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# Fondul Proprietatea SA

## Quarterly Report

For the Quarter Ended 30 September 2020

(this is a translation from the official Romanian version)

# Contents

List of Abbreviations .....	2
Overview .....	3
Analysis of the Fund's Activity .....	6
Regulated Stock Market Trading .....	6
Performance Objectives .....	7
Management and Governance of the Fund .....	8
GDR Facility .....	9
Credit Facility Agreement .....	9
2019 Dividend Distribution .....	10
2017 Returns of Capital .....	10
Investor Relations .....	10
Buy-back Programmes .....	11
Impact of COVID-19 Pandemic on the Fund's Activity .....	14
Brexit Impact on the Fund's Activity .....	16
Regulatory Updates .....	17
Portfolio Analysis and Financial Highlights .....	18
NAV Methodology and NAV Evolution .....	18
Investment Strategy and Portfolio Analysis .....	20
Energy Sector Updates .....	22
Update on the Largest 10 Portfolio Holdings .....	24
Financial Statements Analysis .....	30
Subsequent Events .....	34

## Annexes

- Annex 1 Condensed Interim Financial Statements for the nine-month period ended 30 September 2020, 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 30 September 2020, 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>Brexit</b>	The withdrawal of the United Kingdom from the European Union
<b>BVB</b>	Bucharest Stock Exchange
<b>CNVM</b>	National Securities Commission (currently FSA)
<b>Companies' Law</b>	Law 31/1990 regarding companies, with subsequent amendments
<b>Depozitarul Central SA</b>	Romanian Central Depository
<b>EGM</b>	Extraordinary General Shareholders Meeting
<b>EU</b>	European Union
<b>Fondul Proprietatea/ the Fund/ FP</b>	Fondul Proprietatea SA
<b>FSA</b>	Romanian Financial Supervisory Authority
<b>FTIML/ Investment Manager</b>	Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch
<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 Depositary 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>GEO 74/2020</b>	GEO 74/ 19 May 2020 for modifying Romanian Energy Law no. 123/2012
<b>GSM</b>	General Shareholders Meeting
<b>H1</b>	First semester
<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>Q1/ Q2/ Q3/ Q4</b>	First/ second/ third/ fourth quarter of the year respectively
<b>REGS</b>	Main market (Regular) of Bucharest Stock Exchange
<b>RRR</b>	Regulatory Rate of Return
<b>SRD II</b>	Shareholders Rights Directive II - Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement

# 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 first nine months of 2020, the Fund was managed by FTIS as its Sole Director and AIFM under the AIFM Directive and local implementation regulations, based on both the Management Agreement in force between 1 April 2018 and 31 March 2020 (according to 14 February 2018 GSM Resolution) and the new Management Agreement in force during the period 1 April 2020 – 31 March 2022 (according to 28 June 2019 GSM Resolution). During the reporting period, FTIS has delegated the role of Investment Manager, as well as certain administrative functions to FTIML.

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 Depositary, 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 30 September 2020<sup>1</sup>

Shareholder categories	% of subscribed share capital	% of paid-in share capital	% of voting rights <sup>2</sup>
Romanian institutional shareholders	29.62	31.11	36.10
The Bank of New York Mellon (GDRs) <sup>3</sup>	21.51	22.59	26.14
Romanian private individuals	17.06	17.92	20.79
Foreign institutional shareholders	11.01	11.56	13.42
Foreign private individuals	2.83	2.97	3.45
Romanian State represented by Ministry of Public Finance	4.87	0.09	0.10
Treasury shares <sup>4</sup>	13.10	13.76	-

Source: Depozitarul Central SA

<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 held by FP were not taken into consideration at the calculation of the total number of voting rights

<sup>3</sup> Fondul Proprietatea held 93,561 GDRs as at 30 September 2020

<sup>4</sup> 997,389,032 treasury shares out of which 403,812,443 treasury shares acquired in the tenth buyback program and 593,576,589 treasury shares acquired in the eleventh buyback program. Please recall that on 30 September 2020, the Trade Registry registered the decrease of the subscribed registered share capital from RON 3,959,264,762.44 to RON 3,749,282,292.08, by cancelling a number of 403,812,443 treasury shares acquired by the Fund within the tenth buy-back programme.

As at 30 September 2020 the Fund had 7,318 shareholders and the total number of voting rights was 6,248,091,265.

## 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

## Share Capital Information

Share capital information	30 September 2020	30 September 2019	31 December 2019
Issued share capital (RON)	3,749,282,292.08	4,733,020,898.32	3,959,264,762.44
Paid in share capital (RON)	3,560,099,870.08	4,543,838,476.32	3,770,082,340.44
Number of shares in issue	7,210,158,254	9,101,963,266	7,613,970,697
Number of paid shares	6,846,345,904	8,738,150,916	7,250,158,347
Nominal value per share (RON)	0.52	0.52	0.52

Source: Fondul Proprietatea

Note: on 30 September 2020, the Trade Registry registered Resolution no. 2/28 April 2020 of the Fund's Extraordinary GSM for approving the decrease of the subscribed share capital from RON 3,959,264,762.44 to RON 3,749,282,292.08 pursuant to the cancellation of 403,812,443 own shares acquired during the tenth buy-back programme, endorsed by the FSA through Endorsement no. 189/10 September 2020.

## 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 2020	Q2 2020	Q3 2020	Q3 2019
Total shareholders' equity at the end of the period (RON million)		9,585.8	10,141.4	9,909.2	10,735.6
Total shareholders' equity change in period (%)		-19.3%	5.8%	-2.3%	0.0%
Total NAV at the end of the period (RON million)	a	9,585.8	10,141.4	9,909.1	10,735.5
Total NAV change in period (%)		-19.3%	5.8%	-2.3%	0.0%
NAV per share at the end of the period (RON)	a	1.4515	1.5622	1.5881	1.5570
NAV per share change in the period (%)		-16.3%	7.6%	1.7%	+3.0%
NAV per share total return in the period (%)	g	-16.3%	12.4%	1.7%	+3.0%
Share price as at the end of the period (RON)	b	1.1100	1.2600	1.2950	1.1900
Share price low in the period (RON)	b	0.9980	1.0550	1.1450	1.0450
Share price high in the period (RON)	b	1.3800	1.2850	1.3300	1.2000
Share price change in the period (%)		-8.3%	13.5%	2.8%	+11.2%
Share price total return in the period (%)	h	-8.3%	19.8%	2.8%	+11.2%
Share price discount to NAV as at the end of the period (%)	d	23.5%	19.3%	18.5%	23.6%
Average share price discount in the period (%)	d	25.6%	21.49%	20.7%	26.7%
Average daily share turnover in the period (RON million)	c, j	11.9	5.3	7.2	8.3
GDR price as at the end of the period (USD)	e	12.1000	14.4000	15.5000	13.5000
GDR price low in the period (USD)	e	11.2000	11.9000	13.6000	12.2000
GDR price high in the period (USD)	e	15.7000	14.4000	15.8000	13.5000
GDR price change in the period (%)		-11.7%	19.0%	7.6%	+7.1%
GDR price total return in the period (%)	i	-11.7%	25.0%	7.6%	+6.3%
GDR price discount to NAV as at the end of the period (%)	d	26.7%	20.3%	18.8%	24.6%
Average GDR price discount in the period (%)	d	26.8%	22.2%	21.6%	27.8%
Average daily GDR turnover in the period (USD million)	f, k	1.1	0.5	0.8	1.0

Source: Fondul Proprietatea, BVB (for shares) 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 2020/ Q2 2020/ Q3 2020/ Q3 2019, respectively



**Notes:**

- a. Prepared based on local rules issued by the capital market regulator
- b. Source: BVB - REGS market - Closing prices
- c. 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
- e. Source: Bloomberg - Closing prices
- f. Source: FP 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
- j. Including the tender offers carried by the Fund in August 2019/ March 2020/ September 2020 with a total value (excluding transaction costs) of RON 109.0 million for the 90.1 million shares/ RON 173.0 million for the 124.5 million shares /RON 205.4 million for the 147.7 million shares acquired on BVB
- k. Including the tender offers carried by the Fund in August 2019/ March 2020/ September 2020 with a total value (excluding transaction costs) of USD 17.0 million for the 59.9 million shares/ USD 24.2 million for the 75.5 million shares / USD 24.4 million for the 72.3 million shares equivalent to the GDRs acquired on LSE

The table below presents the unaudited results of the Fund in accordance with IFRS for the nine months ended 30 September 2020:

RON million	30 September 2020	30 September 2019
Profit for the quarter ended	122.2	252.9
(Loss)/ Profit for the nine months ended	(726.4)	1,936.1

Source: Fondul Proprietatea

The main contributor to the negative result in the first nine months of 2020 was the net loss from equity investments at fair value through profit or loss amounting to RON 1,885.7 million, mainly generated by (1) the decrease in unlisted holdings value of RON 1,264.4 million following the valuation update process (mostly related to CN Aeroporturi Bucuresti SA, E-Distributie companies and Hidroelectrica SA), which also considered the effect of dividends distributed by the companies subject to valuation of RON 940.0 million and (2) OMV Petrom SA, as a result of the negative evolution of this company's share price during the period (total impact RON 642.8 million, share price decrease of 25.1%). This was partially offset by the gross dividend income from portfolio companies of RON 1,218.7 million recorded during this period.

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

## Contact Details

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# Analysis of the Fund's Activity

## Regulated Stock Market Trading

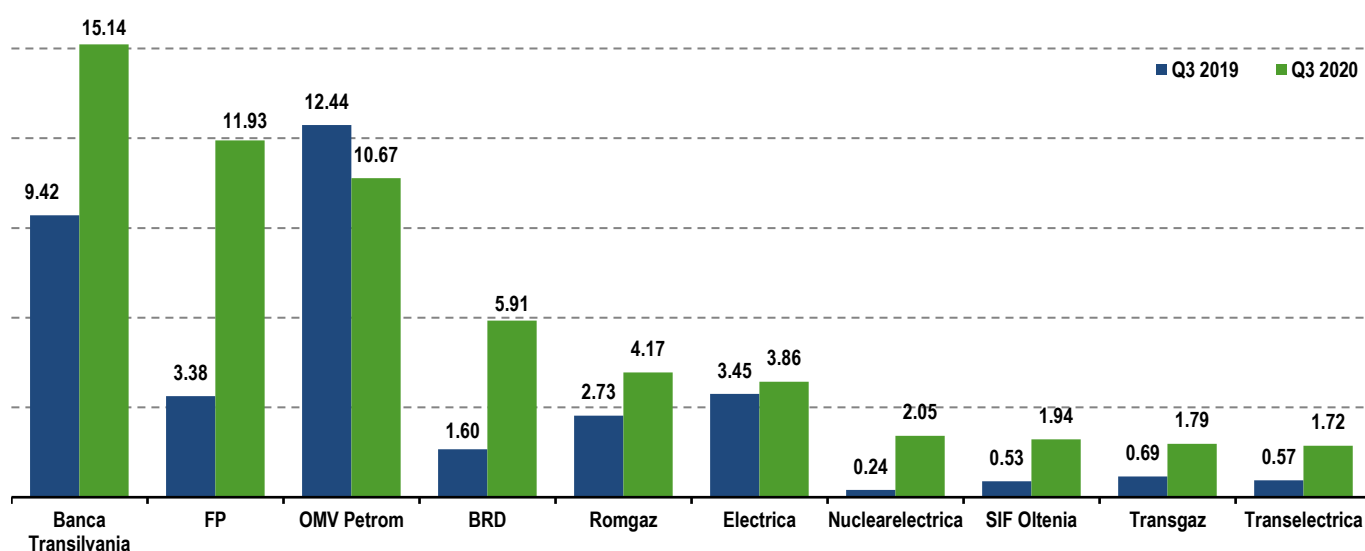
### Local Stock Market Evolution

In the quarter ended 30 September 2020, in the context of COVID-19 pandemic, BVB was the only stock market recording an increase compared to the largest markets in Central Europe, in both local currency and EUR terms:

% change in Q3 2020	in local currency	in EUR
<b>BET-XT (Romania)</b>	<b>2.68%</b>	<b>1.90%</b>
WIG20 (Poland)	-2.62%	-5.51%
BUX (Hungary)	-2.70%	-3.01%
PX (Czech Republic)	-5.41%	-6.83%
ATX (Austria)	-6.14%	-6.14%

Source: Bloomberg

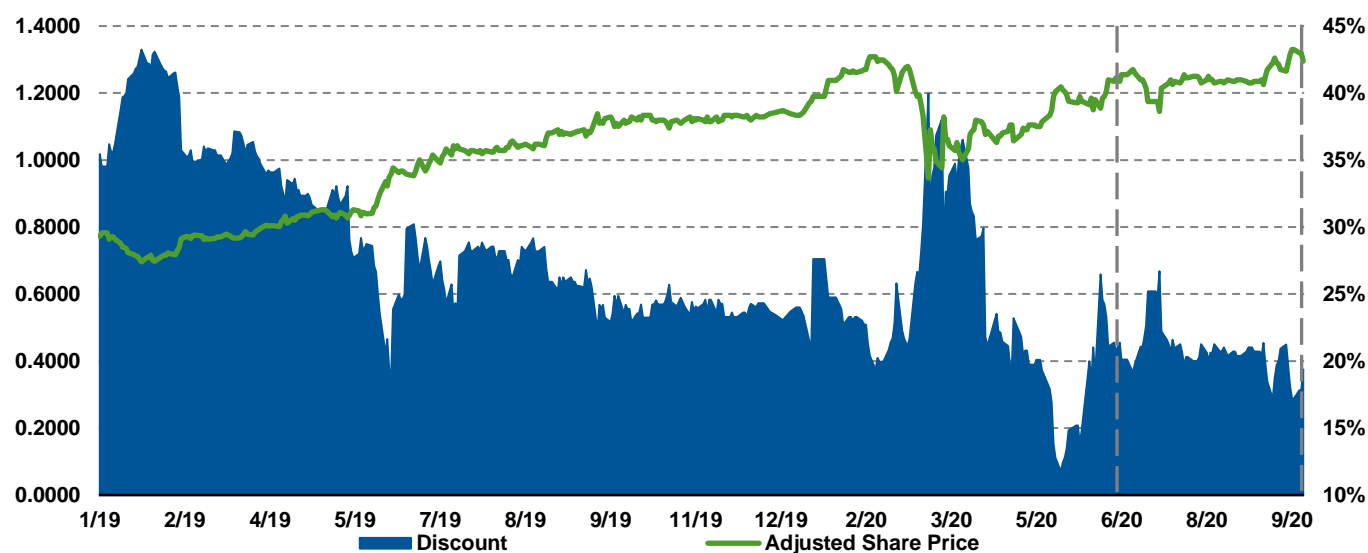
### Average Daily Turnover (RON million)



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 offers from September 2020 and August 2019. The values for OMV Petrom include the 1.7 billion shares in sold by FP on 16 September 2020 under an accelerated bookbuild offering.

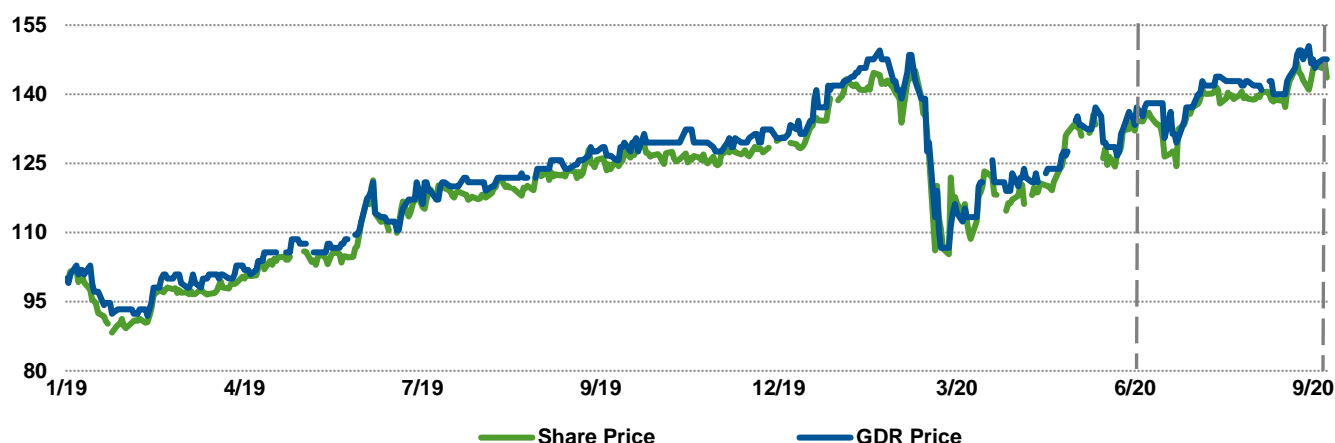
### Fund's Share Price and Discount History (RON per share)



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

## FP Share Price vs. FP GDR price (%)



Source: Bloomberg

The share price continued to recover after the significant drop recorded by all capital markets following the COVID-19 outbreak at the beginning of the year and, as at the end of September 2020, was 16.7% higher compared to the end of March 2020, and 7.0% higher compared to end of December 2019.

## 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.

### Discount Objective – First reporting period (interim monitoring)

In the period between 1 January 2020 and 30 September 2020, the share price discount to NAV was lower than 15% in 4.8% of the trading days.

