during the three month period ended 31 March 2021 and the three month period ended 31 March 2020 are presented in the table below:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**7. Operating expenses (continued)**

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
Base fee	13,948,553	12,931,986
Performance fee	2,324,648	71,306
<b>Administration fees recognised in profit or loss</b>	<b>16,273,201</b>	<b>13,003,292</b>
Distribution fees related to buy-backs recognised in equity	1,132,899	3,128,192
<b>Total administration fees</b>	<b>17,406,100</b>	<b>16,131,484</b>

The administration fees are invoiced and paid on a quarterly basis.

*(ii) FSA monthly fees*

During the first quarter of 2021 and the first quarter of 2020, the FSA fee was 0.0078% per month applied on the total net asset value.

*(iii) Third party services*

Third party services recorded during the period included the following categories of expenses:

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
Legal consultancy and litigation assistance	606,896	372,171
Financial auditor's fees	389,542	49,852
Tax compliance and advisory services	142,486	120,922
Portfolio valuation services	102,584	76,117
Board of Nominees accommodation, transport and insurance costs	97,911	130,573
Regulatory and compliance expenses	65,436	53,574
Public relations services	50,297	90,002
Investor's relations	19,524	313,002
Other services	218,869	263,383
	<b>1,693,545</b>	<b>1,469,596</b>

*(iv) BON remunerations and related taxes*

Remunerations and related taxes included the remunerations paid to the members of the Board of Nominees as well as the related taxes and contributions payable to the Romanian State budget (see Note 17 (a) for further details).

**8. Finance cost**

On 29 June 2020, the Fund extended the credit facility concluded with BRD - Groupe Societe Generale SA for a period of another two years, until 29 June 2022. The credit facility is for general corporate and operational use and has a committed amount of RON 45,000,000. The Fund may access, subject to bank's approval and in accordance with the provisions of the credit facility agreement, additional financing in excess of the said committed amount, without exceeding a total amount of RON 100,000,000 at any given time.

The Fund did not use the credit facility until the date of these condensed interim financial statements. The finance costs for the three month period ended 31 March 2021 of RON 22,500 (three month period ended 31 March 2020: RON 18,200) comprise the commitment fee on undrawn amounts from the credit facility.

There are no outstanding amounts from the credit facility as at 31 March 2021 and 31 December 2020.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**9. Income tax**

No current tax and no deferred tax were recorded during the three month periods ended 31 March 2021 and 31 March 2020.

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
<b>Reconciliation of effective tax rate</b>		
Net gain/ (loss) profit for the period	701,405,415	(1,955,002,432)
Withholding tax on the dividend income	-	-
<b>Profit/(Loss) excluding income tax</b>	<b>701,405,415</b>	<b>(1,955,002,432)</b>
<b>(Expense)/ Income tax benefit using the standard tax rate (16%)</b>	<b>(112,224,866)</b>	<b>312,800,389</b>
<i>Impact on the income tax of:</i>		
Taxation applied on dividend income	-	83,671,991
Non-taxable income (other than dividend income)	85,386,684	9,742,539
Non-deductible expenses	(14,300,668)	(261,119,102)
Fiscal result impact in the current period	41,138,850	(145,095,817)
<b>Tax on profit</b>	<b>-</b>	<b>-</b>

The fiscal result impact as at 31 March 2021 of RON 41,138,850 included in the table above represents the current tax on profit for the first quarter of 2021 which was offset by the Fund's tax losses carried forward. The fiscal result impact as at 31 March 2020 of RON 145,095,817 included in the table above represents the unrecognised deferred tax for the tax losses recorded in the first quarter of 2020.

As at 31 March 2021 and 31 December 2020 there is no income tax due or to be recovered from the State Budget by the Fund.

See Note 12 *Deferred tax* for details regarding the deferred tax computation and recognition.

**10. Basic and diluted (loss)/earnings per share**

Basic (loss)/earnings per share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary paid shares in issue during the period, excluding the average number of ordinary shares purchased by the Fund and held as treasury shares (based on their settlement date). As at 31 March 2021 and 31 March 2020, none of the Fund's issued shares or other instruments had dilutive effect, therefore basic and diluted (loss)/earnings per share are the same.

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
Profit/(Loss) for the period	701,405,415	(1,955,002,432)
Weighted average number of ordinary shares	6,003,416,779	6,814,238,422
<b>Basic and diluted earnings/(loss) per share</b>	<b>0.1168</b>	<b>(0.2869)</b>

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**
(all amounts are in RON unless otherwise stated)

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**11. Cash and current accounts and deposits with banks**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Petty cash	114	114
Current accounts with banks	113,977	174,553
Distributions bank accounts	32,538,817	34,255,963
<b>Cash and current accounts</b>	<b>32,652,908</b>	<b>34,430,630</b>

	<b>31 March 2021</b>	<b>31 December 2020</b>
Bank deposits with original maturities of less than three months	652,434,081	659,913,925
Interest accrued on bank deposits	88,283	68,648
<b>Deposits with banks</b>	<b>652,522,364</b>	<b>659,982,573</b>

The cash held in the distributions bank accounts can only be used for payments to shareholders. Such payments are subject to a general statute of limitation, respectively the shareholders may request the payments only within a three-year term starting with the distribution payment date, except for specific instances that are individually assessed.

**12. Deferred tax**

As at 31 March 2021 and 31 December 2020 there is no difference between the carrying amount and tax base of assets and liabilities that could result in amounts that are deductible/ taxable when determining taxable profit or tax loss of future periods. In consequence, as at 31 March 2021 and 31 December 2020, the net deferred tax position is nil as the Fund did not recognise any deferred tax asset or deferred tax liability.

As at 31 March 2021 the unused fiscal loss carried forward amounts to RON 3,163,462,563 (31 December 2020: RON 3,420,608,901) out of which RON 2,920,055,589 will expire on 31 December 2022 and RON 243,406,974 will expire on 31 December 2027.

As at 31 March 2021 and 31 December 2020 the Fund did not recognise any deferred tax asset for the unused tax losses carried forward as there is a high probability that there will be insufficient future taxable profit against which the loss carried forward can be utilised.

The effective tax rate used to calculate the deferred tax position of the Fund is 16% (standard tax rate).

There was no movement in the deferred tax position during the three month periods ended 31 March 2021 and 31 March 2020. The deferred tax balances during both these periods were zero.

**13. Equity investments**

All Fund's equity investments are classified at fair value through profit or loss.

The equity instruments of the Fund are valued at fair value as follows:

- At fair value, determined either by reference to published prices on the stock exchange where shares are traded (listed securities) or assessed using valuation techniques in accordance with International Valuation Standards (unlisted securities);
- Valued at nil, for holdings in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity.