### Discount Evolution<sup>2</sup>

Discount as at 30 September 2020	Minimum discount during the interim monitoring period	Maximum discount during the interim monitoring period	Average discount during the interim monitoring period
19.4%	11.8%	40.0%	22.6%

Source: Fondul Proprietatea

The AIFM and the Investment Manager will continue their efforts to reduce the discount to NAV as we firmly believe that the Fund's shares should be trading at a lower discount than the current levels, 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> 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.

<sup>2</sup> The daily 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 reported NAV per share at the date of calculation.



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

The Adjusted NAV per share as at 30 September 2020 was 4.4% lower than the 31 December 2019 NAV per share of RON 1.7339.

NAV Objective	Amount RON	Details
<b>Total NAV as 30 September 2020</b>	<b>9,909,192,128</b>	
Dividend gross distribution from 2019 profit	417,965,383	Dividend distribution of RON 0.0642 per share, with Ex-date 9 June 2020, Registration date 10 June 2020 and Payment date 1 July 2020
Costs related to buy-backs after 31 December 2019	8,275,338	Fees related to the eleventh buy-back programme, excluding the distribution fees for buy-backs (includes mainly the FSA fee of 1% of the two tender offers value finalised in March and September 2020)
Distribution fees for buy-backs performed after 31 December 2019	7,923,176	Distribution fees for the eleventh buy-back programme
Distribution fees for cash distributions after 31 December 2019	4,179,654	Distribution fee for the dividend distribution from 2019 profits
Costs related to the returns of capital and dividends after 31 December 2019	26,356	Fees charged by the Central Depository and Paying Agent for returns of capital and dividends
<b>Total Adjusted NAV as at 30 September 2020</b>	<b>10,347,562,034</b>	
Number of Fund's paid shares, less treasury shares and GDRs held as at 30 September 2020	6,239,607,020	
<b>Adjusted NAV per share as at 30 September 2020</b>	<b>1.6584</b>	
<b>NAV per share as at 31 December 2019</b>	<b>1.7339</b>	
<b>Difference</b>	<b>(0.0755)</b>	
<b>%</b>	<b>-4.35%</b>	

Source: Fondul Proprietatea

The COVID-19 pandemic generated a severe decline of the financial markets around the world, impacting the Fund's portfolio significantly. The total NAV as at 30 September 2020 was 16.5% lower compared to the end of 2019, while the NAV per share dropped by 8.4% over the same period. OMV Petrom SA, the largest listed holding in the portfolio recorded a share price decrease of 25.1% with a total NAV impact of RON 443.9 million. Additionally, the value of unlisted holdings decreased by RON 1,264.4 million following the valuation update at the end of June. The valuations include the effect of annual and special dividends distributed by the unlisted companies subject to valuation which amount to RON 940.0 million during the first six months of 2020.

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 approved during the 28 April 2020 shareholders meeting a cash dividend distribution of RON 0.0642 per share with payment date on 1 July. The eleventh buy-back programme is ongoing and two tender offers for 200 million shares and 220 million shares respectively were finalised in March and September. The third tender offer for 165 million shares was announced by the Fund on 26 October 2020 and the twelfth buyback programme is on the agenda of the 13 November 2020 GSM. Our proactive investor relations program continues online during this period, organising numerous conference calls with current and potential investors of the Fund. We also work closely with the management of portfolio companies and support them in identifying the most suitable actions to tackle the current challenges and protect the company's value.

**Management and Governance of the Fund****Management Agreement in force during the reporting period**

Starting with 1 April 2020, the Fund is managed under the Management Agreement approved during 28 June 2019 GSM, with a duration of 2 years (1 April 2020 – 31 March 2022), under the same key commercial terms as the previous one.

The Management Agreement includes the following management structure:

- FTIS is Sole Director and AIFM under AIFM Directive and local implementation regulations;
- Board of Nominees approved the delegation of certain portfolio management and administrative activities from FTIS to FTIML.

**Key commercial terms**

<b>Base Fee per year</b>	<ul style="list-style-type: none"> <li>• 0.60%</li> <li>• Discount 15% – 20%, + 0.05%, i.e. Base Fee Rate = 0.65%</li> <li>• Discount &lt; 15%, + 0.05%, i.e. Base Fee Rate = 0.70%</li> </ul>
<b>Consideration for the Base Fee</b>	<ul style="list-style-type: none"> <li>• Weighted average market capitalisation of the Fund</li> </ul>
<b>Distribution Fee for all cash distributions</b>	<ul style="list-style-type: none"> <li>• 1.00% applied to the value of the distributions</li> </ul>
<b>Consideration for the Distribution Fee</b>	<ul style="list-style-type: none"> <li>• Share buy-backs and GDR buy-backs</li> <li>• Public tender buy-backs</li> <li>• Return of share capital and dividends</li> </ul>
<b>Duration</b>	<ul style="list-style-type: none"> <li>• 2 years</li> </ul>
<b>Continuation vote</b>	<ul style="list-style-type: none"> <li>• Annually, in April</li> </ul>

**Board of Nominees changes and succession planning**

In the 2019 Annual Report of the Fund it was mentioned that three members of the Board of Nominees will have served for nine years as members of the Board during 2021 and as a result, a plan for succession is under way. The succession planning process is currently ongoing and will continue during the next months.

On 27 July 2020, Mrs. Vivian Nicoli has resigned from her positions held within the Fund's Board of Nominees and Consultative Committees due to Mrs. Nicoli's intention to take on other commitments. The effective date of the resignation is 1 September 2020.

On 23 September 2020, as an implementation of the succession planning, Mr. Steven van Groningen has resigned from his positions held within the Fund's Board of Nominees and Consultative Committees with effective date 13 November 2020.

The appointment of new Board of Nominees members replacing Mrs. Nicoli and Mr. van Groningen is on the agenda of the next GSM. The following two appointments are expected to take place before April 2021. For more updates regarding the new appointed members of the Board of Nominees please see section *Subsequent events*.

**Changes to the Investment Policy Statement**

The changes to the IPS approved by shareholders during 28 April 2020 EGM entered into force on 23 July 2020. The AIF Law entered into force on 23 January 2020, repealing, among others, a number of the relevant provisions regulating the Fund starting with 23 July 2020. All investment restrictions are published on the Fund webpage, in *Investments - Investment Strategy* section.

**FSA endorsement of Fund's the Constitutive Act**

The FSA issued Endorsement no. 164/ 22 July 2020 endorsing the amendments to the Fund's Constitutive Act, as approved by the Fund's EGM Resolution no. 1 of 28 April 2020, except for certain amendments which will be subject to a further EGM. Also, the FSA issued Endorsement no. 189/ 10 September 2020 endorsing the share capital decrease as approved by the Fund's EGM Resolution no. 2 of 28 April 2020. The Fund's Constitutive Act in force can be accessed on the Fund's webpage in *About the Fund – Fund Overview – Corporate Governance* section.

**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 30 September 2020, each GDR representing 50 shares. As at 30 September 2020, 1,637,753,900 of the Fund's issued shares were held by The Bank of New York Mellon, the GDR depositary bank, accounting for 32,755,078 GDRs, representing 68.14% of the GDR facility.

**Credit Facility Agreement**

The Fund had in place a credit facility from BRD Groupe Societe Generale SA expiring on 29 June 2020. The facility was extended until 29 June 2022, having the same committed amount of RON 45 million. The credit facility is for general corporate and operational use. The Fund may access, subject to bank's approval and in accordance with the provisions of the credit facility, additional financing in excess of the said committed amount, without exceeding a total amount of RON 100 million at any given time.

The Fund did not use the credit facility during the nine months ended 30 September 2020 and the outstanding balance is nil.

## 2019 Dividend Distribution

On 28 April 2020, the shareholders approved the distribution of a gross dividend of RON 0.0642 per share, with Ex-date on 9 June 2020 and Registration date on 10 June 2020. The Fund started the payment of dividends on 1 July 2020. The payments of the distributions to shareholders are performed through the Romanian Central Depository, according to the legislation in force, as follows:

- a) for shareholders having a custodian/ brokerage account, directly by the respective custodian bank or broker;
- b) for all other shareholders:
  - (i) by the Central Depository, through BRD Groupe Societe Generale (acting as Payment Agent), for bank transfers when the supporting documentation required by the Central Depository, along with a payment request, have been submitted
  - (ii) by the Payment Agent for cash payments at any of its agencies, or by bank transfer (when the supporting documentation required by the Payment Agent and a payment request were submitted to the Payment Agent)

**Also, as an important notice to shareholders, this dividend payment is subject to the general statute of limitation. As such, shareholders may request the payments only within a three-year term starting with the Payment Date, namely by 1 July 2023.**

## 2017 Returns of Capital

During 31 October 2016 GSM and 28 February 2017 GSM, the Fund's shareholders approved 2 returns of capital of RON 0.05 per share each, according to the following details:

Details	March 2017 Return of Capital	June 2017 Return of Capital
GSM Resolution	Resolution no. 10/31 October 2016	Resolution no. 1/28 February 2017
Registration date	7 March 2017	12 June 2017
Payment date	27 March 2017	30 June 2017
General statute of limitation until	27 March 2020	30 June 2020
<b>Updated general statute of limitation limit date</b>	<b>27 September 2020</b>	<b>27 September 2020</b>

Considering the exceptional measures and the restrictions imposed by the authorities in the context of COVID-19 pandemic, the AIFM accepted to extend the period for paying unclaimed amounts for both returns of capital mentioned above until **27 September 2020**, after which the returns of capital were written off.

## Investor Relations

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 a result of the travel restrictions imposed by the pandemic outbreak, the investor meetings and conferences moved online.

During the July – September period, we participated in three online investors conferences organised by international investment banks and brokers, where we discussed with representatives of 24 international asset managers.

Furthermore, during the same period, we had 18 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 31 August, we organised a conference call to present and discuss the Fund's first six months results. 22 analysts and investors participated in the call and received information regarding the financial results published on the same day.

Communication between the Investment 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

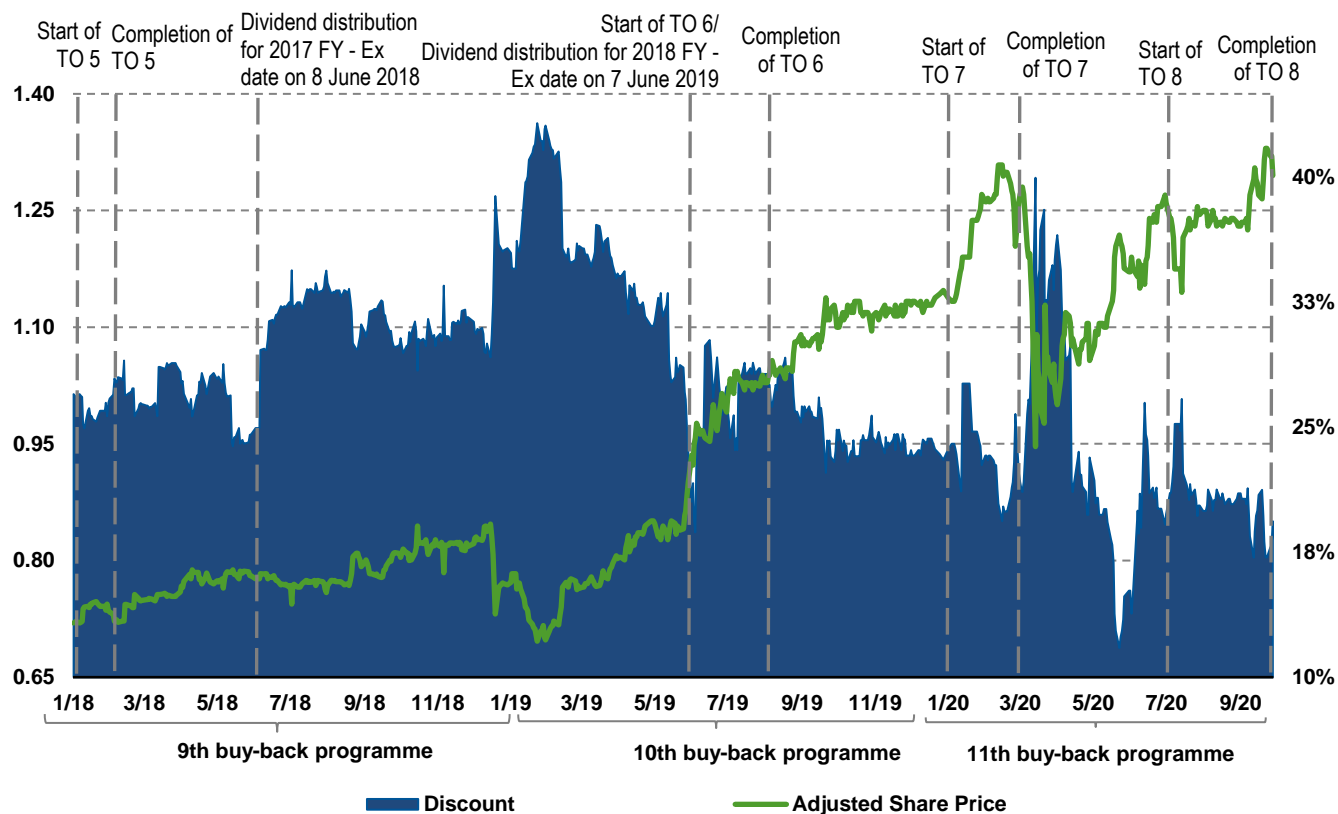
### Overview of share buy-back programmes since listing

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
Eighth	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	606.7	Jan – Mar 2020 and July – September 2020	Started on 1 January 2020
<b>TOTAL</b>		<b>7,174.7</b>		

Source: Fondul Proprietatea

### Discount evolution and buy-back programmes

The chart below presents the evolution of the discount 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 nine months ended 30 September 2020, the Fund bought back a total number of 606,738,884 own shares within the eleventh buy-back programme (out of which 430,947,784 ordinary shares and 175,791,100 ordinary shares corresponding to GDRs), representing 8.4% of the total issued shares as at 30 September 2020, for a total acquisition value of RON 801,651,224, excluding transaction costs. The total number of own shares (including shares corresponding to GDRs) held by the Fund as at 30 September 2020 is 606,738,884 own shares, having a total nominal value of RON 315,504,219.68 (RON 0.52 per share). During the first nine months of 2020 the Fund converted 3,361,584 GDRs acquired into 168,079,200 ordinary shares. As at 30 September 2020, the Fund held 154,238 GDRs.

The table below shows a summary of the buy-back programmes during the first nine months of 2020\*:

Prog.	Description	No of shares*	Equivalent shares of GDRs	Total no of shares	% of issued share capital***
<b>10th</b>	<b>Opening balance as at 1 January 2020</b>	<b>403,812,443</b>	<b>-</b>	<b>403,812,443</b>	
	Acquisitions	-	-	-	
	Conversions	-	-	-	
	Cancellations	(403,812,443)	-	(403,812,443)	
	<b>Closing balance as at 30 September 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Weighted average price (RON per share; USD per GDR)**</b>	<b>1.0798</b>	<b>13.0730</b>	<b>1.0872</b>	
<b>11th</b>	<b>Opening balance as at 1 January 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	Acquisitions	430,947,784	175,791,100	606,738,884	
	Conversions	168,079,200	(168,079,200)	-	
	<b>Closing balance as at 30 September 2020</b>	<b>599,026,984</b>	<b>7,711,900</b>	<b>606,738,884</b>	<b>8.4%</b>
	<b>Weighted average price (RON per share; USD per GDR)**</b>	<b>1.3099</b>	<b>15.9513</b>	<b>1.3212</b>	
<b>Total</b>	<b>Total balance of treasury shares as at 30 September 2020</b>	<b>599,026,984</b>	<b>7,711,900</b>	<b>606,738,884</b>	<b>8.4%</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 eleventh buy-back programme

During 15 November 2019 GSM the shareholders approved the eleventh buy-back programme for a maximum number of 800,000,000 shares and/ or equivalent GDRs corresponding to shares, starting with 1 January 2020 until 31 December 2020, 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.

#### First Tender Offer within the eleventh buy-back programme

On 7 January 2020, the Fund submitted to the FSA an application for the endorsement of a tender offer to accelerate the eleventh buy-back programme. Under the tender offer the Fund intended to repurchase up to 200 million shares from its shareholders, both in the form of shares and GDRs.

The daily execution of buy-backs for both shares on BVB and GDRs on LSE was suspended starting with 12 December 2019.

The Fund engaged Swiss Capital SA and Auerbach Grayson as dealer managers and Swiss Capital SA as intermediary in relation to the purchase of shares and The Bank of New York Mellon as tender agent in relation to the purchase of GDRs.

On 22 January 2020, the FSA approved the Fund's application for the tender offer within the eleventh buy-back programme. The purchase price was RON 1.39 per share and the USD equivalent of RON 69.50 per GDR and the initial subscription period was from 29 January 2020 until 4 March 2020. On 26 February 2020, the Fund announced the extension of the subscription period until 13 March 2020.

On 13 March 2020, the Investment Manager announced the results of the tender offer: total subscriptions of 3,371,755,437 shares representing 1,685.9% of the Offer (2,098,546,337 in the form of shares and 1,273,209,100 shares in the form of GDRs, namely 25,464,182 GDRs).

Under the tender offer, the Fund repurchased 200,000,000 shares (124,478,000 in the form of shares and 75,522,000 shares in the form of GDRs, namely 1,510,440 GDRs) at a purchase price of RON 1.39 per share and the USD equivalent of RON 69.50 per GDR, computed in accordance with the terms and conditions of the offer documentation.

The daily execution of the eleventh buy-back programme was resumed on 23 March 2020 on both BVB and LSE.

### ***Second Tender Offer within the eleventh buy-back programme***

On 17 July 2020, the Fund submitted to the FSA an application for the endorsement of a second tender offer to accelerate the eleventh buy-back programme. Under the tender offer the Fund intended to repurchase up to 220 million shares from its shareholders, both in the form of shares and GDRs.

The daily execution of buy-backs for both shares on BVB and GDRs on LSE was suspended starting with 6 July 2020. The Fund engaged Swiss Capital SA and Auerbach Grayson as dealer managers and Swiss Capital SA as intermediary in relation to the purchase of shares and The Bank of New York Mellon as tender agent in relation to the purchase of GDRs.

On 29 July 2020, the FSA approved the Fund's application for the second tender offer within the eleventh buy-back programme. The purchase price was RON 1.39 per share and the USD equivalent of RON 69.50 per GDR and the subscription period was from 4 August 2020 until 9 September 2020.

On 9 September 2020, the Investment Manager announced the results of the tender offer: total subscriptions of 3,354,023,458 shares representing 1,524.55% of the Offer (2,252,495,008 were subscribed in the form of shares and 1,101,528,450 shares in the form of GDRs, namely 22,030,569 GDRs).

Under the tender offer, the Fund repurchased 220,000,000 shares (147,747,650 in the form of shares and 72,252,350 shares in the form of GDRs, namely 1,445,047 GDRs) at a purchase price of RON 1.39 per share and the USD equivalent of RON 69.50 per GDR, computed in accordance with the terms and conditions of the offer documentation.

The daily execution of the eleventh buy-back programme was resumed on 22 September 2020 on BVB and on 23 September 2020 on LSE.

For more details regarding the third tender offer within the eleventh buy-back programme, please see section *Subsequent events*.

### **Cancellation of shares acquired within the tenth buy-back programme**

During the Annual GSM held on 28 April 2020 the shareholders approved the decrease of the subscribed share capital of the Fund from RON 3,959,264,762.44 to RON 3,749,282,292.08 following the cancellation of the 403,812,443 shares acquired within the tenth buy-back programme.

On 30 September 2020, the Trade Registry registered Resolution no. 2/28 April 2020 of the Fund's Extraordinary GSM for approving the decrease of the subscribed share capital, endorsed by the FSA through Endorsement no. 189/10 September 2020.

The share capital decrease took place based on Article 207 (1) (c) of Companies' Law no. 31/1990 and is effective starting with 30 September 2020. At the same date, the Fund recorded a negative reserve in amount of RON 236,026,121 and the details regarding the coverage of this are included below.

### **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 30 September 2020, 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 reserve recorded by the Fund as at 31 December 2019 of RON 640,744,712 was related to the cancellation of the shares acquired within the ninth buy-back programme. During the 28 April 2020 Annual GSM, the shareholders approved the coverage of these negative reserves, as recorded in the annual audited IFRS financial statements of the Fund, from other reserves allocated specifically for this purpose during the 2019 Annual GSM.

During 28 April 2020 Annual GSM, the shareholders approved the cancellation of the 403,812,443 treasury shares repurchased within the tenth buy-back programme, which was completed on 30 September 2020. The shareholders also 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 actual coverage of this negative reserve using the amount of RON 236,026,121 transferred to other reserves will be subject to shareholders' approval during the 2021 annual shareholders' meeting.

The table below shows the movement of the negative reserves during the first nine months of 2020:

*All amounts in RON*

<b>Opening balance of the negative reserve as at 1 January 2020 (audited)</b>	<b>640,744,712</b>
Coverage of negative reserves according with GSM Resolution no. 2/ 28 April 2020	(640,744,712)
Negative equity reserve arising on the cancelation of the 10th buyback programme shares according to EGM resolution no. 2/ 28 April 2020 (on 30 September 2020)	236,026,121
<b>Closing balance of the negative equity reserve at 30 September 2020 (unaudited)</b>	<b>236,026,121</b>

Source: Fondul Proprietatea

The table below shows additional details on the estimated negative reserve that will arise upon the cancelation of the treasury shares in balance as at 30 September 2020:

<b>Negative reserve that would arise on cancelation of the treasury shares in balance as at 30 September 2020</b>		<b>Buy-back programme 11</b>
Number of shares to be cancelled	(1)	606,738,884
Total costs (including transaction costs and other costs), representing the accounting value of the shares to be cancelled in the future (RON)	(2)	817,849,737
Correspondent nominal value (NV = RON 0.52 per share) (RON)	(3)=(1)*NV	315,504,220
<b>Estimated negative reserve to be booked on cancelation (RON)</b>	<b>(4)=(3)-(2)</b>	<b>(502,345,518)</b>

Source: Fondul Proprietatea

## 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 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. The authorities might impose additional restrictions depending on the evolution of the pandemic context.

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.

### Economic impact

The widespread nature of the COVID-19 outbreak and the measures taken to contain the spread continue to have a significant impact on global economic activity and it is likely to reverberate for several quarters.

The global economy is recovering from the severe drop during the Great Lockdown in April. But with the COVID-19 pandemic continuing to spread, many countries have slowed reopening and some are reinstating partial lockdowns to protect susceptible populations. While recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks<sup>1</sup>.

Many countries have taken decisive steps, such as prompt monetary and fiscal policy responses. Central banks in the United States and Europe have started **cutting interest rates** and the National Bank of Romania has also joined the trend and has adjusted the monetary policy to lower interest rates.

Overall, the quantum of the fiscal and monetary policy response to mitigate the impact of the situation is unprecedented. Governments across the world, Romania included, have taken numerous **actions to support their economies**, from extended unemployment benefits to packages targeting small businesses, hospitals and healthcare centres, which have increased budgetary constraints in the short term.

In addition, on 21 July 2020 the **EU leaders** approved the **post-pandemic recovery package** and the **Multannual Financial Framework**. According to the President Klaus Iohannis, Romania will receive EUR 79.9 billion from the EU for economic recovery and infrastructure development and the funds will be used to rebuild the country's infrastructure, build hospitals and schools, and modernise public systems; a significant amount will be used for economic recovery<sup>2</sup>.

It is expected that the **Romanian economy** will experience a correction in 2020, depending on the evolution of the pandemic and the new restrictions that might be imposed. The IMF<sup>1</sup> estimates that Romania's GDP could contract by 4.8% in 2020 and forecasts a GDP growth of 4.6% in 2021. In this context, the current account deficit could widen to 5.3% of GDP, and the unemployment rate increase to 7.9% in 2020.

The **capital markets** of affected countries, including the BVB, recorded large corrections in the first quarter of 2020, with BET-XT index declining by 23.2% at 31 March 2020 compared to the end of 2019. However, these also tend to provide opportunities for return over the long term, as corrections have been a routine occurrence throughout financial market history. BET-XT value increased by 15.4% at 30 September 2020 compared to 31 March 2020.

The **oil price and energy prices** in general, have declined sharply. Uncertainty and concerns persist in relation to the duration and severity of the economic crisis and the impact on consumption generated by the pandemic. These variables may further trigger volatility of the energy price, resulting in the delay of capital-intensive projects as companies seek to preserve cash.

On the Romanian market, **electricity consumption** has declined sharply during the second quarter, with most industrial consumers reducing activity or shutting down facilities during the initial phase of the lockdown. The gradual easing of restrictions contributed to a recovery of electricity demand during Q3 2020 according to latest available data from Transelectrica SA, electricity consumption during Q3 2020 being down approximately 1.6% y.o.y. compared to 11.3% drop during Q2 2020.

On the gas side, **gas consumption** remained strong, mainly due to gas-to-power conversion and fertilizers industries, boosted by lower gas prices. All in all, in Q3 2020, global oil prices recovered vs. the previous quarter, over-all Brent prices averaged USD 43 per barrel, 45% up quarter-on-quarter, but still 31% down year-on-year. European gas prices, as reflected by Central European Gas Hub, started to recover in the third quarter. At a level of EUR 8.8 per MWh, they were approximately 30% higher compared to the previous quarter, but still approximately 20% lower year-on-year. Base load electricity prices in Romania were down around 31% year on-year in EUR terms, but around 50% higher quarter-on-quarter.

**Consumption** has rebound gradually as restrictions were lifted. The fact that the Romanian economy is to a very large extent consumption-driven has proven to be a major vulnerability in this period.

It is difficult to predict what the global or Romanian economy will look in a few months, as there are still many unknown factors at the moment. What we do see through the uncertainty ahead is that the combination of swift fiscal and monetary actions, on the one hand, and the good economic fundamentals, on the other, can provide the foundation for the resumption of growth once the pandemic is under control.

<sup>1</sup>International Monetary Fund – World Economic Outlook – October 2020

<sup>2</sup> <https://www.romania-insider.com/ro-eur-80-bln-eu-recovery-fund-jul-2002#:~:text=Romania%20will%20receive%20EUR%2079.9,said%20on%20Tuesday%2C%20July%2021.>

## Portfolio impact

Given the current economic context as a result of COVID-19 pandemic, which caused a significant drop of stock exchanges around the world, the Fund has performed an assessment of the related impact on the valuation of unlisted holdings in the portfolio. KPMG Romania has assisted with the preparation of an analysis of multiples' evolution between 30 September 2019 and 31 March 2020/ 30 April 2020/ 29 May 2020. Using the updated multiples' values and the same methodology and computation algorithms as in the latest available valuation report, the values for 12 unlisted holdings (accounting for more than 99% of the total unlisted portfolio as at 28 February 2020) have been updated for 31 March 2020/ 30 April 2020/ 29 May 2020 reporting.

The fully updated valuation reports for 8 largest unlisted holdings (accounting for more than 97% of the total unlisted portfolio as at 31 May 2020) were prepared with the assistance of KPMG Advisory with company financial data as at 31 March 2020 and were used for 30 June 2020 reporting. The valuation date was 31 May 2020 and the reports considered all relevant subsequent events until 30 June 2020 (e.g. such as dividend distributions).

The total impact was a decrease in value of the unlisted holdings with 15.3%/ RON 1.26 billion in 30 June 2020 NAV compared to 31 December 2019 NAV; the valuation includes the effect of annual and special dividends distributed by the unlisted companies subject to the valuation update during the first six months of 2020, which amount to RON 940.0 million.

The Fund will continue to closely monitor the evolution of financial markets and that of the specific industries the unlisted holdings operate in for each NAV reporting date, during this volatile and uncertain period and would prepare update valuation reports for all unlisted holdings for 31 December 2020 reporting. At the date of this report the annual valuation update process is ongoing.

## 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. 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.

## Brexit Impact on the Fund's Activity

The UK left the European Union at 23:00 GMT on 31 January 2020. On the same day, the transition period begun, due to last until 31 December 2020.

During the transition period the EU incorporated issuers admitted to trading on a UK market, will continue to be able to prepare the financial statements in accordance with IFRS as endorsed by the EU. This will continue after the end of the transition period because the UK Government has made an equivalence direction that determines that EU-endorsed IFRS are considered equivalent to UK-adopted international accounting standards for the purpose of preparing financial statements. As a result, from financial reporting perspective, there would be no impact on the Fund both during the transition period and after that, as it would continue to prepare its financial statements in accordance with IFRS as endorsed by the EU.

The Fund is regulated as an AIF under Romanian law, with its AIFM being a Luxembourg company. In light of the UK Temporary Permissions Regime that allows up to a three-year extension of current "passporting" for the AIFM into the UK, we expect that the UK Financial Conduct Authority will continue to recognise the marketing activities for Fondul Proprietatea in UK at least until the end of 2022. The AIFM has, however, developed contingency plans

involving the termination of the delegation to the Investment Manager, plans which can be implemented if and when the internal decision will be taken.

The Fund invests the majority of its assets in Romania and even if Brexit has generated a degree of uncertainty, in light of the nature of the Fund's business and the regulatory arrangements described above, the AIFM is of the opinion that Brexit implementation would not have a significant impact on the Fund.

## Regulatory Updates

### New AIF Law

The AIF Law entered into force on 23 January 2020, repealing, among others, a number of the relevant provisions of Law 247/2005 regulating the Fund, starting with 23 July 2020. According to the AIF Law, the Fund is expressly qualified as an AIF oriented to retail investors. Within six months as of the entry into force of the AIF Law (i.e. until 23 July 2020), the Fund had to comply with three types of legal requirements:

- amendment of the Fund's constitutive documents in line with the AIF Law – already approved by shareholders during the 28 April 2020 GSM and new changes are planned to be put for shareholders vote by the end of 2020 due to some additional recommendations from FSA;
- application for authorisation of the Fund by the FSA as an AIF addressed to retail investors - filed on 22 July 2020, the FSA process for registration is ongoing;
- alignment of the Fund's activity with the provisions of the AIF Law – finalised.

From the date of the entry into force of the AIF Law, the Fund is subject to specific limitations on the permitted investments, as detailed under Article 35 of the AIF Law. For a transitional period of six months after the entry into force of the AIF Law (i.e. until 23 July 2020), in addition to the specific limitations on the permitted investments detailed under Article 35 of the AIF Law, the Fund was also subject to the limitations on the permitted investments set out under Article 7<sup>1</sup> of Law no. 247/2005. All investment restrictions are published on the Fund webpage in the *Investments - Investment Strategy* section.

### FSA AIF Regulation for implementing the AIF Law

The AIF Regulation was published in the Official Gazette of Romania on 24 April 2020 and it sets the rules for the registration of the Fund as an AIF. On 22 July 2020, the Fund applied and filed the entire documentation for registering as an AIF addressed to retail investors. According to the AIF Law, the FSA shall decide on the issuance of the authorisation as an AIF within maximum 60 days from the registration of the application and submission of complete documents - based on the last communication received from FSA the application is under review. The AIFM will update the investors on the future actions for the registration process as an alternative investment fund.

### *SRD II implementation process*

On 29 July 2020, the Romanian law transposing Shareholder Rights Directive II was published in the Official Gazette of Romania and entered into force on 28 August 2020. By means of this law, certain new elements are introduced, such as the remuneration report and policy, while shareholder rights are strengthened for more transparent corporate governance. The Sole Director proposed additional changes to the Constitutive Act for implementing the new legal provisions and the vote will take place during 13 November 2020 GSM.

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

In August 2020, the Romanian Parliament approved 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 1 October 2020, the Government approved an Ordinance setting exceptions from Law 173/2020 and the ordinance entered into force few days after it.

# Portfolio Analysis and Financial Highlights

## 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 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.

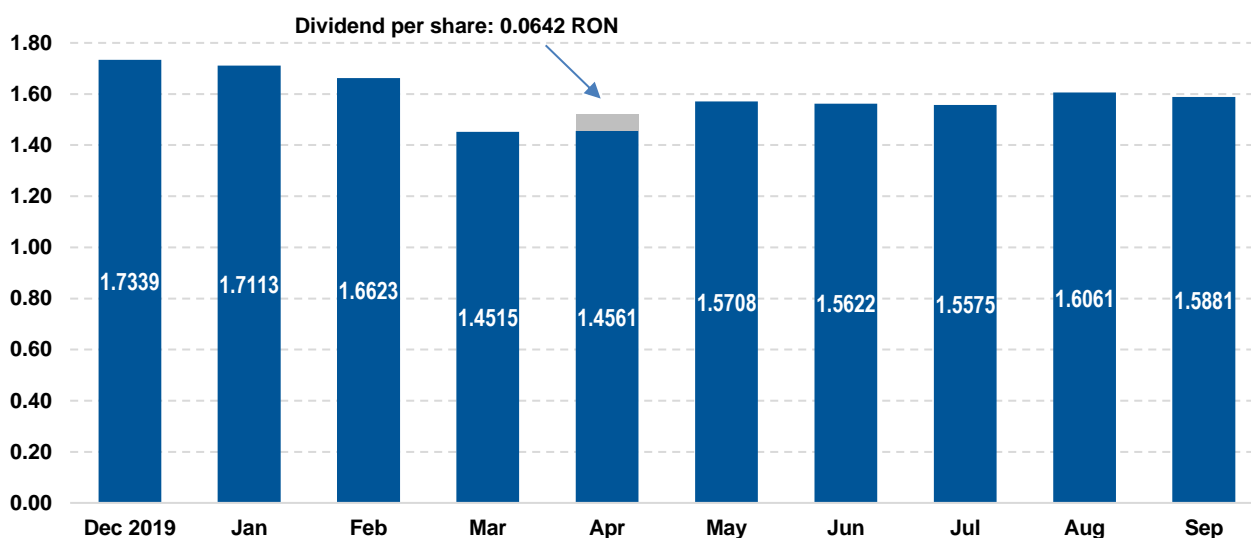
Illiquid or unlisted securities are valued using either the value of shareholders' equity, as per the latest available annual financial statements, proportionally with the stake held, or at fair value according to International Valuation Standards.

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 final 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.

The AIF Law and AIF Regulation brought certain changes to the NAV calculation and publication rules. The current NAV calculation methodology would not require any significant change, most of the amendments referring to the reporting templates provided by the regulator. However, the changes would be applicable to the Fund starting the date when the Fund's registration process as an alternative investment fund with FSA is finalised.