The movement in the carrying amounts of equity investments at fair value through profit or loss during the three month periods ended 31 March 2021 and 31 March 2020 is presented below:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**13. Equity investments (continued)**

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
<b>Opening balance</b>	<b>9,246,709,268</b>	<b>11,413,083,382</b>
Net gain/(loss) from equity investments at fair value through profit or loss (see Note 5)	717,712,725	(2,463,345,249)
Subscriptions to share capital increase of portfolio companies	415,110	-
<b>Closing balance</b>	<b>9,964,837,103</b>	<b>8,949,738,133</b>

**Portfolio**

As at 31 March 2021 and 31 December 2020 the Fund's portfolio comprised the following holdings:

	<b>31 March 2021</b>	<b>31 December 2020</b>
Hidroelectrica SA	5,547,200,000	5,128,900,000
OMV Petrom SA	1,704,325,674	1,440,749,726
CN Aeroporturi Bucuresti SA	624,100,000	624,100,000
Engie Romania SA	538,800,000	538,800,000
E-Distributie Banat SA	272,700,000	272,700,000
Administratia Porturilor Maritime SA	235,800,000	235,800,000
E-Distributie Muntenia SA	227,800,000	227,800,000
Societatea Nationala a Sarii SA	201,200,000	201,200,000
E-Distributie Dobrogea SA	177,200,000	177,200,000
Alro SA	204,806,046	163,261,759
Enel Energie SA	52,500,000	52,500,000
Romaero SA	51,155,949	56,140,375
Enel Energie Muntenia SA	43,100,000	43,100,000
Zirom SA	24,884,700	24,884,700
CN Administratia Canalelor Navigabile SA	17,751,740	17,751,740
Other	41,512,994	41,820,968
<b>Total equity investments</b>	<b>9,964,837,103</b>	<b>9,246,709,268</b>

None of the equity investments are pledged as collateral for liabilities.

**Fair value hierarchy**

The Fund classifies the fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement, the levels of the fair value hierarchy being defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below presents the classification of the financial instruments carried at fair value by fair value hierarchy level, based on the inputs used in making the measurement:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**13. Equity investments (continued)**

<b>31 March 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments:	1,909,131,720	-	8,055,705,383	9,964,837,103
<i>Power utilities: generation</i>	-	-	5,547,200,000	5,547,200,000
<i>Oil and gas</i>	1,704,325,674	-	-	1,704,325,674
<i>Power and gas utilities: distribution, supply</i>	-	-	1,312,100,000	1,312,100,000
<i>Infrastructure</i>	-	-	945,307,898	945,307,898
<i>Heavy industry</i>	-	-	226,084,700	226,084,700
<i>Aluminum</i>	204,806,046	-	-	204,806,046
<i>Postal services</i>	-	-	13,100,000	13,100,000
<i>Others</i>	-	-	11,912,785	11,912,785
Government bonds	254,422,064	-	-	254,422,064
<b>Total</b>	<b>2,163,553,784</b>	<b>-</b>	<b>8,055,705,383</b>	<b>10,219,259,167</b>

<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments:	1,604,011,486	-	7,642,697,782	9,246,709,268
<i>Power utilities: generation</i>	-	-	5,128,900,000	5,128,900,000
<i>Oil and gas</i>	1,440,749,726	-	-	1,440,749,726
<i>Power and gas utilities: distribution, supply</i>	-	-	1,312,100,000	1,312,100,000
<i>Infrastructure</i>	-	-	950,292,324	950,292,324
<i>Heavy industry</i>	-	-	226,084,700	226,084,700
<i>Aluminum</i>	163,261,759	-	-	163,261,759
<i>Postal services</i>	-	-	13,100,000	13,100,000
<i>Other</i>	-	-	12,220,759	12,220,759
Government bonds	380,268,285	-	-	380,268,285
<b>Total</b>	<b>1,984,279,771</b>	<b>-</b>	<b>7,642,697,782</b>	<b>9,626,977,553</b>

The fair value hierarchy for the other assets and liabilities which are not classified at fair value through profit or loss but for which the fair value amount was disclosed in these condensed interim financial statements (see Note 4), is either Level 1, respectively for cash and cash equivalents and other financial liabilities or Level 3, respectively for all other financial assets.

The table below presents the movement in Level 3 equity investments during the three month periods ended 31 March 2021 and 31 March 2020:

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
<b>Opening balance</b>	<b>7,642,697,782</b>	<b>8,407,640,418</b>
Net unrealised gain/(loss) recognised in profit or loss	412,592,490	(1,488,645,598)
Subscriptions to share capital increase of portfolio companies	415,111	-
Transfers in/(out) of Level 3	-	-
<b>Closing balance</b>	<b>8,055,705,383</b>	<b>6,918,994,820</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**13. Equity investments (continued)**

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that financial instrument is classified on Level 3. Assessing the significance of an input to the fair value measurement in its entirety requires significant judgment, considering factors specific to the asset.

The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

For Level 3, the equity investments valuations were performed using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs, which ensures that the underlying data is accurate, and that appropriate inputs were used in the valuation.

As at 31 March 2021, the fair value for 86% of the Level 3 equity investments (31 December 2020: for 85% of the Level 3 equity investments) was determined by applying the market comparison technique using comparable trading multiples for EBITDA, while the fair value for almost 14% of the Level 3 equity investments (31 December 2020: for almost 15% of the Level 3 equity investments) was determined by applying the income approach using the discounted cash flow method.

The valuation technique currently used for the valuation of the holdings in the airports and the maritime ports companies (part of the investments in the infrastructure sector) was changed from the market approach - comparable companies, which was used in the previous years, to income approach method, mainly due to the following reasons:

- Market multiples of the companies in the airports peer group have significantly varied over the last twelve months as the companies were severely impacted by the COVID-19 crisis thus displaying high levels of volatility.
- The restrictions due to COVID-19 are not aligned in all countries and airports may be affected differently considering their level of cash, debt, size, number of passengers.
- Industry analyses indicate that worldwide maritime ports were differently affected by the COVID-19 pandemic, depending on the specificity of their activities. There is no information related to how this is reflected in the level for multiples of each comparable companies in the peer group.
- Despite the worldwide impact of COVID-19 on marine industry, the Fund's holding in the Romanian maritime ports (i.e. Constanta Ports) displayed a stable evolution, as the company's operations mainly relate to maritime traffic of goods and not passengers.

The current valuation reports were prepared as at 31 October 2020, except for the valuation report for the holding in Hidroelectrica SA which was prepared as at 28 February 2021 based on financial information available for the companies under valuation at the respective dates.

For 31 March 2020, considering the negative impact of the COVID-19 pandemic on the global economic activity and capital markets, the values for the unlisted holdings representing over 99% of the total Fund's unlisted portfolio were updated using the multiples values as at 31 March 2020 of publicly traded peers companies (provided by an independent valuer) and the same methodology and computation algorithm as in the latest available valuation reports prepared with the assistance of an independent valuer, respectively the valuation reports prepared as at 30 September 2019. All other variables were kept at the same level as in the latest valuation reports. Where the case, the values of the unlisted holdings were adjusted in order to incorporate the impact of any significant corporate action (such as the cash distributions performed by E-Distributie companies) that took place after the latest audited annual financial statements date (i.e. 31 December 2019).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**13. Equity investments (continued)**

Given the current context of the COVID-19 pandemic, the valuations are based on prevailing market, economic and other conditions at the valuation date and correspond with a period of significant volatility in global financial markets and widespread macro-economic uncertainty. To the extent possible, these conditions were reflected in the valuation. However, the factors driving these conditions can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and on the Fund's portfolio holdings specifically, could impact the estimated fair values in the future, either positively or negatively. In light of the spread of the coronavirus and the emergence to find some solutions, the existing uncertainty regarding the impact for businesses could persist for sometime. As a result, the current valuation may not have identified, or reliably quantified the impact of all such uncertainties and implications.

The Fund's management has analysed the period between the date of the valuation reports and the date when these condensed interim financial statements were authorised for issue and there was no information known or available to the Fund's management which may have significant impact on the fair values of the equity investments as at the reporting date, as they are presented in these condensed interim financial statements.

Considering the economic uncertainties, the increased economic risk and the strong volatility existing in the capital markets due to the negative impact of the COVID-19 pandemic, the Fund's Sole Director closely monitors the evolution of the economic environment and the effects of the economic measures on the Fund's portfolio companies. The Fund's Sole Director will perform a periodic analysis of multiples values of publicly traded peers companies and will adjust the value of unlisted holdings accordingly, if the case.

Based on the analysis of market multiples evolution between 31 October 2020 (i.e. current valuation reports date, except the valuation report for the holding in Hidroelectrica SA which was prepared as at 28 February 2021) and 31 March 2021, generally, it resulted that all multiples followed an increasing trend, the main drivers including: the decrease in yields, the descending trend in market risk premiums and additional factors related to market excitement due to improved perspectives regarding COVID-19. In addition, for the power generation sector, the increase in the price of CO<sub>2</sub> certificates was noted as a potential factor for the market multiples increase. The Fund has started the process of updating the valuation reports for the largest portfolio unlisted holdings representing 98% of the total unlisted portfolio. The updated values will be included in the condensed interim financial statements for the six month period ended 30 June 2021.

The Fund's Sole Director believes that the fair values of the equity investments presented in these condensed interim financial statements represent the best estimates under the current conditions and based on available information.

The Fund has an established control framework with respect to the measurement of fair values. This framework includes a valuation department and a valuation committee, both independent of portfolio management which have overall responsibility for fair value measurements.

The economic uncertainties are expected to continue in the foreseeable future and consequently, there is a possibility that the assets of the Fund are not recovered at their carrying amounts in the ordinary course of business. A corresponding impact on the Fund's profitability cannot be estimated reliably as of the date of these condensed interim financial statements.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Fund believes that a third-party market participant would consider these factors in pricing a transaction.

For the financial investments classified as Level 1, the Fund had adequate information available with respect to active markets, with sufficient trading volume, for obtaining accurate prices.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**13. Equity investments (continued)**

The following tables set out information about the significant unobservable inputs used at 31 March 2021 and 31 December 2020 in measuring equity instruments classified as Level 3 in the fair value hierarchy:

Financial assets	Fair value as at 31 March 2021	Valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
<b>Total</b>	<b>8,055,705,383</b>			
Unlisted equity instruments	6,884,580,349	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 4.45 - 10.92 (9.93)  Discount for lack of marketability: 14.7% or 20% (14.72%)	The higher the EBITDA multiple, the higher the fair value.  The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments and Listed illiquid equity instruments	1,105,747,229	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 10.40% - 14.50% (11.24%)  Discount for lack of marketability ranging from 9.6% - 16.3% (14.67%)  Discount for lack of control: 0% or 17% or 18.8% or 19.1% or 26.7% (17.91%)  Long-term revenue growth rate: 2% or 2.5% (2%)	The lower the weighted average cost of capital, the higher the fair value.  The lower the discount for the lack of marketability, the higher the fair value.  The lower the discount for the lack of control, the higher the fair value.  The higher the long-term revenue growth rate, the higher the fair value.
Unlisted equity instruments	13,100,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price/Earnings value: 8.09 (8.09)  Discount for lack of marketability: 24.0% (24.0%)	The higher the Price /Earnings multiple, the higher the fair value.  The lower the discount for the lack of marketability, the higher the fair value.
Unlisted equity instruments	0	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.35 (0.35)	Irrespective of the evolution of the unobservable inputs, the value of this investment is zero due to the negative equity value of this company generated by a high level of net debts.
Listed illiquid equity instruments	52,277,805	Bucharest Stock Exchange reference price	These shares are traded infrequently and have little price transparency. Fair values for these equity instruments were considered to be those used in the calculation of the net asset value of the Fund, in accordance with the regulations issued by the Financial Supervisory Authority.	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**13. Equity investments (continued)**

Financial assets	Fair value as at 31 December 2020	Valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
<b>Total</b>	<b>7,642,697,782</b>			
Unlisted equity instruments	6,466,280,349	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 4.45 - 9.83 (9.00)  Discount for lack of marketability: 14.7% or 20% (14.72%)	The higher the EBITDA multiple, the higher the fair value.  The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments and Listed illiquid equity instruments	1,105,747,229	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 10.40% - 14.50% (11.24%)  Discount for lack of marketability ranging from 9.6% - 16.3% (14.67%)  Discount for lack of control: 0% or 17% or 18.8% or 19.1% or 26.7% (17.91%)  Long-term revenue growth rate: 2% or 2.5% (2%)	The lower the weighted average cost of capital, the higher the fair value.  The lower the discount for the lack of marketability, the higher the fair value.  The lower the discount for the lack of control, the higher the fair value.  The higher the long-term revenue growth rate, the higher the fair value.
Unlisted equity instruments	13,100,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price/Earnings value: 8.09 (8.09)  Discount for lack of marketability: 24.0% (24.0%)	The higher the Price /Earnings multiple, the higher the fair value.  The lower the discount for the lack of marketability, the higher the fair value.
Unlisted equity instruments	0	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.35 (0.35)	Irrespective of the evolution of the unobservable inputs, the value of this investment is zero due to the negative equity value of this company generated by a high level of net debts.
Listed illiquid equity instruments	57,570,204	Bucharest Stock Exchange reference price	These shares are traded infrequently and have little price transparency. Fair values for these equity instruments were considered to be those used in the calculation of the net asset value of the Fund, in accordance with the regulations issued by the Financial Supervisory Authority.	

As at 31 March 2021 and 31 December 2020, the Fund's investments in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity are valued at nil.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**
(all amounts are in RON unless otherwise stated)

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**13. Equity investments (continued)**

Significant unobservable inputs are the following:

*Revenue multiple:* is a tool used to appraise businesses based on market comparison to similar public companies. Revenue based business value estimation may be preferred to earnings multiple valuation whenever there is uncertainty regarding some of a company's expenses. The most common tendency is to value a firm based on its sales whenever this number is the most direct indication of a company's earning capacity.

*EBITDA multiple:* represents the most relevant multiple used when pricing investments and it is calculated using information from comparable public companies (similar geographic location, industry size, target markets and other factors that valuers consider to be reasonable). The traded multiples for comparable companies are determined by dividing the enterprise value of a company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

*Discount for lack of marketability:* represents the discount applied to the comparable market multiples to reflect the liquidity differences between a portfolio company relative to its comparable peer group. Valuers estimate the discount for lack of marketability based on their professional judgement after considering market liquidity conditions and company-specific factors.

*Discount for lack of control:* represents the discount applied to reflect the absence of the power of control considered under the discounted cash flow method, in order to derive the value of a minority shareholding in the equity of subject companies.

*Weighted average cost of capital:* represents the calculation of a company's cost of capital in nominal terms (including inflation), based on the Capital Asset Pricing Model. All capital sources (shares, bonds and any other long-term debts) are included in a weighted average cost of capital calculation.

*Price/Earnings multiple ("P/E"):* Price/Earnings ratio is a market prospect ratio that calculates the market value of an investment relative to its earnings by comparing the market price per share by the earnings per share. It shows what the market is willing to pay for an investment based on its current earnings. Investors often use this ratio to evaluate what an investment's fair market value should be by predicting future earnings per share.

*Price/Book value multiple:* often expressed simply as price-to-book, this multiple measures a company's market price in relation to its book value (net assets). It reflects how many times the book value per share investors are ready to pay for a share. The Price/Book value multiple varies dramatically between industries. A company that requires more assets (e.g. a manufacturing company with factory space and machinery) will generally post a significantly lower price to book than a company whose earnings come from the provision of a service (e.g. a consulting firm).