The following chart shows information on the monthly published NAVs per share for the period 31 December 2019 to 30 September 2020:



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 2020**, the NAV per share had an overall decrease of 16.3% compared to the end of the previous year, mainly due to the valuation update of the unlisted holdings in the portfolio (impact on the Fund's NAV of RON 1,035.8 million) and the negative share price evolution of the Fund's listed holdings, principally OMV Petrom SA (impact on the Fund's NAV of RON 889.2 million) which were partially offset by the tender offer within the eleventh buyback programme carried out by the Fund during this period.



In March 2020, the Fund engaged KPMG Romania to assist with the preparation of an analysis of multiples' evolution between 30 September 2019 and 31 March 2020, based on which updated the values for 12 largest unlisted holdings, accounting for more than 99% of the total unlisted portfolio as at 28 February 2020. The total impact was a decrease of the unlisted holdings with 13.1% / RON 1 billion in 31 March 2020 NAV compared to 28 February 2020 NAV.

During the **second quarter of 2020**, the NAV per share had an overall increase of 7.6% compared to the end of the first quarter, mainly due to the dividends recorded from portfolio companies during this period (RON 417.6 million), the valuation update of the unlisted holdings in the portfolio (impact on the Fund's NAV of RON 217.5 million compared to 31 March 2020) and the positive share price evolution of the Fund's listed holdings, principally OMV Petrom SA (impact on the Fund's NAV of RON 192.6 million compared to 31 March 2020) as well as the eleventh buyback programme carried out by the Fund during this period. These were partially offset by the dividend distribution of RON 0.0642 per share approved by shareholders during 28 April 2020 GSM (total impact in Fund's NAV of RON 418.0 million).

In June 2020, the Fund performed valuation updates for 8 unlisted holdings representing 97.9% from the Fund's total unlisted portfolio at 31 May 2020. The valuation was performed with the assistance of KPMG Advisory, in accordance with International Valuation Standards. The valuation date was 31 May 2020 and the reports also considered any relevant corporate actions until 30 June 2020 (e.g. dividend distributions). The total impact of the valuation update was an increase of RON 217.5 million, compared to 31 March 2020 NAV/ a decrease of RON 1.26 billion compared to 31 December 2019 NAV. The valuation includes the effect of annual and special dividends distributed by the respective unlisted companies which amount to RON 940.0 million during the first six months of 2020.

Also, in April the Fund engaged Darian DRS to assist with the preparation of a valuation report for Alcom SA, a company listed on BVB but last traded on 10 February 2017. The total impact of this change on the Fund's NAV was a decrease of RON 3.3 million compared to previous month.

During the **third quarter of 2020**, the NAV per share had an upward trend compared to the end of the previous quarter, mainly due to the tender offer within the eleventh buy-back programme carried by the Fund during this period. This was partially offset by the negative share price evolution of OMV Petrom SA (impact on the Fund's NAV of RON 443.9 million).

The table below presents information regarding the changes in the value of the unlisted holdings in the Fund's portfolio during the nine months ended 30 September 2020:

No.	Portfolio company	Value in 30 Sep 2020 NAV RON million	Value in 31 Dec 2019 NAV RON million	30 Sep 2020 NAV vs. 31 Dec 2019 NAV RON million	%	Valuation method
1	Hidroelectrica SA	4,707.5	4,886.5	(179.0)	-3.7%	Note 1
2	CN Aeroporturi Bucuresti SA	735.8	1,022.9	(287.1)	-28.1%	Note 1
3	Engie Romania SA	426.3	512.4	(86.1)	-16.8%	Note 1
4	E-Distributie Banat SA	252.6	519.3	(266.7)	-51.4%	Note 1
5	CN Administratia Porturilor Maritime SA	233.4	248.7	(15.3)	-6.2%	Note 1
6	Societatea Nationala a Sarii SA	222.1	275.4	(53.3)	-19.4%	Note 1
7	E-Distributie Muntenia SA	212.7	428.5	(215.8)	-50.4%	Note 1
8	E-Distributie Dobrogea SA	164.7	321.5	(156.8)	-48.8%	Note 1
9	Enel Energie Muntenia SA	41.2	41.7	(0.5)	-1.2%	Note 2
10	Enel Energie SA	25.8	26.3	(0.5)	-1.9%	Note 2
11	Aeroportul International Timisoara - Traian Vuia SA	11.4	13.9	(2.5)	-18.0%	Note 2
12	Posta Romana SA	10.7	11.5	(0.8)	-7.0%	Note 2
<b>TOTAL</b>		<b>7,044.2</b>	<b>8,308.6</b>	<b>(1,264.4)</b>	<b>-15.2%</b>	

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

Note 1: Value based on valuation report as at 31 May 2020

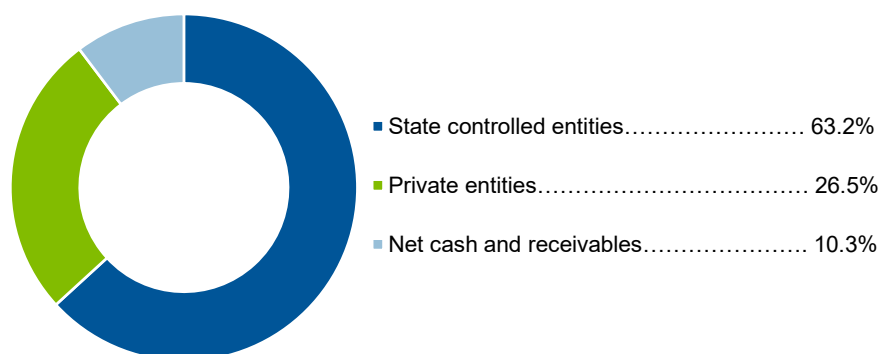
Note 2: Value based on valuation report as at 30 September 2019 updated using the multiples as at 31 May 2020 derived based on the analysis of publicly traded peer companies



## 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 89.7% of the Fund's NAV as at 30 September 2020. As at that date, the portfolio was composed of holdings in 33 companies (7 listed and 26 unlisted), a combination of privately held and state-controlled entities.

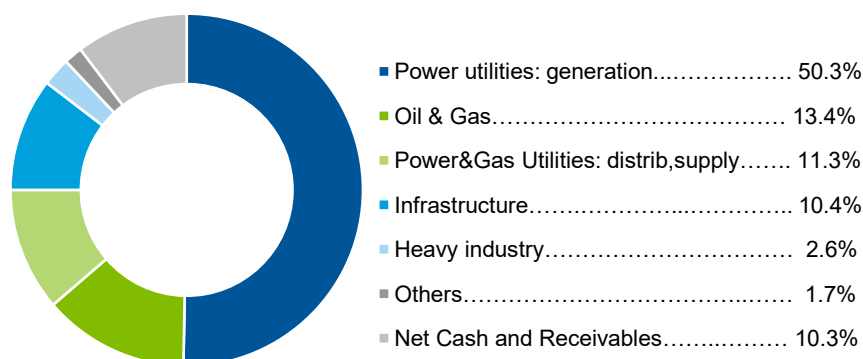
### Portfolio Structure – by Controlling Ownership



- Net cash and receivables include 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 returns of capital and dividend distributions) and provisions.

Source: Fondul Proprietatea, data as at 30 September 2020, % in total NAV

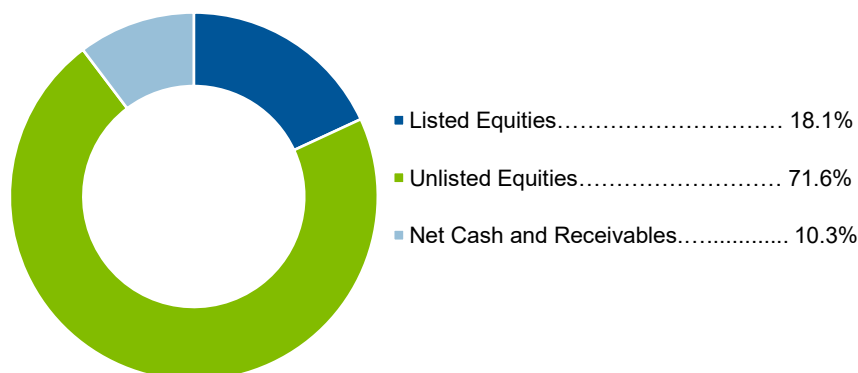
### Portfolio Structure – by Sector



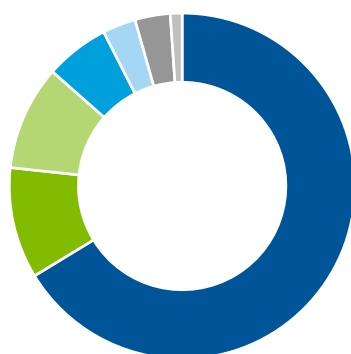
- The portfolio remains heavily weighted in power, oil and gas sectors (approx. 75.0% of the NAV), through several listed and unlisted Romanian companies

Source: Fondul Proprietatea, data as at 30 September 2020, % in total NAV

### Portfolio Structure – by Asset Type



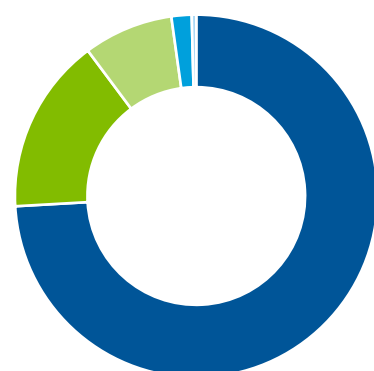
Source: Fondul Proprietatea, data as at 30 September 2020, % in total NAV

**Portfolio Structure – Unlisted holdings**

Hidroelectrica SA.....	66.3%
CN Aeroporturi Bucuresti SA.....	10.4%
Enel Group companies.....	9.8%
Engie Romania SA.....	6.0%
Societatea Nationala a Sariei SA.....	3.1%
CN Administratia Porturilor Maritime SA ....	3.3%
Others.....	1.1%

- The largest unlisted holding is Hidroelectrica SA (47.5% of the NAV)

Source: Fondul Proprietatea, data as at 30 September 2020; the chart reflects the company NAV value as a % in total NAV value of unlisted holdings

**Portfolio Structure – Listed holdings**

OMV Petrom SA.....	74.1%
Nuclearelectrica SA.....	15.7%
Alro SA.....	8.0%
Romaero SA.....	1.8%
Others.....	0.4%

- The largest listed holding is OMV Petrom SA (13.4% of the NAV)

Source: Fondul Proprietatea, data as at 30 September 2020; the chart reflects the company NAV value as a % in total NAV value of listed holdings

**Key portfolio developments****Dividends**

During the first nine months of 2020, 13 companies in the Fund's portfolio declared dividends for the 2019 and 2018 financial years. In addition, 5 companies declared special dividends. The total amount of gross dividend income recorded by the Fund in the nine-month period ended 30 September 2020 is RON 1.2 billion, and the most significant amounts relate to Hidroelectrica SA, E-Distributie companies and OMV Petrom SA. For more details regarding dividend income, please refer to section *Financial Statements Analysis*.

**Disposals**

On 16 September 2020, the Fund sold 1.7 billion shares in OMV Petrom SA under an accelerated bookbuild offering. The agreed selling price was RON 0.33 per share and the gross proceeds of the transaction amount to RON 561 million. The Fund's remaining participation in OMV Petrom SA after this transaction is of 6.9973% of its share capital, representing 13.4% of the Fund's NAV at 30 September 2020.

Also, during the nine months ended 30 September 2020 the Fund sold 4.4 million shares in Nuclearelectrica SA.

**Participation in share capital increases**

In December 2019, the Fund subscribed to the share capital increase of Zirom SA with a cash contribution of RON 4.8 million which was effective on 8 January 2020, the date of registration with the Romanian Trade Register.

On 15 September 2020, the Fund subscribed to the share capital increase of Nuclearelectrica SA with a cash contribution of RON 97,350 (9,735 shares at RON 10 per share). This was effective on 27 October 2020, the date of registration with the Romanian Central Depository.

## 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. The main provisions of the current form of the GEO with an impact on the Fund's portfolio are presented below:

- eliminating starting with January 2021 of regulated contracts for the supply of electricity by producers to suppliers of last resort in connection to household consumption;
- 2% tax on turnover for companies in the electricity and gas sectors was eliminated. Subsequently, for 2020, ANRE set a 0.1% contribution on the turnover for electricity producers, in line with the practice before the adoption of OUG 114/2018;
- eliminating the RON 68 per MWh cap on gas prices for households and thermal energy producers that supply heating to the centralised systems starting 1 July 2020, instead of 1 March 2022;
- the regulated RRR for energy distribution companies will be determined by ANRE and the provision from GEO 19/2019 which sets the rate at 6.9% were effective until the end of April 2020;
- the higher capital requirements for the Pillar II Pension fund managers were removed;
- the option to transfer from Pillar II to Pillar I (public pension system) was removed.

### *GEO 74/2020 for modifying Romanian Energy Law 123/2012*

In May 2020, the Romanian Government amended Romanian Energy Law no. 123/2012 by GEO no. 74/2020. The new GEO maintained the regulated market until 31 December 2020. According to the same GEO, the obligation to supply electricity through regulated contracts applies to producers that employ dispatchable facilities with the exception of generation units benefitting from support schemes, in the ascending order of the prices set by the competent authority, for the entire household consumption benefitting from regulated tariffs such that regulated tariffs would not exceed the levels at the time GEO no. 74/2020 entered into force.

To apply the new provisions of Law no. 123/2012, on 12 June 2020 ANRE adopted a new Methodology by Order no. 88/2020, setting the methodology for the calculation of the regulated electricity prices and quantities to be sold based on regulated contracts by producers to the suppliers of last resort. The methodology is applicable for the period 1 July 2020 - 31 December 2020. According to an ANRE report, the total volume of electricity to be supplied by producers based on regulated contracts during H2 2020 amounts to approx. 3.98 TWh.

### *Other regulations*

In December 2019 ANRE issued Order no. 216/ 11 December 2019 updating the methodology for the calculation of the regulated electricity prices and quantities to be sold based on regulated contracts by producers to the suppliers of last resort. The methodology would be applied for the period 1 January 2020 - 31 December 2020 and retains the cost +5% methodology for the calculation of regulated prices. Details regarding regulated quantities and prices for the companies in the Fund's portfolio for the period 1 January 2020 – 30 June 2020 are included below:

Company	Volume	Price
Hidroelectrica SA	1.84 TWh	RON 102.54 per MWh
Nuclearelectrica SA	1.09 TWh	RON 188.47 per MWh
CE Oltenia SA	0.05 TWh	RON 239.21 per MWh

Source: ANRE Decisions 2214, 2213, 2216, 2215, 2226, 2225 from 23 December 2019

Details regarding the regulated quantities and prices for the companies in the Fund's portfolio for the period 1 July 2020 – 31 December 2020 are included in the table below:

Company	Volume	Price
Hidroelectrica SA	1.3 TWh	RON 115.99 per MWh
Nuclearelectrica SA	1.1 TWh	RON 182.63 per MWh
OMV Petrom SA	0.2 TWh	RON 222.78 per MWh
CE Oltenia SA	1.4 TWh	RON 249.60 per MWh

Source: ANRE Decisions 1074, 1075, 1076 and 1077 from 29 June 2020, ANRE monitoring reports

According to ANRE decision issued in December 2019 for OMV Petrom SA the regulated gas quantities for households and thermal energy producers that supply heating to the centralised systems for January - March 2020 were the following:

Regulated natural gas quantity	Quantity (TWh)
<b>Total regulated quantity, of which:</b>	<b>5.51</b>
Regulated quantity for household consumers	4.52
Regulated quantity for thermal energy producers that supply heating to the centralised systems	0.99

Source: ANRE Decision no. 2101 from 12 December 2019

According to ANRE decision issued in March 2020 for OMV Petrom SA the regulated gas quantities for households and thermal energy producers that supply heating to the centralised systems for April - June 2020 were the following:

Regulated natural gas quantity	Quantity (TWh)
<b>Total regulated quantity, of which:</b>	<b>5.05</b>
Regulated quantity for household consumers	3.91
Regulated quantity for thermal energy producers that supply heating to the centralised systems	1.14

Source: ANRE Decision no. 463 from 23 March 2020

According to the ANRE orders, the specific electricity distribution tariffs for the three companies in the Fund's portfolio operating in power distribution sector, applicable starting with 16 January 2020, compared to those applicable starting with 1 July 2019 and 1 January 2020, are the following:

Company	Voltage level	Tariffs starting 1 Jul 2019 (RON/MWh)	Tariffs starting 1 Jan 2020 (RON/MWh)	Tariffs starting 16 Jan 2020 (RON/MWh)	change (%)	change (%)
		(1)	(2)	(3)	(3)/(1)-1	(3)/(2)-1
E-Distributie Banat	High Voltage	16.61	15.93	15.64	-5.84%	-1.82%
	Medium Voltage	35.56	36.46	35.80	+0.67%	-1.81%
	Low Voltage	107.45	109.54	107.57	+0.11%	-1.80%
E-Distributie Dobrogea	High Voltage	19.09	20.56	20.21	+5.87%	-1.70%
	Medium Voltage	38.18	41.29	40.58	+6.29%	-1.72%
	Low Voltage	126.41	134.02	131.71	+4.19%	-1.72%
E-Distributie Muntenia	High Voltage	9.73	10.17	10.00	+2.77%	-1.67%
	Medium Voltage	29.82	32.50	31.95	+7.14%	-1.69%
	Low Voltage	112.00	115.67	113.67	+1.49%	-1.73%

Source: ANRE Orders no. 75, 76 and 77 from 24 June 2019, ANRE Orders 224, 225 and 226 from 17 December 2019, ANRE Orders no. 4, 5 and 6 from 15 January 2020

The regulated electricity tariffs applied by the three suppliers of last resort in the Fund's portfolio to the final customers were approved by ANRE in June 2020, as follows:

Company	Voltage level	Tariffs starting 1 Jan 2020 (RON/kWh)	Tariffs starting 1 July 2020 (RON/kWh)	change (%)
		(1)	(2)	(2)/(1)-1
Enel Energie (Banat Area)	Medium Voltage	0.3440	0.3357	-2.4%
	Low Voltage	0.4535	0.4433	-2.3%
Enel Energie (Dobrogea Area)	Medium Voltage	0.3315	0.3250	-1.9%
	Low Voltage	0.4655	0.4567	-1.9%
Enel Energie Muntenia (South Muntenia Area)	Medium Voltage	0.3011	0.2936	-2.5%
	Low Voltage	0.4168	0.4073	-2.3%
Engie Romania (South Muntenia Area)	Medium Voltage	0.3503	0.3435	-1.9%
	Low Voltage	0.4660	0.4571	-1.9%

Source: ANRE Orders no. 242/23.12.2019, 243/23.12.2019, 245/23.12.2019, 135/29.06.2020, 136/29.06.2020, and 139/29.06.2020

According to ANRE's Order no. 14/ 5 February 2020, the RRR for electricity and gas distribution companies would be set by the regulator. The provision from GEO 19/2019 setting the rate at 6.9% was effective for the first 120 days of 2020. According to ANRE Order no. 75/6 May 2020 the new RRR level for electricity and gas distribution companies is 6.39% until the end of the fourth regulatory period.