**14. Liabilities****(a) Payable to shareholders**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Net dividends payable to shareholders	32,512,849	34,228,491
Returns of capital due to shareholders	151,946	151,946
<b>Payable to shareholders</b>	<b>32,664,795</b>	<b>34,380,437</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**14. Liabilities (continued)**
**(a) Payable to shareholders (continued)**

The movement during the period is presented in the table below:

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
<b>Opening balance</b>	<b>34,380,437</b>	<b>31,988,947</b>
Payments of net distributions performed from the dedicated bank accounts	(1,715,642)	(6,010,855)
<b>Closing balance</b>	<b>32,664,795</b>	<b>25,978,092</b>

**(b) Other liabilities and provisions**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Administration fees	17,404,130	16,447,827
Payables related to treasury shares under settlement	2,569,270	-
Provision for litigations	856,247	856,247
Financial Supervisory Authority fees	798,415	778,355
Tax on dividends due to State Budget	-	772,075
Other liabilities	224,189	1,849,833
	<b>21,852,251</b>	<b>20,704,337</b>

**15. Shareholders' equity**
**(a) Share capital**

There was no change in the share capital of the Fund recorded either during the first quarter of 2021 or during the first quarter of 2020.

The table below presents the Fund's shares balance and their nominal value:

	<b>31 March 2021</b>	<b>31 December 2020</b>
Number of shares in issue	7,210,158,254	7,210,158,254
Number of paid shares	6,846,345,904	6,846,345,904
Number of unpaid shares	363,812,350	363,812,350
Nominal value per share (RON)	0.52	0.52

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**
(all amounts are in RON unless otherwise stated)

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**15. Shareholders' equity (continued)**

The shareholders structure as at 31 March 2021 was as follows:

<b>Shareholder categories</b>	<b>% of subscribed share capital</b>	<b>% of paid share capital</b>
Romanian institutional investors	31.97%	33.67%
The Bank of New York Mellon (depository bank for the Fund's GDRs)	17.01%	17.91%
Romanian private individuals	17.39%	18.31%
Foreign institutional investors	13.71%	14.44%
Foreign private individuals	2.97%	3.13%
Romanian State	0.09%	0.10%
Treasury shares	11.81%	12.44%
Unpaid shares (see Note 15(b))	5.05%	-
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Depozitarul Central SA (Central Depository)

**(b) Reserves related to the unpaid share capital**

Unpaid share capital represents the nominal value of certain contributions due to the Fund by the Romanian State, represented by the Ministry of Public Finance as shareholder, which were initially recorded as paid share capital (based on Law 247/2005) and in 2011 were considered unpaid following the final results of several litigations that took place in the past. Holders of unpaid shares are not entitled to vote or to receive dividends or other cash distributions, until the matters are legally clarified.

Due to the fact that there are no clear provisions regarding the unpaid share capital in the special legislation related to the Fund and that according to the general framework provided by the Companies' Law the deadline for the payment by the Romanian State represented by Ministry of Public Finance of the unpaid share capital expired, the Fund recorded a presentation adjustment as at 31 December 2017 for the entire balance of unpaid share capital against other reserves.

This adjustment was recorded in the financial statements only for presentation purpose, while the actual cancellation of the unpaid share capital in the accounting will follow the legal requirements and will be booked only after the successful completion of the necessary legal steps.

The receivable related to the unpaid amounts from the Romanian State is fully impaired.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**15. Shareholders' equity (continued)**
**(c) Other reserves**

	<b>31 March 2021</b>	<b>31 December 2020</b>
Legal reserve	533,826,946	533,826,946
Other reserves	236,026,121	236,026,121
Distributions for which the statute of limitation occurred	5,573,278	5,573,278
Losses from cancellation of treasury shares (negative equity reserves)	(236,026,121)	(236,026,121)
	<b>539,400,224</b>	<b>539,400,224</b>

The legal reserve cannot be used for distributions to shareholders.

The amounts allocated to other reserves are to be used to cover the losses (negative reserves) recorded from cancellation of shares acquired during the tenth buy-back programme, subject to Fund's shareholders' approval during 28 April 2021 General Shareholders' Meeting.

Losses from cancellation of treasury shares comprise the negative reserves related to the losses on the cancellation of treasury shares acquired at an acquisition value higher than the nominal value. These amounts may be covered from retained earnings and other equity elements, in accordance with the resolution of the General Shareholders Meeting.

Starting with January 2017, the Fund's share nominal value was constantly lower than its market price, situation which did not change up to the date of these financial statements. All buy-backs performed after this date were made at an acquisition price higher than the nominal value and consequently all cancellations of treasury shares acquired through the buy-back programmes generated negative reserves.

There was no negative reserve recorded during the three month periods ended 31 March 2021 and 31 March 2020.

**(d) Treasury shares**

The table below summarises the details regarding the twelfth buy-back programme, respectively the buy-back programme carried during 2021:

	<b>GSM date approving the buy-back programme</b>	<b>Starting date</b>	<b>Completion date</b>	<b>Acquisition price range as approved by GSM</b>
<b>Twelfth buy-back programme</b>	13-Nov-2020	1-Jan-2021	31-Dec-2021	RON 0.2 - 2 per share

The twelfth buy-back programme refers to the acquisition by the Fund of a maximum number of 800,000,000 shares and/or equivalent global depository receipts corresponding to the Fund's shares.

The movement in the number of treasury shares (including the equivalent shares of GDRs bought-back) during the first quarter of 2021 and the first quarter of 2020 is presented in the tables below:

	<b>Opening balance 1 January 2021</b>	<b>Acquisitions during the period</b>	<b>Cancellations during the period</b>	<b>Closing balance 31 March 2021</b>
<b>11<sup>th</sup> buy-back</b>	797,961,287	-	-	797,961,287
<b>12<sup>th</sup> buy-back</b>	-	75,418,379	-	75,418,379
	<b>797,961,287</b>	<b>75,418,379</b>	-	<b>873,379,666</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**15. Shareholders' equity (continued)**
**(d) Treasury shares (continued)**

	Opening balance 1 January 2020	Acquisitions during the period	Cancellations during the period	Closing balance 31 March 2020
10 <sup>th</sup> buy-back	403,812,443	-	-	403,812,443
11 <sup>th</sup> buy-back	-	242,334,479	-	242,334,479
	<b>403,812,443</b>	<b>242,334,479</b>	-	<b>646,146,922</b>

The movement of treasury shares carrying amounts during the first quarter of 2021 and the first quarter of 2020 is presented in the tables below:

	Opening balance 1 January 2021	Cost of treasury shares acquired	Cancellation of treasury shares	Closing balance 31 March 2021
11 <sup>th</sup> buy-back	1,086,443,209	438,598	-	1,086,881,807
12 <sup>th</sup> buy-back	-	117,106,217	-	117,106,217
	<b>1,086,443,209</b>	<b>117,544,815</b>	-	<b>1,203,988,024</b>

The difference between the total 11<sup>th</sup> buy-back cost as at 31 March 2021 (i.e. RON 1,086,881,807) included in the table above and the buy-back carrying amount presented in the audited financial statements for the year ended 31 December 2020 (i.e. RON 1,086,443,209) is due to the difference between the actual invoiced amounts as per invoices received by the Fund in 2021 and the related accrued costs booked in the Fund's accounting as at 31 December 2020.