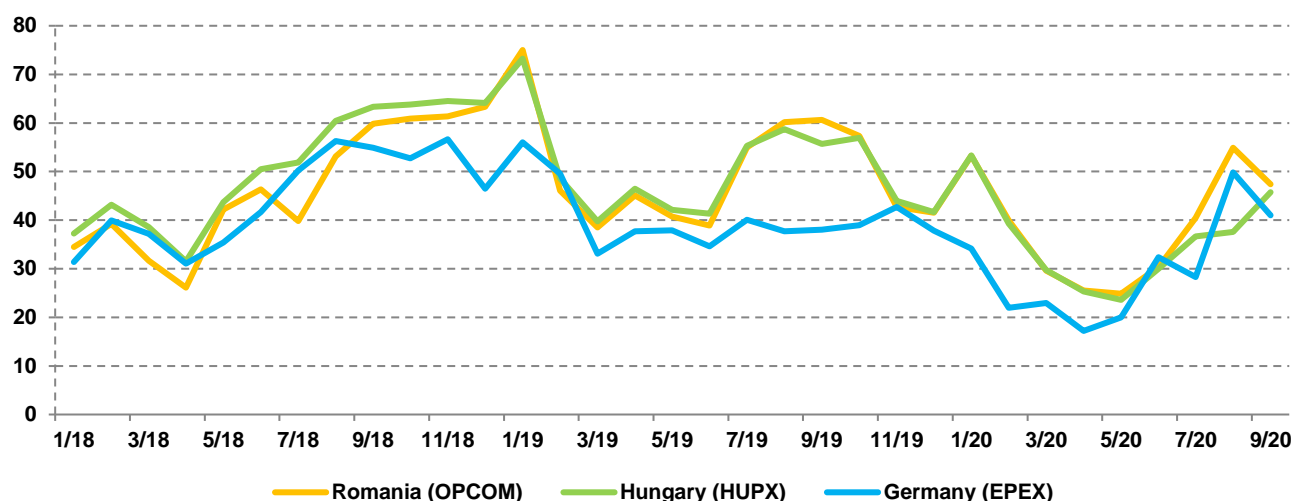
On 17 July 2020, ANRE issued Orders no. 143 and 144, respectively, requiring gas producers with an annual output higher than 3 TWh to sell 40% of their gas production on centralised market between July 2020 - December 2022, following the full liberalisation of gas market beginning with 1 July 2020 (ANRE Order 23/27 March 2020).

In accordance with Military Ordinance no. 4/2020 issued by the Romanian Government, starting 31 March 2020 the final price of utilities (electricity, gas, water among others) cannot be increased for the duration of the emergency situation.

On 24 July 2020 the President endorsed the Law no. 155/2020 amending and completing the electricity and natural gas Law no. 123/2012, which introduces new requirements for natural gas suppliers, as follows: a tax of 90% is

applied to the additional income of gas suppliers resulted as a difference between the acquisition cost and the regulated gas price for producers of RON 68 per MWh until 30 June 2021. If the acquisition cost exceeds the threshold of 68 RON/MWh, no tax is due.

### Electricity prices (EUR/ MWh)



Source: Bloomberg

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

	January – September 2020			January – September 2019			% change		
	Total	Production	Import	Total	Production	Import	Total	Production	Import
Net coal	2,174.0	1,860.0	313.3	3,289.2	2,767.9	520.6	-33.9%	-32.8%	-39.8%
Crude oil	7,422.6	2,445.3	4,977.3	8,862.3	2,494.9	6,367.4	-16.2%	-2.0%	-21.8%
Usable natural gas	6,633.5	5,339.8	1,293.7	7,489.0	6,053.2	1,435.8	-11.4%	-11.8%	-9.9%
Hidro. nuclear. and import energy	4,090.2	3,624.9	465.3	3,957.8	3,669.7	288.1	3.3%	-1.2%	61.5%
Import oil products	2,406.9	-	2,406.9	2,177.3	-	2,177.3	10.5%	0.0%	10.5%
Others	298.1	0.7	298.1	388.8	0.7	388.8	-23.3%	0.0%	-23.3%
<b>Total resources</b>	<b>23,025.3</b>	<b>13,270.7</b>	<b>9,754.6</b>	<b>26,164.4</b>	<b>14,986.4</b>	<b>11,178.0</b>	<b>-12.0%</b>	<b>-11.4%</b>	<b>-12.7%</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 30 September 2020 <sup>1</sup> (RON million)	% of NAV as at 30 September 2020 <sup>1</sup>
1	Hidroelectrica SA	19.94%	4,707.5	47.5%
2	OMV Petrom SA	9.99%	1,327.8	13.4%
3	CN Aeroporturi Bucuresti SA	20.00%	735.8	7.4%
4	Engie Romania SA	12.00%	426.3	4.3%
5	Nuclearelectrica SA	5.60%	280.5	2.8%
6	E-Distributie Banat SA	24.13%	252.6	2.6%
7	CN Administratia Porturilor Maritime SA	20.00%	233.4	2.4%
8	Societatea Nationala a Sarii SA	49.00%	222.1	2.2%
9	E-Distributie Muntenia SA	12.00%	212.7	2.2%
10	E-Distributie Dobrogea SA	24.09%	164.7	1.6%
<b>Top 10 equity holdings</b>			<b>8,563.4</b>	<b>86.4%</b>
<b>Total equity holdings</b>			<b>8,892.0</b>	<b>89.7%</b>
<b>Net cash and receivables</b>			<b>1,017.2</b>	<b>10.3%</b>
<b>Total NAV</b>			<b>9,909.2</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	2018	2019	9M 2019	9M 2020
Revenues	4,273.1*	4,177.2	3,275.8	2,759.7
Operating profit	2,212.3	1,975.3	1,875.2	1,474.6
Net profit	1,939.3	1,386.5	1,315.1	1,264.2
Dividends**	1,798.7	1,253.3	-	-

Source: Individual IFRS financial statements

\*restated

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

October: According to management, during 9M 2020 total turnover of the company decreased by 15.8% y.o.y. to RON 2,759.7 million, EBITDA declined by 19.5% y.o.y to RON 1,928.0 million, profit before tax was 21.3% lower y.o.y, reaching RON 1,538.8 million, while net profit decreased by 3.9% y.o.y. to RON 1,264.2 million.

During 9M 2020, the total energy sold out of own production was 10.87 TWh, down compared to 12.04 TWh during 9M 2019, while total energy sold reached 12.0 TWh, declining from 12.9 TWh the previous year.

During 9M 2020 the company sold a volume of 2.55 TWh of electricity through regulated contracts, compared to 1.48 TWh during 9M 2019. Over the same period, the average realised electricity selling price was down 9.0% y.o.y to RON 205.3 per MWh. On the competitive segment of the electricity market the average realized price for 9M 2020 was RON 231.3 per MWh, compared to RON 240.3 per MWh in 9M 2019, while the average regulated price at which the company sold electricity was RON 106.3 per MWh, down 4.8% y.o.y. At the end of September 2020, the company's net cash position stood at RON 1.38 billion.

## 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	2018	2019	9M 2019	9M 2020	Budget 2019	Budget 2020
Sales	22,523.2	25,485.5	18,189.1	15,122.1	16,762.0	18,088.0
Operating profit	5,212.9	4,245.1	3,196.2	928.1	3,966.0	3,453.0
Net profit	4,077.8	3,634.7	2,759.8	826.3	3,202.0	2,815.0
Dividends*	1,529.4	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

September: Following Mr. Peter Zeilinger's waiver of his mandate, the company announced the appointment of Mr. Christopher Veit as member of the Executive Board responsible for Upstream of OMV Petrom starting with 1 October 2020 until 16 April 2023. Mr. Veit studied Mechanical Engineering and holds a Master's degree in Petroleum Engineering from the Mining University at Leoben. He began his career at OMV in 1986.

October: the company reported Q3 2020 consolidated sales declining by 26% y.o.y, due to the low oil and gas prices environment. Upstream results remained negative, but saw a significant improvement q.o.q. Clean CCS (current cost of supply) operating result of Downstream Oil decreased by 36% y.o.y to RON 373 million, as the refining margin dropped by 85% y.o.y. to just USD 0.94/bbl, and despite a significant recovery in retail sales, which were almost flat y.o.y., after the lockdown was lifted during the summer. Power output picked up significantly to 1.3 TWh, 30% higher y.o.y., and more than double compared to Q2. However, the anticipated impairments of Upstream assets were booked together with other one-off negative adjustments. In this context, net income attributable to shareholders turned negative in Q3 2020 and declined by 90% in the first nine months of 2020 compared to the same period of 2019.

## COVID-19 considerations

The 2020 budget of the company was prepared based on the following main assumptions:

- Average Brent oil price of USD 60/bbl; Management subsequently changed its guidance to USD 40/bbl
- Refining margins to be above the level of 2019



- Gas price expected to be below the level of 2019

Sales revenues are expected to go down by 9%, while operating result is expected to decrease by 14% in 2020.

Management presented the impact of low oil price market environment on company's operation for 2020, thus:

- A decrease of 1 USD/bbl in Brent price is impacting the company by EUR 20 million;
- A decrease 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 30 million;
- A decrease of 1 EUR/MWh in gas price is impacting the company by EUR 20 million.

Management included several updates in Q3 2020 report regarding the market environment in the context of COVID-19 outbreak, as follows:

- Average Brent oil price expected to be at USD 40/bbl for 2020 (2019: USD 64/bbl), reiterating the guidance in Q2 2020 report;
- Refining margins expected to be around USD 3/bbl, vs. previous assumption of somewhat below USD 4/bbl (2019: USD 4.67/bbl);
- Demand for oil products and electricity expected to be below 2019, while demand for gas expected to be broadly similar to 2019, supported by gas intensive industries, in line with the outlook provided with H1 2020 results.

In September, OMV Petrom's management also announced mid and long-term price assumptions review, as follows:

- Average Brent oil price expected to be at USD 50/bbl for 2021;
- Average Brent oil price expected to be at USD 60/bbl for 2022-2023 (from 2022: USD 70/bbl and 2023 75/bbl, respectively); for 2024-2029, the company expects a Brent oil price of USD 65/bbl (previously USD 75/bbl), and USD 60/bbl until 2035, respectively and USD 60/bbl going forward (from USD 75/bbl).

Consequently, price assumption revision triggered non-cash net impairments of RON 920 million before tax in Q3 2020. A reversal of impairment for Brazi power plant (ca. RON 480 million) due to improved outlook was also booked, taking negative one-offs down to RON 562 million last quarter.

### CN Aeroporturi Bucuresti SA

RON million	2018	2019	9M 2019	9M 2020	Budget 2019	Budget 2020*
Operating revenue	992.6	1,066.6	786.0	304.3	1,067.1	466.1
Operating profit	445.9	399.0	469.9	(57.5)	399.5	(137.4)
Net profit	371.8	359.6	333.3	(49.6)	318.5	(129.5)
Dividends**	340.1	183.5	-	-	162.7	-

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

\*Revised

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

October: The majority shareholder proposed and voted for new 4 months Board interim mandates for Mr. Mircea Cristian Raicu and Mr. Adrian Constantin Florescu, and for extending by 2 months the interim mandate of Mr. Corvin Nedelcu. The majority shareholder also voted to approve a revised 2020 budget, which envisages net losses of RON 129.5 million. Operating revenues are seen coming down by 56.3% y.o.y., due to the drop in traffic, while operating expenses could contract by just 9.6% y.o.y.

November: Shareholders approved the appointment of Mr. Catalin Diaconu as temporary board member. The majority shareholder proposed and voted for extending by 2 months the interim mandate of Mr. Cosmin Florin Mihaltan, Mr. Cosmin Catalin Pestesan and Mr. Gabriel Plaiasu. The company released 9M 2020 financial results: operating revenues of RON 304.3 million (-61.3% y.o.y.), negative EBIT of RON -57.5 million and net loss of RON 49.6 million. Passengers traffic was down by 66% y.o.y., to just 3.8 million passengers, and aircraft movements also halved during the same period.

### COVID-19 considerations

The company has been heavily impacted by the current crisis: the number of passengers and flights have seen a significant decline since the beginning of the COVID-19 pandemic. ACI Europe, the airport industry trade body, reveals in a report from August 2020<sup>1</sup> that passenger traffic decreased by 64.2% during the first half of 2020 and

<sup>1</sup> <https://www.aci-europe.org/downloads/mediaroom/20-08-07%20Latest%20traffic%20data%20shows%20disastrous%20COVID-19%20impact%20on%20airport%20industry%20PRESS%20RELEASE.pdf>

almost coming to a complete standstill in the second quarter with a drop of 96.4% compared to the same period in 2019. Following the tentative coordination of the lifting of travel restrictions at EU level as of mid-June, the traffic recovery has been slower than expected. As a result, passenger traffic across the European airport network still declined by 69% in August compared to the same month of last year.

### Engie Romania SA

RON million	2018	2019	Budget 2019	Budget 2020
Turnover	5,791.3	6,794.6	6,664.3	7,611.2
Operating profit	485.7	433.7	360.9	271.4
Net profit	428.7	385.2	313.2	241.8
Dividends*	136.8	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

### Nuclearelectrica SA

RON million	2018	2019	9M 2019	9M 2020	Budget 2019	Budget 2020
Operating revenue	2,128.7	2,377.8	1,780.2	1,741.7	2,383.5	2,578.6
Operating profit	536.5	629.4	520.7	537.7	445.5	646.4
Net profit	410.6	535.6	415.9	477.7	350.0	551.5
Dividends*	378.9	498.4	-	-	311.7	467.0

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

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

July: the Board of Directors appointed Mr. Paul Ichim as Chief Financial Officer of the company for a four-year mandate with starting 1 August. Shareholders appointed Mr. Teodor Minodor Chirica as member of the Board of Directors until 28 September 2022.

August: in H1 2020, the company reported a higher net profit of RON 343.2 million (+18.1% y.o.y), especially due to 5.9% lower operating expenses y.o.y and to the positive financial result of RON 24.6 million recorded in H1 2020 vs. a net financial loss of RON 4.1 million in H1 2019. The operating result stood at RON 388.6 million, despite 7.2% lower average price y.o.y realised on free market of RON 214.4 per MWh.

November: for 9M 2020 the company reported operating revenues of RON 1,741.7 million, down by 2.2% y.o.y, especially due to both lower power prices and quantities sold on the free market, as follows: realised average power prices slightly decreased by 1.0% y.o.y towards 227.0 RON/MWh and quantity of electricity sold on the same market declined by 11.5% at 6.4 TWh compared 9M 2019. However, total quantity of electricity sold increased slightly at 7.9 TWh during 9M 2020 compared to the same period of 2019, as a result of higher quantity of electricity sold on regulated market. Operating result stood at RON 537.7 million, which was 3.3% y.o.y higher, supported by 3.9% lower operating expenses. Net profit increased by 14.8% compared to 9M 2019, reaching RON 477.7 million, helped also by the positive financial result of 34.9 million registered during the 9M 2020 versus a net financial loss of -4.7 million during 9M 2019.

### COVID-19 considerations

After COVID-19 outbreak was declared a pandemic on 11 March the company took measures and concluded a plan for ensuring the protection of personnel and continuing the operation and production of electricity, especially by isolating the essential staff from the nuclear power plant located in Cernavoda. Moreover, Board of Directors decided to delay the scheduled outage of Unit 1 located in Cernavoda on 6 April, in order to avoid any risk of contamination that could be caused by the new coronavirus. Unit 1 entered the planned outage program on 20 June and the resynchronisation to the National Power Grid took place on 5 August and 7 August, respectively.