	Opening balance 1 January 2020	Cost of treasury shares acquired	Cancellation of treasury shares	Closing balance 31 March 2020
10 <sup>th</sup> buy-back	446,008,591	-	-	446,008,591
11 <sup>th</sup> buy-back	-	330,650,671	-	330,650,671
	<b>446,008,591</b>	<b>330,650,671</b>	-	<b>776,659,262</b>

**(e) Dividend distribution**

During the 28 April 2021 General Shareholders Meeting, the Fund's shareholders approved the distribution of a gross dividend of RON 0.072 per share from 2016 and 2017 unallocated profits.

The shareholders registered in the shareholders' registry with the Central Depository on 28 May 2021 have the right to receive a gross dividend of RON 0.072 per share, proportionally with their participation in the paid in share capital of the Fund. The payment will start on 22 June 2021.

**16. Contingencies**
**Litigations**

At 31 March 2021, the Fund was involved in certain litigations, either as defendant or claimant. After analysing the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Fund considers that there are no litigations which may have significant effects on the Fund's financial position or profitability.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**16. Contingencies (continued)**
**Other contingencies**

Other contingencies of the Fund included the receivables from World Trade Center Bucuresti SA, as detailed below.

Title II, Article 4 of Government Emergency Ordinance no. 81/2007 stipulated the transfer of World Trade Center Bucuresti SA receivables from the Authority for State Assets Recovery to the Fund, amounting to USD 68,814,198 (including the original principal and related interest and penalties) on 29 June 2007.

Between 2008 and 2010 the Fund recovered from World Trade Center Bucuresti SA, USD 510,131, EUR 148,701 and RON 8,724,888. Given the uncertainties regarding the recoverability of the amounts due by World Trade Center Bucuresti SA, the above amounts were recognised on receipt basis in the Fund's financial statements.

In August 2013, World Trade Center Bucuresti SA filed a claim against the Fund asking the Fund to pay back all the amounts received through the enforcement procedure during 2010 and 2011 (EUR 148,701, USD 10,131 and RON 8,829,663).

On 7 July 2016, the Bucharest Court admitted the claim filed by World Trade Center Bucuresti SA and obliged Fondul Proprietatea to pay back the amounts recovered from the enforcement procedure (EUR 148,701, USD 10,131 and RON 8,829,663) and the related legal interest calculated for these amounts. During the period from July to August 2016, the Fund performed the payment of these amounts and the related legal interest to World Trade Center Bucuresti SA. The Court decision is irrevocable.

The amounts recovered from the enforcement procedure were originally accounted for by the Fund as contributions of the Romanian State to the share capital of the Fund, decreasing the receivable related to the unpaid capital. Consequently, these amounts are to be recovered by the Fund from the Romanian State (being accounted for as a receivable over this shareholder of the Fund, for which an impairment adjustment was recorded), while the legal interest was recorded as an expense with provisions for litigations.

On 18 February 2020, the Court ruled in favour of the Fund in the case started against the Romanian State, represented by Ministry of Public Finance, for recovering the contributions of the Romanian State to the share capital of the Fund. The decision was issued in the first stage and Ministry of Public Finance appealed it. On 18 September 2020, Bucharest Court of Appeal admitted the appeal of Ministry of Public Finance. The Fund filled the second appeal which was rejected by the High Court of Cassation and Justice on 1 April 2021. The Fund is waiting to receive the full decision of the Court following to investigate the next actions that will be taken based on the argumentation of the High Court of Cassation and Justice.

**17. Related parties**
**(a) Key management**

(i) Board of Nominees ("BON")

	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
Total Fund's cost with BON remuneration, <i>out of which</i> :	361,845	361,845
- Net remuneration paid to BON members	311,227	257,274
- Related taxes and contributions payable to State Budget	50,618	104,571

There were no loans to or other transactions between the Fund and the members of the Board of Nominees neither in the first quarter of 2021 nor in the first quarter of 2020.

There are no post-employment, long term or termination benefits related to the remuneration of the members of the Board of Nominees.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**17. Related parties (continued)**
**(a) Key management (continued)**
*(i) Board of Nominees (continued)*

On 24 March 2021 the Fund's shareholders elected as members of the Board of Nominees, for a three-years period, Mr. Nicholas Paris and Ömer Tetik, following the expiration of the mandates of Mr. Julian Healy and respectively Mr. Piotr Rymaszewski on 5 April 2021.

*(ii) Sole Director and Investment Manager*

FTIS is the Sole Director and Alternative Investment Fund Manager of the Fund starting with 1 April 2016. The initial mandate was for a two-year period and this was renewed for another two years starting with 1 April 2018. During the 28 June 2019 General Shareholders Meeting, the Fund's shareholders approved a new mandate of FTIS as AIFM and Sole Director of the Fund for the period 1 April 2020 – 31 March 2022. Until 30 November 2020, FTIS had delegated the role of Investment Manager, as well as certain administrative functions to FTIML. Starting 1 December 2020, the activity carried out by FTIML through the delegation agreement ceased by mutual consent of the parties. Starting this date, the portfolio management and the administrative activities previously delegated to FTIML are performed by FTIS through its Bucharest Branch.

The transactions carried out between the Fund and FTIS Luxemburg were the following:

<b>Transactions</b>	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
Administration fees	17,406,100	16,131,484

The transactions carried out between the Fund and FTIS Bucharest Branch were the following:

<b>Transactions</b>	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
Rent expense charged to the Fund	22,503	-
Operating cost charged to the Fund	6,737	-
	<b>29,240</b>	<b>-</b>

The transactions carried out between the Fund and FTIML were the following:

<b>Transactions</b>	<b>3 months ended 31 March 2021</b>	<b>3 months ended 31 March 2020</b>
Rent expense charged to the Fund	-	22,096
Operating cost charged to the Fund	-	6,833
	<b>-</b>	<b>28,929</b>

During the first quarter of 2021, the Fund recorded RON 30,817 representing expenses incurred by FTIS Bucharest Branch on its behalf.

During the first quarter of 2020, the Fund recorded RON 346,319 representing expenses incurred by FTIML Bucharest Branch on its behalf.

These expenses were primarily related to promotional activities for the Fund (investor relations). The recharge of these expenses to the Fund followed the provisions of the management agreement in place at the respective moment and was subject to Board of Nominees' approval.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

**17. Related parties (continued)**
**(a) Key management (continued)**
*(ii) Sole Director and Investment Manager (continued)*

The outstanding liabilities owed by the Fund were as follows:

<b>Amounts due to:</b>	<b>31 March 2021</b>	<b>31 December 2020</b>
FTIS Luxembourg	17,404,130	16,447,827
FTIS Bucharest Branch	-	9,546
	<b>17,404,130</b>	<b>16,457,372</b>

There are no other elements of compensation for key management besides those described above.

**(b) Subsidiaries**

The Fund had the following subsidiaries, all of which are incorporated in Romania:

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Ownership interest</b>		
Zirom SA	100%	100%
Alcom SA	72%	72%
Comsig SA	70%	70%

As at 31 March 2021 and 31 December 2020, Comsig SA was in administrative liquidation process, which is still ongoing at the date of these condensed interim financial statements. In April 2021, the Fund received from Comsig SA as liquidation proceeds an amount of RON 62,154. Until the date of these condensed interim financial statements, Comsig SA was not deregistered from Trade Registry.

The fair value of investments in subsidiaries is presented in the table below:

	<b>31 March 2021</b>	<b>31 December 2020</b>
Zirom SA	24,884,700	24,884,700
Alcom SA	8,863,429	8,863,429
Comsig SA	-	-
	<b>33,748,129</b>	<b>33,748,129</b>

As at 31 March 2021 and 31 December 2020, the Fund had no commitment to provide financial or other support to its subsidiaries, including commitments to assist the subsidiaries in obtaining financial support.

**(c) Associates**

As 31 March 2021 and 31 December 2020 the Fund had two associates, both incorporated in Romania:

	<b>31 March 2021</b>	<b>31 December 2020</b>
<b>Ownership interest</b>		
Societatea Nationala a Sarii SA	49%	49%
Plafar SA	49%	49%

The Fund did not carry out any transaction with its associates in the first quarter of 2021 or in the first quarter of 2020.

As at 31 March 2021, the balance due by Societatea Nationala a Sarii SA to the Fund amounted RON 7,261 (31 December 2020: RON 7,178) and comprised the outstanding dividend receivable of RON 6,378 (31 December 2020: RON 6,378) and the penalties for delay payment of dividends of RON 884 (31 December 2020: RON 800). The outstanding balance due by Societatea Nationala a Sarii SA to the Fund is fully impaired.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2021**

(all amounts are in RON unless otherwise stated)

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## **18. Subsequent events**

### **Resolutions adopted by shareholders during the 28 April 2021 General Shareholders' Meeting**

The main shareholders resolutions at the 28 April 2021 GSM were the following:

- the approval to amend the Constitutive Act according to the FSA recommendations;
- the approval of the decrease of the subscribed share capital of Fondul Proprietatea from RON 3,749,282,292.08 to RON 3,334,342,422.84 pursuant to the cancellation of 797,961,287 own shares acquired by Fondul Proprietatea during 2020;
- the approval of the annual administrator's report and the financial statements for the financial year ended 31 December 2020;
- the approval to cover the negative reserves of RON 236,026,121 incurred in 2020 financial year from the cancellation of treasury shares acquired through the 10th buy-back programme;
- the approval to cover the accounting loss of RON 102,978,968 recorded for the financial year ended as at 31 December 2020;
- the approval of the distribution of a gross dividend of RON 0.072 per share from 2016 and 2017 unallocated profits;
- the approval to allocate to other reserves an amount of RON 671,941,938 to be used for covering the negative reserves estimated to arise from the cancellation of treasury shares acquired during 2020 through the 11th buy-back programme;
- the approval of the remuneration policy of the Fund;
- the appointment of Ernst & Young Assurance Services SRL as Fund's auditor for the financial years 2022, 2023 and 2024.

## Annex 2

## Statement of Assets and Obligations of Fondul Proprietatea SA as at 31 March 2021, prepared in accordance with CNVM Regulation 4/2010 (Annex no. 4)

Item	31 December 2020				31 March 2021				Differences RON
	% of the net asset	% of the total asset	Currency	RON	% of the net asset	% of the total asset	Currency	RON	
<b>I. Total assets</b>	<b>100.5399%</b>	<b>100.0000%</b>		<b>10,322,346,256.28</b>	<b>100.5025%</b>	<b>100.0000%</b>		<b>10,905,310,120.39</b>	<b>582,963,864.11</b>
1 Securities and money market instruments, out of which: *	19.9739%	19.8669%		2,050,713,400.44	20.5026%	20.4002%		2,224,695,014.33	173,981,613.89
1.1. securities and money market instruments admitted or traded on a regulated market from Romania, out of which:									
1.1.1 listed shares traded in the last 30 trading days	19.9739%	19.8669%	-	2,050,713,400.44	20.5026%	20.4002%	-	2,224,695,014.33	173,981,613.89
1.1.2 listed shares not traded in the last 30 trading days	16.1838%	16.0970%	-	1,661,581,690.23	18.0695%	17.9792%	-	1,960,688,876.65	299,107,186.42
1.1.3 Government bonds	0.0863%	0.0859%	-	8,863,425.29	0.0883%	0.0879%	-	9,584,073.29	720,648.00
1.1.4 allotment rights not admitted at trading on a regulated market	3.7038%	3.6840%	-	380,268,284.92	2.3448%	2.3331%	-	254,422,064.39	(125,846,220.53)
1.2. securities and money market instruments admitted or traded on a regulated market from a member state, out of which:									
1.2.1 listed shares traded in the last 30 trading days	-	-	-	-	-	-	-	-	-
1.2.2 listed shares not traded in the last 30 trading days	-	-	-	-	-	-	-	-	-
1.3. securities and money market instruments admitted on a stock exchange from a state not a member or negotiates on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public, approved by the Financial Supervisory Authority ("FSA")	-	-	-	-	-	-	-	-	-
2 New issued securities	-	-	-	-	-	-	-	-	-
3 Other securities and money market instruments mentioned at art. 187 letter a) of the Regulation no. 15/2004, out of which:									
- shares not admitted at trading on a regulated market	73.7930%	73.3967%	-	7,576,256,630.47	73.6773%	73.3089%	-	7,994,560,304.89	418,303,674.42
4 Bank deposits, out of which:	73.7930%	73.3967%	-	7,576,256,630.47	73.6773%	73.3089%	-	7,994,560,304.89	418,303,674.42
4.1. bank deposits made with credit institutions from Romania	6.4282%	6.3937%	-	659,982,573.15	6.0136%	5.9835%	-	652,522,364.19	(7,460,208.96)
- in RON	6.4282%	6.3937%	-	659,982,573.15	6.0136%	5.9835%	-	652,522,364.19	(7,460,208.96)
- in euro	-	-	-	-	-	-	-	-	-
4.2. bank deposits made with credit institutions from an EU state	-	-	-	-	-	-	-	-	-
4.3. bank deposits made with credit institutions from a non-EU state	-	-	-	-	-	-	-	-	-
5 Derivatives financial instruments traded on a regulated market	-	-	-	-	-	-	-	-	-
6 Current accounts and petty cash out of which:	0.3354%	0.3336%		34,430,629.84	0.3009%	0.2994%		32,652,907.51	(1,777,722.33)
- in RON	0.3343%	0.3325%	-	34,325,895.24	0.3005%	0.2990%	-	32,608,948.12	(1,716,947.12)
- in euro	0.0000%	0.0000%	EUR 610.18	2,971.21	0.0000%	0.0000%	EUR 323.81	1,594.80	(1,376.41)
- in USD	0.0010%	0.0010%	USD 25,026.03	99,253.23	0.0004%	0.0004%	USD 9,560.26	40,123.46	(59,129.77)
- in GBP	0.0000%	0.0000%	GBP 463.12	2,510.16	0.0000%	0.0000%	GBP 387.31	2,241.13	(269.03)
7 Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004 regarding the capital market, with subsequent additions and amendments, out of which:									
- Treasury bills with original maturities of less than 1 year	-	-	-	-	0.0000%	0.0000%	-	-	-
8 Participation titles of OCII and/or of UCITS (A.O.P.C./ O.P.C.V.M.)	-	-	-	-	0.0000%	0.0000%	-	-	-
9 Other assets out of which:	0.0095%	0.0091%		963,022.38	0.0081%	0.0080%		879,529.47	(83,492.91)
- net dividend receivable from Romanian companies	-	-	-	-	0.0000%	0.0000%	-	-	-
- receivables related to the cash contributions to the share capital increases performed by portfolio companies	0.0043%	0.0042%	-	445,140.00	0.0008%	0.0008%	-	85,750.00	(359,390.00)
- tax on dividends to be recovered from the State Budget	0.0034%	0.0033%	-	348,524.00	0.0000%	0.0000%	-	-	(348,524.00)
- intangible assets	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
- advance payments for intangible assets	0.0003%	0.0002%	-	28,384.79	0.0003%	0.0002%	-	28,384.79	-
- other receivables out of which:	0.0002%	0.0001%	-	5,180.00	0.0002%	0.0001%	-	16,886.00	11,706.00
- in RON	0.0001%	0.0001%	-	5,180.00	0.0002%	0.0001%	-	16,886.00	11,706.00
- prepaid expenses	0.0013%	0.0013%	-	135,793.59	0.0069%	0.0069%	-	748,508.68	612,715.09
<b>II. Total liabilities</b>	<b>0.5399%</b>	<b>0.5370%</b>		<b>55,434,352.18</b>	<b>0.5025%</b>	<b>0.5001%</b>		<b>54,533,942.00</b>	<b>(900,410.18)</b>
1 Liabilities in relation with the payments of fees due to the investment management company (S.A.I.)	0.1602%	0.1593%		16,447,826.86	0.1604%	0.1596%		17,404,130.27	956,303.41
2 Liabilities related to the fees payable to the depositary bank	0.0004%	0.0004%		42,297.22	0.0004%	0.0004%		47,276.48	4,979.26
3 Liabilities related to the fees payable to intermediaries	0.0046%	0.0046%		475,920.00	0.0000%	0.0000%		0.00	(475,920.00)
4 Liabilities related to commissions and other bank services	-	-		-	-	-		-	-
5 Interest payable	-	-		-	-	-		-	-
6 Liabilities related to issuance costs	-	-		-	-	-		-	-
7 Liabilities in relation with the fees/commissions to FSA	0.0076%	0.0075%		778,355.05	0.0074%	0.0073%		798,415.28	20,060.23
8 Liabilities related to audit fees	0.0018%	0.0018%		189,408.19	0.0000%	0.0000%		0.00	(189,408.19)