### E-Distributie Banat SA

RON million	2018	2019	Budget 2019	Budget 2020
Operating revenue	533.7	550.8	516.7	565.1
Operating profit (EBIT)	(213.2)	149.2	(31.2)	(1.7)
Net profit	(211.9)	167.7	(16.5)	(5.9)
Dividends	-	-	-	-

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

October: Enel S.p.A. published the 9M 2020 financial results for the global group<sup>1</sup>. For Romania it reported an EBITDA of EUR 100 million for the infrastructure and networks' segment (distribution), 15% higher compared to the same period of 2019. For the retail segment (supply), in the first 9M of 2020 EBITDA stood at EUR 62 million vs. EUR 4 million at 30 September 2019.

### CN Administratia Porturilor Maritime SA

RON million	2018	2019	H1 2019	H1 2020	Budget 2019	Budget 2020
Operating revenue	345.2	369.0	177.0	208.5	352.3	380.0
Operating profit	95.8	117.0	75.5	97.4	75.5	96.3
Net profit	75.7	108.2	72.6	90.5	64.7	95.7
Dividends	18.4	27.5	-	-	17.2	25.1

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

August: The company released H1 2020 financial results reporting operating revenues of RON 208.5 million (up 17.8% y.o.y.), operating profit of RON 97.4 million, up 29.0% y.o.y and net profit of RON 90.5 million, up 24.6% y.o.y. Rent revenues were main positive driver for the top line. However, volumes of goods operated through Constanta port were down 3.4% y.o.y. to 29.7 million tons, mainly due to decline in the volume of crude oil, petroleum products and ferrous and non-ferrous minerals, while cereals volume advanced by 38% y.o.y. to 11.3 million tons. Steep decline in third party costs drove 25% y.o.y. surge in profitability.

#### 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.

### Societatea Nationala a Sarii SA (Salrom)

RON million	2018*	2019	H1 2019	H1 2020	Budget 2019	Budget 2020
Operating revenue	436.9	469.2	209.0	127.7	411.9	396.2
Operating profit	93.5	84.6	57.7	3.1	63.7	69.3
Net profit	76.4	77.0	48.8	4.1	62.2	59.8
Dividends	76.4	40.4	-	-	62.2	59.8

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

July: Fondul Proprietatea proposed and appointed through cumulative voting Ms Simona Fatu and Mr Catalin Niculita as board members. The majority shareholder proposed and voted for Mr Nicolae Tulici, Mr. Catalin Paraschiv and Mr. Lucian Rusu Petrica and as temporary board members.

The company released H1 2020 financial results: operating revenues of RON 127.7 million (-38.9% y.o.y.), EBITDA of RON 14.0 million (-80% y.o.y.), EBIT of RON 3.1 million (-94.6% y.o.y.) and net profit of RON 4.1 million (-91.6% y.o.y.).

October: the Fund proposed and voted for extending by 2 months the interim mandate of Ms. Simona Fatu and Mr. Catalin Niculita. The majority shareholder proposed and voted for extending by 2 months the interim mandate of Mr. Nicolae Tulici, Mr. Catalin Paraschiv and Mr. Lucian Rusu Petrica.

### E-Distributie Muntenia SA

RON million	2018	2019	Budget 2019	Budget 2020
Operating revenue	909.6	993.8	866.4	989.3
Operating profit (EBIT)	(137.8)	60.3	30.5	90.8
Net profit	(114.9)	96.7	35.2	106.9
Dividends	-	-	-	-

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

<sup>1</sup>Based on consolidated figures at Enel Group level, prepared according to IFRS

October: Enel S.p.A. published the 9M 2020 financial results for the global group<sup>1</sup>. For Romania it reported an EBITDA of EUR 100 million for the infrastructure and networks' segment (distribution), 15% higher compared to the same period of 2019. For the retail segment (supply), in the first 9M of 2020 EBITDA stood at EUR 62 million vs. EUR 4 million at 30 September 2019.

### E-Distributie Dobrogea SA

RON million	2018	2019	Budget 2019	Budget 2020
Operating revenue	483.7	506.4	459.0	528.6
Operating profit (EBIT)	(143.2)	81.8	(47.4)	18.0
Net profit	(143.3)	87.6	(32.6)	4.0
Dividends	-	-	-	-

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

October: Enel S.p.A. published the 9M 2020 financial results for the global group<sup>1</sup>. For Romania it reported an EBITDA of EUR 100 million for the infrastructure and networks' segment (distribution), 15% higher compared to the same period of 2019. For the retail segment (supply), in the first 9M of 2020 EBITDA stood at EUR 62 million vs. EUR 4 million at 30 September 2019.

<sup>1</sup>Based on consolidated figures at Enel Group level, prepared according to IFRS

## Financial Statements Analysis

The unaudited IFRS financial statements for the nine months ended 30 September 2020, 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 nine months ended 30 September 2020.

### Statement of Financial Position

RON million	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019
	Unaudited	Unaudited	Unaudited	Audited	Unaudited
Cash and current accounts	36.0	431.3	25.9	31.9	34.5
Deposits with banks	955.8	139.5	641.6	338.4	206.9
Treasury bills	-	-	-	-	49.7
Government bonds	168.6	152.0	-	137.3	101.0
Dividend receivables	10.6	436.1	24.2	-	-
Equity investments	8,892.0	9,449.0	8,949.7	11,413.1	10,405.9
Other assets	0.4	0.5	0.7	0.3	0.9
<b>Total assets</b>	<b>10,063.4</b>	<b>10,608.4</b>	<b>9,642.1</b>	<b>11,921.0</b>	<b>10,798.9</b>
Payables	26.0	21.1	29.5	16.7	26.6
Other liabilities	128.2	445.9	26.8	32.8	36.7
<b>Total liabilities</b>	<b>154.2</b>	<b>467.0</b>	<b>56.3</b>	<b>49.5</b>	<b>63.3</b>
Total equity	9,909.2	10,141.4	9,585.8	11,871.5	10,735.6
<b>Total liabilities and equity</b>	<b>10,063.4</b>	<b>10,608.4</b>	<b>9,642.1</b>	<b>11,921.0</b>	<b>10,798.9</b>

Source: IFRS financial statements

### Overview

The cash and cash equivalents of the Fund during the first nine months of 2020 included term **deposits with banks, treasury bills 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 increase in liquid assets by 128.6% during the nine-month period ended 30 September 2020 is mainly due to the cash inflows from the dividends collected from portfolio companies (RON 1,197.2 million) and the proceeds from disposal of equity investments of RON 635.4 million which were offset by the payments for the acquisition of own shares within the eleventh buy-back programme (RON 790.7 million), including the tender offers finalised in March and September and by the payments to shareholders regarding cash distributions in total amount of RON 396.6 million.

The net decrease in **equity investments** of RON 2,521.1 million during the first nine months of 2020 was principally generated by:

- the decrease in the value of unlisted holdings in the portfolio by RON 1,264.4 million following the valuation update process at the end of June, mostly related to CN Aeroporturi Bucuresti SA, E-Distributie companies and Hidroelectrica SA (the valuations include the effect of annual and special dividends distributed by the companies subject to valuation which amount to RON 940.0 million for the first six months of 2020);
- the disposal of 1.7 billion shares in OMV Petrom SA under an accelerated bookbuild offering for a total amount of RON 561.0 million;
- the negative evolution of OMV Petrom SA share price (total impact RON 642.8 million, share price decrease of 25.1%).

## 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 30 September 2020 substantially 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 or with negative shareholders' equity, 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 nine months of 2020 the Fund did not incur any capital expenditure costs.

## Statement of Comprehensive Income

RON million	Q1 2020 Unaudited	Q2 2020 Unaudited	Q3 2020 Unaudited	9M 2020 Unaudited	9M 2019 Unaudited
Net (loss)/ gain from equity investments at fair value through profit or loss	(2,463.3)	502.4	75.2	(1,885.7)	1,267.9
Gross dividend income	522.9	628.3	67.5	1,218.7	723.4
Interest income	3.4	3.0	2.3	8.7	8.0
Other income, net*	0.1	4.3	(0.8)	3.6	3.1
<b>Net operating (loss)/ income</b>	<b>(1,936.9)</b>	<b>1,138.0</b>	<b>144.2</b>	<b>(654.7)</b>	<b>2,002.4</b>
Administration fees recognised in profit and loss	(13.0)	(16.1)	(12.4)	(41.5)	(38.0)
Other operating expenses	(5.1)	(5.0)	(9.5)	(19.6)	(18.0)
<b>Operating expenses</b>	<b>(18.1)</b>	<b>(21.1)</b>	<b>(21.9)</b>	<b>(61.1)</b>	<b>(56.0)</b>
Finance costs	-	-	(0.1)	(0.1)	(0.4)
<b>(Loss)/ Profit before income tax</b>	<b>(1,955.0)</b>	<b>1,116.9</b>	<b>122.2</b>	<b>(715.9)</b>	<b>1,946.0</b>
Income tax	-	(10.5)	-	(10.5)	(9.9)
<b>(Loss)/ Profit for the period</b>	<b>(1,955.0)</b>	<b>1,106.4</b>	<b>122.2</b>	<b>(726.4)</b>	<b>1,936.1</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>(1,955.0)</b>	<b>1,106.4</b>	<b>122.2</b>	<b>(726.4)</b>	<b>1,936.1</b>

Source: IFRS financial statements

\* Other income, net included mainly the net gain/ (loss) from fair value changes related to government securities, net foreign exchange gain/ (loss), net impairment losses on receivables, annual income from the depositary bank of the GDR facility and other operating income/ (expenses).

The **net loss from equity investments at fair value through profit or loss** for the first nine months of 2020 of RON 1,885.7 million was mainly generated by OMV Petrom SA (RON 642.8 million, decrease in share price of 25.1%), CN Aeroporturi Bucuresti SA (RON 287.1 million), E-Distributie Banat SA (RON 266.7 million), E-Distributie Muntenia SA (RON 215.8 million), Hidroelectrica SA (RON 179.0 million) and E-Distributie Dobrogea SA (RON 156.8 million).



**Gross dividend income** for the nine-month period ended 30 September 2020 included the dividend income earned from the Fund's portfolio companies, mainly from E-Distributie companies (RON 522.9 million), Hidroelectrica SA (RON 399.5 million) and OMV Petrom SA (RON 175.6 million).

**Interest income** arose from deposits held with banks and from short-term government securities.

Details regarding the **administration fees** for the nine-month period ended 30 September 2020 are presented in the table below:

RON million	Q1 2020 Unaudited	Q2 2020 Unaudited	Q3 2020 Unaudited	9M 2020 Unaudited	9M 2019 Unaudited
<b>Recognised in profit or loss</b>	<b>13.0</b>	<b>16.1</b>	<b>12.4</b>	<b>41.5</b>	<b>38.0</b>
Base fee	12.9	11.3	12.2	36.4	31.6
Distribution fee for dividend distribution	-	4.2	-	4.2	6.4
Performance fee	0.1	0.6	0.2	0.9	-
<b>Recognised in other comprehensive income</b>	<b>3.1</b>	<b>1.4</b>	<b>3.4</b>	<b>7.9</b>	<b>3.8</b>
Distribution fee for buy-back programmes	3.1	1.4	3.4	7.9	3.8
<b>Total administration fees</b>	<b>16.1</b>	<b>17.5</b>	<b>15.8</b>	<b>49.4</b>	<b>41.8</b>

Source: IFRS financial statements

The increase in the base fee for 9M 2020 compared to 9M 2019 was mainly as a result of the increase in the Fund's share price on BVB while the increase in the distribution fee for buy-back programmes was as a result of the two tender offers finalised in March and September 2020 (for 420 million shares in total) vs. only one tender in August 2019 (for 150 million shares). The performance fees recorded in 2020 are as a result of the Fund's share price discount to NAV lowering below 15%/20% in certain trading days. The distribution fee for dividend distribution is lower in 2020 compared to 2019 as a result of the lower dividend per share distributed by the Fund in 2020.

### Other operating expenses

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

RON million	Q1 2020 Unaudited	Q2 2020 Unaudited	Q3 2020 Unaudited	9M 2020 Unaudited	9M 2019 Unaudited
FSA monthly fees	2.8	1.9	2.4	7.1	7.3
Depository fees	0.2	0.1	0.1	0.4	0.5
Transactions costs	0.1	-	4.3	4.4	0.7
Other expenses	2.0	3.0	2.7	7.7	9.5
<b>Total other operating expenses</b>	<b>5.1</b>	<b>5.0</b>	<b>9.5</b>	<b>19.6</b>	<b>18.0</b>

Source: IFRS financial statements

For 9M 2020, **other expenses** caption comprised mainly legal and litigation assistance expenses, Board of Nominees remuneration and related expenses, PR expenses, portfolio valuation expenses, external audit expenses, investor relations expenses, and tax compliance and tax advisory expenses.

### Related Party Transactions

The transactions with related parties were performed in the normal course of business of the Fund and there were no significant transactions during the first nine months of 2020. For more details, please see *Annex 1 "Condensed Interim Financial Statements"*.

## Financial Ratios

30 September 2020

Description				
<b>1.</b>	<b>Current liquidity ratio</b>			
	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	=		7.59
<b>2.</b>	<b>Debt-to-equity ratio (%)</b>			
	$\frac{\text{Borrowings}}{\text{Shareholders' Equity}} \times 100$	=		-
	<i>The Fund had no borrowings as at 30 September 2020 therefore this ratio is nil</i>			
<b>3.</b>	<b>Receivables turnover ratio - customers (number of days)</b>			
	$\frac{\text{Average balance of receivables}}{\text{Turnover}} \times 90$	=		n.a.
	<i>This ratio is not applicable to an investment fund and cannot be calculated.</i>			
<b>4.</b>	<b>Turnover of non-current assets</b>			
	$\frac{\text{Turnover}}{\text{Non-current assets}}$	=		(0.07)
	<i>For the computation of this ratio, "Turnover" includes dividend income, net gain/ (loss) from financial instruments at fair value through profit or loss, interest income and other income for the nine-month period ended 30 September 2020, while "Non-current assets" included equity investments and other assets classified as non-current as at 30 September 2020.</i>			
	<i>This ratio has no significance for an investment fund.</i>			

## Subsequent Events

### Resolutions adopted by shareholders during the 13 November 2020 GSM

On 13 November 2020, the shareholders approved:

- A resolution for several changes of the Constitutive Act that will enter into force after FSA approval and registration with the Trade Registry;
- A resolution for approving the buy-back programme for 2021 (the twelfth buy-back programme);
- A resolution for approving 2021 budget.

### Changes in the Board of Nominees

Also, during the shareholders meeting that took place on 13 November 2020 two new members of the Board were appointed for a mandate of 3 years starting with the date when the mandate is accepted. The two new members are Mrs. Ilinca von Derenthall and Mr. Ciprian Ladunca.

The biographies of the two new members will be updated on the Fund's website after their appointments are effective.

### New changes of the Constitutive Act

The AIFM will call a new shareholders meeting in near future for approving new amendments of the Constitutive Act based on the FSA recommendations, considering the ongoing process for registering the Fund as an alternative investment fund. One of the most important changes proposed refers to the duration of the Fund – currently the Constitutive Act of the Fund mentions that the Fund had an undetermined duration and for future a limited duration needs to be set, giving the shareholders the possibility to extend it.

### Third Tender Offer within the eleventh buy-back programme

On 26 October 2020, the Fund submitted to the FSA an application for the endorsement of a new tender offer to accelerate the eleventh buy-back programme. Under this tender offer the Fund intended to repurchase up to 165 million shares from its shareholders, both in the form of shares and GDRs.

The daily execution of buy-backs for both shares on BVB and GDRs on LSE was suspended starting with 19 October 2020. The Fund engaged Swiss Capital SA and Auerbach Grayson as dealer managers and Swiss Capital SA as intermediary in relation to the purchase of shares and The Bank of New York Mellon as tender agent in relation to the purchase of GDRs.

On 4 November 2020, the FSA approved the Fund's application for the third tender offer within the eleventh buy-back programme. The purchase price set for this tender is RON 1.39 per share and the USD equivalent of RON 69.5 per GDR and the subscription period is from 12 November 2020 until 16 December 2020.