**Fondul Proprietatea SA**

Item	31 December 2020				31 March 2021				Differences RON
	% of the net asset	% of the total asset	Currency	RON	% of the net asset	% of the total asset	Currency	RON	
9 Other Liabilities, out of which:	0.3653%	0.3634%	-	37,500,544.86	0.3343%	0.3328%	-	36,284,119.97	(1,216,424.89)
- liabilities to the Fund's shareholders related to the dividend distribution	0.3334%	0.3316%	-	34,228,490.76	0.2996%	0.2982%	-	32,512,848.71	(1,715,642.05)
- liabilities related to the return of capital	0.0015%	0.0015%	-	151,945.60	0.0014%	0.0014%	-	151,945.60	-
- liabilities related to Government securities under settlement	0.0000%	0.0000%	-	-	-	-	-	-	-
- provisions	0.0083%	0.0083%	-	856,247.22	0.0079%	0.0079%	-	856,247.22	-
- liabilities related to buybacks under settlement	-	-	-	-	0.0237%	0.0236%	-	2,569,269.50	2,569,269.50
- remunerations and related contributions	0.0003%	0.0003%	-	34,857.00	0.0004%	0.0004%	-	44,144.00	9,287.00
- VAT payable to State Budget	0.0000%	0.0000%	-	904.81	0.0000%	0.0000%	-	2,728.46	1,823.65
- tax on dividends payable to State Budget	0.0110%	0.0110%	-	1,120,599.00	0.0000%	0.0000%	-	-	(1,120,599.00)
- other liabilities out of which:	0.0108%	0.0107%	-	1,107,500.47	0.0013%	0.0013%	-	146,936.48	(960,563.99)
- in RON	0.0108%	0.0107%	-	1,107,500.47	0.0012%	0.0012%	-	132,463.83	(975,036.64)
- in EUR	-	-	-	-	0.0001%	0.0001%	EUR 2,938.55	14,472.65	14,472.65
<b>III. Net Asset Value (I - II)</b>	<b>100.0000%</b>	<b>99.4630%</b>		<b>10,266,911,904.10</b>	<b>100.0000%</b>	<b>99.4999%</b>		<b>10,850,776,178.39</b>	<b>583,864,274.29</b>

\* = Includes also the value of holdings in companies admitted to trading on AeRo market (alternative regulated market)

**Unitary Net Asset Value**

Item	31 March 2021	31 December 2020	Differences
<b>Net Asset Value</b>	<b>10,850,776,178.39</b>	<b>10,266,911,904.10</b>	<b>583,864,274.29</b>
Number of outstanding shares	5,972,966,238	6,048,384,617	(75,418,379)
Unitary net asset value	1.8166	1.6974	0.1192

**DETAILED STATEMENT OF INVESTMENTS AS AT 31 MARCH 2021**
**Securities admitted or traded on a regulated market in Romania, out of which:**
**1.1 listed shares traded in the last 30 trading days**

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alro Slatina SA	ALR	31/Mar/2021	72,884,714	0.5	2.8100	204,806,046.34	10.21%	1.8780%	1.8875%	Closing price
IOR SA	IORB	24/Mar/2021	2,622,273	0.1	0.1530	401,207.77	0.82%	0.0037%	0.0037%	Reference price - Average price
OMV Petrom SA	SNP	31/Mar/2021	3,963,548,078	0.1	0.4300	1,704,325,673.54	6.99%	15.6284%	15.7069%	Closing price
Romaero SA	RORX	29/Mar/2021	1,311,691	2.5	39.0000	51,155,949.00	18.87%	0.4691%	0.4714%	Reference price - Average price
<b>Total</b>						<b>1,960,688,876.65</b>		<b>17.9792%</b>	<b>18.0695%</b>	

**1.2 listed shares but not traded in the last 30 trading days**

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alcom SA	ALCQ	10/Feb/2017	89,249	2.5	99.3112	8,863,425.29	71.89%	0.0813%	0.0817%	Fair value / share (Value based on valuation report as at 31 October 2020)
Mecon SA	MECP	7/Jan/2021	60,054	11.6	12.0000	720,648.00	12.51%	0.0066%	0.0066%	Fair value (Last trading price)
<b>Total</b>						<b>9,584,073.29</b>		<b>0.0879%</b>	<b>0.0883%</b>	

## Fondul Proprietatea SA

### Instruments mentioned at art. 187 letter a) of the Regulation no. 15/2004, out of which:

#### Unlisted shares

Issuer	No. of shares held	Date of acquisition *	Acquisition price (total price of acquisition of shares)**	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Company status	Evaluation method
Aeroportul International Mihail Kogalniceanu - Constanta SA	23,159	19/Jul/2005	1,490,898	111.0410	2,571,598.52	20.00%	0.0236%	0.0237%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	199.9000	6,399,998.40	20.00%	0.0587%	0.0590%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	87.3781	17,751,734.80	20.00%	0.1628%	0.1636%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	84.7332	2,334,738.59	20.00%	0.0214%	0.0215%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
CN Administratia Porturilor Dunarii Maritime SA	21,237	19/Jul/2005	1,351,671	244.5669	5,193,867.26	20.00%	0.0476%	0.0479%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
CN Administratia Porturilor Maritime SA	2,658,128	19/Jul/2005	52,691,564	88.7090	235,799,876.75	19.99%	2.1622%	2.1731%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
CN Aeroporturi Bucuresti SA ***	2,875,443	5/Feb/2010	131,168,263	217.0448	624,099,950.85	20.00%	5.7229%	5.7517%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Complexul Energetic Oltenia SA****	27,387,940	31/May/2012	670,353,852	0.0000	0.00	21.55%	0.0000%	0.0000%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Comsig SA	75,655	19/Jul/2005	132,633	0.0000	0.00	69.94%	0.0000%	0.0000%	Administrative liquidation	Priced at zero
E-Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	29.5749	272,699,624.24	24.12%	2.5006%	2.5132%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
E-Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	26.2396	177,199,351.23	24.09%	1.6249%	1.6331%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
E-Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	69.9546	227,799,879.62	12.00%	2.0889%	2.0994%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	97.0602	43,099,970.05	12.00%	0.3952%	0.3972%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Enel Energie SA	1,680,000	19/Jul/2005	26,124,808	31.2500	52,500,000.00	12.00%	0.4814%	0.4838%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Engie Romania SA	2,390,698	19/Jul/2005	62,610,812	225.3735	538,799,975.70	11.99%	4.9407%	4.9655%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	0.0000	0.00	9.76%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Hydroelectrica SA	89,437,916	19/Jul/2005	3,020,007,106	62.0229	5,547,198,920.28	19.94%	50.8670%	51.1226%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 28 February 2021)
Plafar SA	132,784	28/Jun/2007	3,160,329	14.5160	1,927,492.54	48.99%	0.0177%	0.0178%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	0.8808	13,099,210.92	6.48%	0.1201%	0.1207%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Romplumb SA	1,595,520	28/Jun/2007	19,249,219	0.0000	0.00	33.26%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Salubriserv SA	43,263	19/Jul/2005	207,601	0.0000	0.00	17.48%	0.0000%	0.0000%	Judicial reorganisation	Priced at zero
Simtex SA	132,859	28/Jun/2007	3,059,858	0.0000	0.00	30.00%	0.0000%	0.0000%	Judicial reorganisation	Priced at zero
Societatea Nationala a Sarii SA	2,005,884	28/Jun/2007	76,347,715	100.3049	201,199,994.03	48.99%	1.8450%	1.8542%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	0.0000	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
World Trade Hotel SA	17,912	19/Jul/2005	17,912	0.0000	0.00	19.90%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (lack of annual financial statements for the last 7 financial years including the financial statements for the year-ended 31 December 2019; last available financial statements are those for the year-ended 31 December 2012)
Zirom SA	6,542,083	28/Jun/2007	65,208,072	3.8037	24,884,121.11	100.00%	0.2282%	0.2293%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
<b>Total</b>			<b>4,603,202,769</b>		<b>7,994,560,304.89</b>		<b>73.3089%</b>	<b>73.6773%</b>		

#### Legend:

\* = where the date of acquisition is shown as earlier than Fondul Proprietatea's date of incorporation (28 December 2005), the date of acquisition refers to the date of publishing in the Official Gazette of Law no. 247 / 19 July 2005, which determined that these investments would be transferred to Fondul Proprietatea on its future incorporation.

\*\* = The acquisition price includes the initial value of Fondul Proprietatea's final portfolio of shares contributed by the Romanian State in December 2005 and June 2007 determined based on the valuation performed in October 2007 by an independent valuer (Finevex SRL Constanta) and the subsequent subscriptions to share capital increase of portfolio companies, if the case, (respectively the contribution in cash) less the disposals (if the case). Fondul Proprietatea did not perform any acquisition of unlisted shares from its incorporation date until now. The acquisition price does not include the bonus shares received by Fondul Proprietatea (following the share capital increase of portfolio companies) proportionally to its holding as these do not qualify as cost in accordance with the IFRS basis of accounting.

\*\*\* = company resulting from the merger of CN "Aeroportul International Henri Coanda - Bucuresti" S.A. and S.N. "Aeroportul International Bucuresti Banasa - Aurel Vlaicu" S.A.

\*\*\*\* = company resulting from the merger of Complexul Energetic Turceni S.A., Complexul Energetic Craiova S.A., Complexul Energetic Rovinari S.A., Societatea Nationala a Lignitului Oltenia S.A.

## Fondul Proprietatea SA

### Bonds or other debt instruments issued or guaranteed by the state or central public administration authorities

#### Government bonds

Issuer	ISIN code	No. of instruments	Date of acquisition	Coupon date	Due Date	Initial Value	Daily interest	Cumulated interest	Cumulated discount/premium	Market price / Reference composite price	Current value	Stake in FP total assets	Stake in FP net asset	Valuation method
Ministry of Finance	RO1121DBN032	1,000	29/Sep/2020	11/Jun/2021	11/Jun/2021	10,000,000.00	1,630.14	479,260.27	-	100.7300%	10,552,260.27	0.0968%	0.0972%	Fair value (reference composite price published by Reuters, including the cumulated interest)
Ministry of Finance	RO1121DBN032	4,000	27/Oct/2020	11/Jun/2021	11/Jun/2021	40,000,000.00	6,520.55	1,917,041.10	-	100.7300%	42,209,041.10	0.3871%	0.3890%	
Ministry of Finance	RO1121DBN032	7,500	19/Nov/2020	11/Jun/2021	11/Jun/2021	75,000,000.00	12,226.03	3,594,452.06	-	100.7300%	79,141,952.06	0.7257%	0.7294%	
Ministry of Finance	RO1121DBN032	4,300	14/Jan/2021	11/Jun/2021	11/Jun/2021	43,000,000.00	7,009.59	2,060,819.18	-	100.7300%	45,374,719.18	0.4161%	0.4182%	
Ministry of Finance	RO1821DBN052	15,000	22/Jan/2021	27/Oct/2021	27/Oct/2021	75,000,000.00	8,219.18	1,282,191.78	-	101.1492%	77,144,091.78	0.7074%	0.7110%	
<b>Total</b>								<b>9,333,764.39</b>			<b>254,422,064.39</b>	<b>2.3331%</b>	<b>2.3448%</b>	

#### Bank deposits

Name of the bank	Starting date	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
BRD Groupe Societe Generale	22/Mar/2021	5/Apr/2021	109,000,000.00	3,027.78	30,277.78	109,030,277.78	0.9998%	1.0048%	Bank deposit value cumulated with the daily related interest for the period from starting date
ING BANK	22/Mar/2021	5/Apr/2021	109,000,000.00	3,784.72	37,847.22	109,037,847.22	0.9999%	1.0049%	
BRD Groupe Societe Generale	30/Mar/2021	13/Apr/2021	108,100,000.00	3,002.78	6,005.56	108,106,005.56	0.9913%	0.9963%	
Banca Comerciala Romana	30/Mar/2021	20/Apr/2021	108,100,000.00	4,053.75	8,107.50	108,108,107.50	0.9913%	0.9963%	
Unicredit Tiriac Bank	31/Mar/2021	7/Apr/2021	104,100,000.00	2,891.67	2,891.67	104,102,891.67	0.9546%	0.9594%	
BRD Groupe Societe Generale	31/Mar/2021	1/Apr/2021	10,034,080.79	262.00	262.00	10,034,342.79	0.0920%	0.0925%	
CITI Bank	31/Mar/2021	1/Apr/2021	104,100,000.00	2,891.67	2,891.67	104,102,891.67	0.9546%	0.9594%	
<b>Total</b>			<b>652,434,080.79</b>		<b>88,283.40</b>	<b>652,522,364.19</b>	<b>5.9835%</b>	<b>6.0136%</b>	

#### Evolution of the net asset and the net asset unitary value in the last 3 years

	31 December 2019	31 December 2020	31 March 2021
Net Asset	11,871,445,439.59	10,266,911,904.10	10,850,776,178.39
NAV/share	1.7339	1.6974	1.8166

Franklin Templeton International Services S.à r.l acting in its capacity of alternative investment fund manager of Fondul Proprietatea SA

Johan Meyer  
Permanent representative

BRD Groupe Societe Generale

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