### Signatures:

16 November 2020

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 Investment Management Limited United Kingdom Bucharest Branch, acting as Investment Manager on behalf of Fondul Proprietatea SA

## **Annex 1**

### **FONDUL PROPRIETATEA SA**

#### **CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

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)

## Contents

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Condensed Statement of Comprehensive Income .....	3
Condensed Statement of Financial Position .....	4
Condensed Statement of Changes in Shareholders' Equity .....	5
Condensed Statement of Cash Flows .....	7
Notes to the Condensed Interim Financial Statements .....	8



**CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

		<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
	<i>Note</i>		
Net (loss)/gain from equity investments at fair value through profit or loss	5	(1,885,708,759)	1,267,874,569
Gross dividend income	6	1,218,657,007	723,381,319
Interest income		8,665,413	7,967,139
Other income, net		3,962,957	3,905,181
Net foreign exchange loss		(801,304)	(431,106)
Net gain/(loss) from other financial instruments at fair value through profit or loss		494,431	(254,308)
<b>Net operating (loss)/income</b>		<b>(654,730,255)</b>	<b>2,002,442,794</b>
<b>Operating expenses</b>	7	<b>(61,134,252)</b>	<b>(56,003,611)</b>
<b>Finance costs</b>	8	<b>(53,500)</b>	<b>(419,267)</b>
<b>(Loss)/Profit before income tax</b>		<b>(715,918,007)</b>	<b>1,946,019,916</b>
Withholding tax on the dividend income	9	(10,522,671)	(9,897,515)
<b>(Loss)/Profit for the period</b>		<b>(726,440,678)</b>	<b>1,936,122,401</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(726,440,678)</b>	<b>1,936,122,401</b>
<b>Basic and diluted (loss)/earnings per share</b>	10	<b>(0.1101)</b>	<b>0.2719</b>

These condensed interim financial statements were authorised for issue on 16 November 2020 by:

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

Johan Meyer

Permanent Representative

Franklin Templeton Investment Management Limited United Kingdom Bucharest Branch, acting as Investment Manager on behalf of Fondul Proprietatea SA

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 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	<b>30 September 2020</b>	<b>31 December 2019</b>
<b>Assets</b>			
Cash and current accounts	11	267,450	83,551
Distributions bank accounts	11	35,706,719	31,799,616
Deposits with banks	11	955,808,531	338,381,995
Government bonds		168,584,117	137,303,498
Dividends receivable	12	10,586,397	-
Equity investments	14	8,892,008,661	11,413,083,382
Other assets		484,066	332,386
<b>Total assets</b>		<b>10,063,445,941</b>	<b>11,920,984,428</b>
<b>Liabilities</b>			
Payable to shareholders	15 (a)	39,512,995	31,988,947
Other liabilities and provisions	15 (b)	114,736,756	17,543,492
<b>Total liabilities</b>		<b>154,249,751</b>	<b>49,532,439</b>
<b>Equity</b>			
Paid share capital	16 (a)	3,560,099,871	3,770,082,341
Reserves related to the unpaid share capital	16 (b)	189,182,422	189,182,422
Other reserves	16 (c)	536,545,225	536,545,225
Treasury shares	16 (d)	(817,849,737)	(446,008,591)
Retained earnings		6,441,218,409	7,821,650,592
<b>Total equity</b>		<b>9,909,196,190</b>	<b>11,871,451,989</b>
<b>Total liabilities and equity</b>		<b>10,063,445,941</b>	<b>11,920,984,428</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(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 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	-	-	-	-	(726,440,678)	(726,440,678)
Profit appropriation to other reserves	-	-	236,026,121	-	(236,026,121)	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>236,026,121</b>	<b>-</b>	<b>(962,466,799)</b>	<b>(726,440,678)</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends declared	-	-	-	-	(417,965,384)	(417,965,384)
Acquisition of treasury shares	-	-	-	(817,849,737)	-	(817,849,737)
Cancellation of treasury shares	(209,982,470)	-	(236,026,121)	446,008,591	-	-
<b>Total transactions with owners recorded directly in equity</b>	<b>(209,982,470)</b>	<b>-</b>	<b>(236,026,121)</b>	<b>(371,841,146)</b>	<b>(417,965,384)</b>	<b>(1,235,815,121)</b>
<b>Balance as at 30 September 2020</b>	<b>3,560,099,871</b>	<b>189,182,422</b>	<b>536,545,225</b>	<b>(817,849,737)</b>	<b>6,441,218,409</b>	<b>9,909,196,190</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(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 2019</b>	<b>4,543,838,477</b>	<b>189,182,422</b>	<b>297,678,692</b>	<b>(1,414,500,848)</b>	<b>6,212,247,115</b>	<b>9,828,445,858</b>
Profit for the period	-	-	-	-	1,936,122,401	<b>1,936,122,401</b>
Coverage of losses from cancellation of treasury shares	-	-	80,910,369	-	(80,910,369)	-
Profit appropriation to other reserves	-	-	640,744,712	-	(640,744,712)	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>721,655,081</b>	<b>-</b>	<b>1,214,467,320</b>	<b>1,936,122,401</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends declared	-	-	-	-	(642,318,809)	<b>(642,318,809)</b>
Acquisition of treasury shares	-	-	-	(388,159,888)	-	<b>(388,159,888)</b>
Distributions for which the statute of limitation occurred	-	-	1,462,618	-	-	<b>1,462,618</b>
<b>Total transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>1,462,618</b>	<b>(388,159,888)</b>	<b>(642,318,809)</b>	<b>(1,029,016,079)</b>
<b>Balance as at 30 September 2019</b>	<b>4,543,838,477</b>	<b>189,182,422</b>	<b>1,020,796,391</b>	<b>(1,802,660,736)</b>	<b>6,784,395,626</b>	<b>10,735,552,180</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 NINE-MONTH PERIOD ENDED  
30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
<b>Cash flows from operating activities</b>		
Dividends received (net of withholding tax)	1,197,153,626	850,395,102
Proceeds from disposal of equity investments	635,365,962	200,906,333
Proceeds from transactions with treasury bills and bonds	161,756,971	138,804,956
Interest received	8,636,253	7,516,859
Amounts collected from the depository Bank of the Fund's GDRs	4,215,191	3,903,730
Acquisition of treasury bills and bonds	(151,490,418)	(174,521,938)
Suppliers and other taxes and fees paid	(81,350,790)	(75,640,429)
Subscriptions to share capital increase of portfolio companies	(97,350)	(1,530,030)
Other payments, net	(1,010,964)	(940,610)
<b>Net cash flows from operating activities</b>	<b>1,773,178,481</b>	<b>948,893,973</b>
<b>Cash flows from financing activities</b>		
Acquisition cost of treasury shares	(790,715,624)	(379,878,355)
Dividends paid (net of withholding tax)	(393,848,540)	(597,144,373)
Payments to shareholders related to the return of capital	(2,717,792)	(3,117,695)
Payment of fees related to the short term bank loans	(52,200)	(468,378)
<b>Net cash flows used in financing activities</b>	<b>(1,187,334,156)</b>	<b>(980,608,801)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>585,844,325</b>	<b>(31,714,828)</b>
Cash and cash equivalents at the beginning of the period	405,776,121	273,069,799
<b>Cash and cash equivalents at the end of the period as per the Statement of Cash Flows</b>	<b>991,620,446</b>	<b>241,354,971</b>
<b><i>Reconciliation of Statement of Cash Flows with the equivalent items reported in the Statement of Financial Position</i></b>		
	<b>30 September 2020</b>	<b>30 September 2019</b>
Cash and current accounts (see Note 11)	267,450	79,426
Distributions bank accounts (see Note 11)	35,706,719	34,447,427
Bank deposits with original maturities of less than three months (see Note 11)	955,646,277	206,828,118
	<b>991,620,446</b>	<b>241,354,971</b>
Interest accrued on bank deposits (see Note 11)	162,254	28,638
Treasury bills and government bonds with original maturities of more than three months and less than one year	168,584,117	150,694,089
<b>Total cash and current accounts, deposits with banks, treasury bills and government bonds as per Statement of Financial Position</b>	<b>1,160,366,817</b>	<b>392,077,698</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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(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 Alternative Investment Fund Managers Directive and by 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 no. 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 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 established to allow the payment in shares equivalent to the compensation payable 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 date when Government Emergency Ordinance no. 4/2012 entered into force, the compensation process was suspended. In January 2015, the Law no. 10/2015 on amending Title VII of Law no. 247/2005 entered into force confirming that the Romanian State will no longer use the compensation scheme using Fondul Proprietatea shares.

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 initial FTIS’ mandate for a period of two years commenced on 1 April 2016 and expired on 31 March 2018. On 14 February 2018, the Fund’s shareholders approved the renewal of FTIS’ mandate for another two years starting with 1 April 2018 under a new Management Agreement which became effective starting with the same date (i.e. 1 April 2018). During the 28 June 2019 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.

Under all agreements mentioned above FTIS has delegated the role of Investment Manager as well as certain administrative functions to Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch (“FTIML” or “Investment Manager”) for the entire duration of its mandate as AIFM.

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 nine-month period ended 30 September 2020 are not audited.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(all amounts are in RON unless otherwise stated)

### 2. Basis of preparation

#### (a) Statement of compliance

These condensed interim financial statements for the nine-month period ended 30 September 2020 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 2019, prepared in accordance with IFRS. These condensed interim financial statements are available starting with 16 November 2020, 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 nine-month period ended 30 September 2020 and continues to meet them.

#### (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 13 – Deferred tax;
- Note 14 – Equity investments;
- Note 17 – Contingencies.

#### (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, the Fund's Sole Director estimates that the financial position and performance of the Fund may be affected, 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.

During the nine-month period ended 30 September 2020 the Fund's Sole Director performed a periodic analysis of multiples values of publicly traded peers companies and adjusted the value of unlisted holdings accordingly, where the case (see Note 5 for further details on fair value adjustments). 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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(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 (continued)

However, an accurate quantification of the further impact is difficult to estimate due to limited availability of the information, high 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 during the year.

### 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 2019 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:

	Other financial assets at amortised cost	Fair value through profit or loss	Other financial liabilities at amortised cost	Total carrying amount	Fair value
<b>30 September 2020</b>					
Cash and current accounts	267,450	-	-	267,450	267,450
Distributions bank accounts	35,706,719	-	-	35,706,719	35,706,719
Deposits with banks	955,808,531	-	-	955,808,531	955,808,531
Government bonds	-	168,584,117	-	168,584,117	168,584,117
Dividends receivable	10,586,397	-	-	10,586,397	10,586,397
Equity investments	-	8,892,008,661	-	8,892,008,661	8,892,008,661
Other financial assets	191,631	-	-	191,631	191,631
Other financial liabilities	-	-	(152,289,080)	(152,289,080)	(152,289,080)
	<b>1,002,560,728</b>	<b>9,060,592,778</b>	<b>(152,289,080)</b>	<b>9,910,864,426</b>	<b>9,910,864,426</b>
	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 2019</b>					
Cash and current accounts	83,551	-	-	83,551	83,551
Distributions bank accounts	31,799,616	-	-	31,799,616	31,799,616
Deposits with banks	338,381,995	-	-	338,381,995	338,381,995
Government bonds	-	137,303,498	-	137,303,498	137,303,498
Equity investments	-	11,413,083,382	-	11,413,083,382	11,413,083,382
Other financial liabilities	30,030	-	-	30,030	30,030
Other financial liabilities	-	-	(46,977,791)	(46,977,791)	(46,977,791)
	<b>370,295,192</b>	<b>11,550,386,880</b>	<b>(46,977,791)</b>	<b>11,873,704,281</b>	<b>11,873,704,281</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

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

	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
Unrealised net (loss)/gain from equity investments at fair value through profit or loss	(1,698,837,145)	1,257,941,980
Realised net (loss)/gain from disposal of equity investments at fair value through profit or loss	(186,871,614)	9,932,589
<b>Total</b>	<b>(1,885,708,759)</b>	<b>1,267,874,569</b>

The unrealised net loss from equity investments at fair value through profit or loss for the nine-month period ended 30 September 2020 was generated by the negative change in fair value of the Fund's holdings as 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 E-Distributie companies (total net unrealised loss of RON 639,300,000), OMV Petrom (net unrealised loss of RON 443,917,385), CN Aeroporturi Bucuresti SA (net unrealised loss of RON 287,100,000) and Hidroelectrica SA (net unrealised loss of RON 179,000,000).

The unrealised net gain from equity investments at fair value through profit or loss for the nine-month period ended 30 September 2019 was mainly generated by the change in fair value for the holding in OMV Petrom SA (net unrealised gain of RON 699,448,188), Hidroelectrica SA (net unrealised gain of RON 259,000,000) and Nuclearelectrica SA (net unrealised gain of RON 109,744,712), as result of the strong performance of these companies.

The realised net (loss)/gain from disposal of equity investments at fair value through profit or loss was calculated as the difference between the proceeds from the disposal and the fair value of the equity investments disposed of at the last annual financial statements date.

The net realised loss from disposal of equity investments at fair value through profit or loss for the nine-month period ended 30 September 2020 was generated by the partial disposal of the holding in OMV Petrom SA (realised loss of RON 198,900,000) and Nuclearelectrica SA (realised gain of RON 12,028,386).

The realised gain from disposal of equity investments at fair value through profit or loss for the nine-month period ended 30 September 2019 was generated by the disposal of the entire holding in BRD Groupe Societe Generale SA (realised gain of RON 9,932,589).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

**6. Gross dividend income**

	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
Hydroelectrica SA	399,532,431	358,726,907
E-Distributie Banat SA	213,812,923	-
E-Distributie Muntenia SA	187,961,077	-
OMV Petrom SA	175,569,990	152,915,798
E-Distributie Dobrogea SA	121,130,893	-
CN Aeroporturi Bucuresti SA	36,700,452	73,039,412
Nuclearelectrica SA	34,883,435	26,728,073
Societatea Nationala a Sarii SA	19,803,298	37,428,152
Engie Romania SA	12,084,099	16,411,668
ENEL Energie Muntenia SA	10,586,397	
CN Administratia Porturilor Maritime SA	5,492,149	3,676,101
Alcom SA	275,360	1,602,858
Alro SA	-	33,349,130
BRD Groupe Societe Generale SA	-	18,306,434
Others	824,503	1,196,786
	<b>1,218,657,007</b>	<b>723,381,319</b>

The dividend income was subject to 5% Romanian withholding tax during the nine-month periods ended 30 September 2020 and 30 September 2019. 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 nine-month period ended 30 September 2020 a total amount of RON 683,070,542 represented special cash distributions (nine-month period ended 30 September 2019: RON 39,827,657).

**7. Operating expenses**

	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
Administration fees	41,519,890	37,996,054
FSA monthly fees	7,104,612	7,283,140
Third party services	5,683,385	7,321,085
Intermediaries and other fees related to disposal of portfolio holdings	4,384,874	700,017
BON remunerations and related taxes	1,061,412	1,045,330
Depositary bank fee	440,997	493,327
Other operating expenses	939,082	1,164,658
	<b>61,134,252</b>	<b>56,003,611</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(all amounts are in RON unless otherwise stated)

### 7. Operating expenses (continued)

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 first nine months of 2020 and the first nine months of 2019 are presented in the table below:

	9 months ended 30 September 2020	9 months ended 30 September 2019
Base fee	36,375,474	31,551,712
Distribution fee related to dividend distributions to shareholders	4,179,654	6,423,188
Performance fee	964,762	21,154
<b>Administration fees recognised in profit or loss</b>	<b>41,519,890</b>	<b>37,996,054</b>
Distribution fees related to buy-backs recognised in equity	7,923,176	3,798,484
<b>Total administration fees</b>	<b>49,443,066</b>	<b>41,794,538</b>

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

During the first nine months of 2020 and the first nine months of 2019, the FSA fee was 0.0078% per month applied on the total net asset value. For the period 1 April – 14 May 2020, FSA granted a 25% discount on the monthly fees to all market issuers as result of the emergency state declared due the COVID-19 pandemic.

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

	9 months ended 30 September 2020	9 months ended 30 September 2019
Legal consultancy and litigation assistance	2,611,590	3,673,673
Portfolio valuation services	572,405	635,624
Financial auditor's fees	463,271	452,827
Investors' relations expenses	336,699	556,256
Board of Nominees accommodation, transport and insurance costs	333,089	487,444
Public relations services	298,546	210,854
Tax compliance and advisory services	269,986	311,212
Regulatory and compliance expenses	226,068	182,001
Other services	571,731	811,194
	<b>5,683,385</b>	<b>7,321,085</b>

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 18 (a) for further details).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

**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 finance costs for the nine-month period ended 30 September 2020 of RON 53,500 (nine-month period ended 30 September 2019: RON 419,267) comprise the commitment fee on undrawn amounts from the credit facility.

There are no outstanding amounts from the credit facility as at 30 September 2020 and 31 December 2019.

**9. Income tax**

No current tax and no deferred tax were recorded during the nine-month periods ended 30 September 2020 and 30 September 2019.

	9 months ended 30 September 2020	9 months ended 30 September 2019
<b>Reconciliation of effective tax rate</b>		
Net (loss)/profit for the period	(726,440,678)	1,936,122,401
Withholding tax on the dividend income	(10,522,671)	(9,897,515)
<b>(Loss) /Profit excluding income tax</b>	<b>(715,918,007)</b>	<b>1,946,019,916</b>
<b>Income tax benefit/(expense) using the standard tax rate (16%)</b>	<b>114,546,881</b>	<b>(311,363,187)</b>
<i>Impact on the income tax of:</i>		
Taxation applied on dividend income	184,462,450	105,843,496
Non-taxable income (other than dividend income)	152,326,071	108,384,538
Non-deductible expenses	(363,167,556)	(39,620,979)
Elements similar to revenues (taxable equity items)	-	(234,019)
Fiscal result impact in the current period	(98,690,517)	127,092,636
<b>Tax on income</b> (i.e. withholding tax on the dividend income)	<b>(10,522,671)</b>	<b>(9,897,515)</b>

The fiscal result impact as at 30 September 2020 of RON 98,690,517 included in the table above represents the unrecognised deferred tax for the tax losses recorded in the first nine months of 2020 (see Note 13 for further details). The fiscal impact as at 30 September 2019 of RON 127,092,636 represents the current tax on profit for the first nine months of 2019 which was offset by the Fund's tax losses carried forward.

As at 30 September 2020 and 31 December 2019 there is no tax on profit due or to be recovered from the State Budget by the Fund.

See Note 13 *Deferred tax* for details regarding the deferred tax computation and recognition.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

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

Basic (loss)/earnings per share is calculated by dividing the loss or profit 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 30 September 2020 and 30 September 2019, 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>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
(Loss)/Profit for the period	(726,440,678)	1,936,122,401
Weighted average number of ordinary shares	6,597,116,014	7,120,340,014
<b>Basic and diluted (loss)/earnings per share</b>	<b>(0.1101)</b>	<b>0.2719</b>

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

	<b>30 September 2020</b>	<b>31 December 2019</b>
Petty cash	114	114
Current accounts with banks	267,336	83,437
Distributions bank accounts	35,706,719	31,799,616
<b>Cash and current accounts</b>	<b>35,974,169</b>	<b>31,883,167</b>

	<b>30 September 2020</b>	<b>31 December 2019</b>
Bank deposits with original maturities of less than three months	955,646,277	338,295,751
Interest accrued on bank deposits	162,254	86,244
<b>Deposits with banks</b>	<b>955,808,531</b>	<b>338,381,995</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. Dividends receivable**

	<b>30 September 2020</b>	<b>31 December 2019</b>
<b>Dividends receivable</b>		
ENEL Energie Muntenia SA	10,586,397	-
CN Aeroporturi Bucuresti SA	10,668,574	10,668,574
Other dividends receivable	469,402	711,095
	<b>21,724,373</b>	<b>11,379,669</b>
<b>Impairment loss allowance</b>	<b>(11,137,976)</b>	<b>(11,379,669)</b>
	<b>10,586,397</b>	<b>-</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

**12. Dividends receivable (continued)**

The dividend receivable balance as at 30 September 2020 mainly comprises the special dividend approved by the shareholders of Enel Energie Muntenia SA on 23 September 2020. As at 31 December 2019, the Fund has a receivable from dividends in total amount of RON 11,379,669, which is fully provided and mainly comprises the outstanding dividend from CN Aeroporturi Bucuresti SA of RON 10,668,574.

**13. Deferred tax**

As at 30 September 2020 and 31 December 2019 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 30 September 2020 and 31 December 2019, the net deferred tax position is nil as the Fund did not recognise any deferred tax asset or deferred tax liability.

As at 30 September 2020 the unused fiscal loss carried forward amounts to RON 3,536,871,317 (31 December 2019: RON 2,920,055,589) out of which RON 2,920,055,589 will expire on 31 December 2022 and RON 616,815,728 will expire on 31 December 2027.

As at 30 September 2020 and 31 December 2019 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 nine-month periods ended 30 September 2020 and 30 September 2019. The deferred tax balances during both these periods were zero.

**14. Equity investments**

As a result of the application of IFRS 9 starting 1 January 2018, the Fund changed its accounting policies classifying all its equity investments at fair value through profit or loss.

Substantially all 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 nine-month periods ended 30 September 2020 and 30 September 2019 is presented below:

	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
<b>Opening balance</b>	<b>11,413,083,382</b>	<b>9,337,440,399</b>
Net (loss)/gain from equity investments at fair value through profit or loss (see Note 5)	(1,885,708,759)	1,267,874,569
Disposals	(635,365,962)	(200,898,504)
Subscriptions to share capital increase of portfolio companies	-	1,500,000
<b>Closing balance</b>	<b>8,892,008,661</b>	<b>10,405,916,464</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

**14. Equity investments (continued)**
**Disposals**

During the first nine months of 2020, the Fund sold part of its holdings in OMV Petrom SA and Nuclearelectrica SA.

During the first nine months of 2019, the Fund sold its entire holding in BRD Groupe Societe Generale SA.

**Portfolio**

As at 30 September 2020 and 31 December 2019 the Fund's portfolio comprised the following holdings:

	<b>30 September 2020</b>	<b>31 December 2019</b>
Hydroelectrica SA	4,707,500,000	4,886,500,000
OMV Petrom SA	1,327,788,606	2,531,605,991
CN Aeroporturi Bucuresti SA	735,800,000	1,022,900,000
Engie Romania SA	426,300,000	512,400,000
Nuclearelectrica SA	280,487,810	303,286,742
E-Distributie Banat SA	252,600,000	519,300,000
Administratia Porturilor Maritime SA	233,400,000	248,700,000
Societatea Nationala a Sarii SA	222,100,000	275,400,000
E-Distributie Muntenia SA	212,700,000	428,500,000
E-Distributie Dobrogea SA	164,700,000	321,500,000
Alro SA	143,582,887	170,550,231
Enel Energie Muntenia SA	41,200,000	41,700,000
Romaero SA	33,054,613	30,431,231
Zirom SA	31,705,400	31,705,400
Enel Energie SA	25,800,000	26,300,000
CN Administratia Canalelor Navigabile SA	14,899,840	14,899,840
Other	38,389,505	47,403,947
<b>Total equity investments</b>	<b>8,892,008,661</b>	<b>11,413,083,382</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).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

**14. Equity investments (continued)**

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:

<b>30 September 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments	1,751,859,302	-	7,140,149,359	8,892,008,661
Government bonds	168,584,117	-	-	168,584,117
	<b>1,920,443,419</b>	<b>-</b>	<b>7,140,149,359</b>	<b>9,060,592,778</b>

<b>31 December 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments	3,005,442,964	-	8,407,640,418	11,413,083,382
Government bonds	137,303,498	-	-	137,303,498
	<b>3,142,746,462</b>	<b>-</b>	<b>8,407,640,418</b>	<b>11,550,386,880</b>

The table below presents the movement in Level 3 equity investments during the nine-month periods ended 30 September 2020 and 30 September 2019:

	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
<b>Opening balance</b>	<b>8,407,640,418</b>	<b>7,055,038,913</b>
Net unrealised (loss)/gain recognised in profit or loss	(1,267,491,059)	498,310,686
Subscriptions to share capital increase of portfolio companies	-	1,500,000
Transfers in/(out) of Level 3	-	-
<b>Closing balance</b>	<b>7,140,149,359</b>	<b>7,554,849,599</b>

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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(all amounts are in RON unless otherwise stated)

### 14. Equity investments (continued)

The valuation for the Level 3 equity investments as at 30 September 2020 was prepared as follows:

- 97.4% of the fair value of Level 3 equity investments was determined based on the valuation reports updated with the assistance of the independent valuer as at 31 May 2020 incorporating the impact of any significant corporate action that took place until 30 June 2020;
- 1.2% of the fair value of Level 3 equity investments was determined using (i) the multiples values as at 31 May 2020 of publicly traded peers companies (provided by an independent valuer) and (ii) the same methodology and computation algorithm as in the latest available valuation report (respectively as at 30 September 2019) prepared with the assistance of an independent valuer; all other variables were kept at the same level as in the latest valuation report;
- 0.8% of the fair value of Level 3 equity investments was determined based on the valuation reports prepared with the assistance of an independent valuer as at 30 September 2019;
- 0.6% of the fair value of Level 3 equity investments representing listed but illiquid holdings was determined based on the last available Bucharest Stock Exchange reference price;
- the holdings in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity were valued at nil.

The valuation for the Level 3 equity investments as at 30 September 2019 was prepared as follows:

- 94.2% of the fair value of Level 3 equity investments was determined based on the valuation reports prepared with the assistance of an independent valuer as at 31 March 2019;
- 5.3% of the fair value of Level 3 equity investments was determined based on the valuation reports prepared with the assistance of an independent valuer as at 30 September 2018;
- 0.5% of the fair value of Level 3 equity investments representing listed but illiquid holdings was determined based on the last available Bucharest Stock Exchange reference price;
- the holdings in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity were valued at nil.

The Fund's management has analysed the period between the date of the latest valuations and the date when these condensed interim financial statements were authorised for issue in order to determine if an update of the fair values is needed. 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, based on available information.

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.

These 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(all amounts are in RON unless otherwise stated)

### 14. Equity investments (continued)

The following tables set out information about the significant unobservable inputs used at 30 September 2020 and 31 December 2019 in measuring equity instruments classified as Level 3 in the fair value hierarchy:

Financial assets	Fair value as at 30 September 2020	Valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
<b>Total</b>	<b>7,140,149,359</b>			
Unlisted equity instruments	6,832,222,140	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 4.49 - 9.89 (8.94)  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	255,480,200	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 12.09% - 14.30% (14.17%)  Discount for lack of marketability ranging from 12.00% - 16.2% (14.78%)  Discount for lack of control: 0% or 19.1% or 24.9% (16.77%)  Long-term revenue growth rate: 2% (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	10,700,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price/Earnings value: 7.96 (7.96)  Discount for lack of marketability: 24.2% (24.2%)	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	1,393,800	Market approach - comparable companies (based on Price/Book value multiple)	Price/Book value: 0.29 (0.29)  Discount for lack of marketability: 14.7% (14.7%)	The higher Price/ Book value multiple, the higher the fair value.  The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	0	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.49 (0.49)	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	40,353,219	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 FSA.	



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(all amounts are in RON unless otherwise stated)

### 14. Equity investments (continued)

Financial assets	Fair value as at 31 December 2019	Valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
<b>Total</b>	<b>8,407,640,418</b>			
Unlisted equity instruments	8,042,522,140	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 4.84 - 10.64 (9.29)  Discount for lack of marketability: 14.7% or 20% (14.71%)	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	308,780,200	Income approach - discounted cash flow method	Weighted average cost of capital: 12.09% or 12.90% or 13.40% (12.95%)  Discount for lack of marketability: 12% or 14.6% or 16.2% (14.75%)  Discount for lack of control: 0% or 19.1% or 24.9% (17.17%)  Long-term revenue growth rate: 2% (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	11,500,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price/Earnings value: 8.79 (8.79)  Discount for lack of marketability: 24.2% (24.2%)	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	1,393,800	Market approach - comparable companies (based on Price/Book value multiple)	Price/Book value: 0.29 (0.29)  Discount for lack of marketability: 14.7% (14.7%)	The higher Price/ Book value multiple, the higher the fair value.  The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	0	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.49 (0.49)	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	43,444,278	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 FSA.	

As at 30 September 2020 and 31 December 2019, the Fund's investments in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity are valued at nil.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(all amounts are in RON unless otherwise stated)

### 14. 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).

### 15. Liabilities

#### (a) Payable to shareholders

	30 September 2020	31 December 2019
Dividends payable to shareholders, <i>out of which</i> :	36,506,050	26,264,210
- <i>Net dividends payable to shareholders</i>	35,678,876	26,264,210
- <i>Dividend withholding tax payable to State</i>		
<i>Budget</i>	827,174	-
Returns of capital due to shareholders	3,006,945	5,724,737
<b>Payable to shareholders</b>	<b>39,512,995</b>	<b>31,988,947</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(all amounts are in RON unless otherwise stated)

### 15. Liabilities (continued)

#### (a) Payable to shareholders (continued)

The paying term for an amount of RON 2,769,094 from the total unclaimed amount of returns of capital as at 30 September 2020 expired on 27 September 2020, while the paying term for an amount of RON 237,851 did not expire yet. The latter amounts are either due to shareholders assimilated to public institutions or are under a legal dispute.

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

	9 months ended 30 September 2020	9 months ended 30 September 2019
<b>Opening balance</b>	<b>31,988,947</b>	<b>19,657,190</b>
Gross distributions approved during the period, <i>out of which:</i>	417,965,383	642,318,809
- Net distributions payable to shareholders	403,263,206	616,703,703
- Dividend withholding tax due to State Budget	14,702,177	25,615,106
Payments of net distributions performed from the dedicated bank accounts	(396,566,332)	(600,262,067)
Less withholding tax payable to State Budget corresponding to the net dividends paid during the period	(13,875,003)	(24,417,563)
Distributions for which the statute of limitation occurred	-	(1,462,618)
<b>Closing balance</b>	<b>39,512,995</b>	<b>35,833,751</b>

#### (b) Other liabilities and provisions

	30 September 2020	31 December 2019
Payables related to government bonds under settlement	76,761,045	-
Administration fees	20,006,591	12,907,820
Payables related to treasury shares under settlement	11,111,875	-
Intermediaries and other transactions fees related to disposal of portfolio holdings	3,814,090	1,035,658
Provision for litigations	856,247	856,247
Financial Supervisory Authority fees	812,869	840,591
Tax on dividends due to State Budget	111,641	762,056
Other liabilities	1,262,398	1,141,120
	<b>114,736,756</b>	<b>17,543,492</b>

### 16. Shareholders' equity

#### (a) Share capital

During the nine-month period ended 30 September 2020, the paid in share capital of the Fund decreased by RON 209,982,470 following the cancellation on 30 September 2020 of 403,812,443 treasury shares acquired by the Fund within the tenth buyback programme.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

**16. Shareholders' equity (continued)**
**(a) Share capital (continued)**

There was no change in the share capital of the Fund recorded during the nine-month period ended 30 September 2019.

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

	<b>30 September 2020</b>	<b>31 December 2019</b>
Number of shares in issue	7,210,158,254	7,613,970,697
Number of paid shares	6,846,345,904	7,250,158,347
Number of unpaid shares	363,812,350	363,812,350
Nominal value per share (RON)	0.52	0.52

The shareholders structure as at 30 September 2020 was as follows:

<b>Shareholder categories</b>	<b>% of subscribed share capital</b>	<b>% of paid share capital</b>
Romanian institutional investors	29.62%	31.11%
The Bank of New York Mellon (depository bank for the Fund's GDRs)	21.51%	22.59%
Romanian private individuals	17.06%	17.92%
Foreign institutional investors	11.01%	11.56%
Foreign private individuals	2.83%	2.97%
Romanian State	0.09%	0.09%
Treasury shares	13.10%	13.76%
Unpaid shares (see Note 16(b))	4.78%	-
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Depozitarul Central SA.

The decrease of the paid in share capital of the Fund through the cancellation of 403,812,443 treasury shares recorded by the Trade Registry on 30 September 2020 was registered by the Central Depository after 30 September 2020. Consequently, the above shareholders structure does not reflect this cancellation and the share capital decrease.

**(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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

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

	<b>30 September 2020</b>	<b>31 December 2019</b>
Legal reserve	533,826,946	533,826,946
Other reserves	236,026,121	640,744,712
Distributions for which the statute of limitation occurred	2,718,279	2,718,279
Losses from cancellation of treasury shares (negative equity reserves)	(236,026,121)	(640,744,712)
	<b>536,545,225</b>	<b>536,545,225</b>

The legal reserve cannot be used for distributions to shareholders.

The Fund's Sole Director proposed to shareholders and the shareholders approved at the 4 April 2019 General Shareholders' Meeting the allocation of a total amount of RON 640,744,712 to other reserves as follows:

- RON 233,482,390 from 2018 profit,
- RON 407,262,322 from 2017 profit remained under unallocated retained earnings.

In April 2020, the amounts allocated to other reserves mentioned above were used to cover the negative reserves recorded from cancellation of shares acquired during the ninth buy-back programme, according to the resolution of the Fund's General Shareholders' Meeting ("GSM") held on 28 April 2020. In the same time, the Fund's shareholders' approved during 28 April 2020 General Shareholders' Meeting, the allocation of an amount of RON 236,026,121 from 2019 profit to other reserves in order to be available for covering the negative reserves estimated to arise from cancellation of shares acquired during the tenth buy-back programme.

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. This amount may be covered from retained earnings and other equity elements, in accordance with the resolution of the General Shareholders Meeting.

The Fund's share nominal value was constantly lower than its market price starting January 2017, situation which did not change up to the date of these condensed interim 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.

The table below shows the changes in the negative reserves recorded as result of the losses from cancellation of treasury shares during the nine-month period ended 30 September 2020:

<b>1 January 2020</b>	<b>640,744,712</b>
Coverage of the negative balance existing as at 31 December 2019 from other reserves, according to Resolution no.2 of 28 April 2020 Ordinary General Shareholders' Meeting	(640,744,712)
Negative equity reserve arising on the cancellation of shares acquired during the 10 <sup>th</sup> buy-back programme (recorded on 30 September 2020) according to share capital decrease Resolution no. 2 of 28 April 2020 Extraordinary General Shareholders' Meeting	236,026,121
<b>30 September 2020</b>	<b>236,026,121</b>

During the nine-month period ended 30 September 2019 the Fund did not recorded any negative reserve.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

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

The table below summarises the details regarding the eleventh buy-back programme, respectively the buy-back programme carried during 2020:

	<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>Eleventh buy-back programme</b>	15-Nov-2019	1-Jan-2020	31-Dec-2020	RON 0.2 - 2 per share

The eleventh 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 nine months of 2020 and the first nine months of 2019 is presented in the table below:

	<b>Opening balance 1 January 2020</b>	<b>Acquisitions during the period</b>	<b>Cancellations during the period</b>	<b>Closing balance 30 September 2020</b>
<b>Tenth buy-back</b>	403,812,443	-	(403,812,443)	-
<b>Eleventh buy-back</b>	-	606,738,884	-	606,738,884
	<b>403,812,443</b>	<b>606,738,884</b>	<b>(403,812,443)</b>	<b>606,738,884</b>

	<b>Opening balance 1 January 2019</b>	<b>Acquisitions during the period</b>	<b>Cancellations during the period</b>	<b>Closing balance 30 September 2019</b>
<b>Ninth buy-back</b>	1,487,992,569	-	-	1,487,992,569
<b>Tenth buy-back</b>	-	355,448,485	-	355,448,485
	<b>1,487,992,569</b>	<b>355,448,485</b>	<b>-</b>	<b>1,843,441,054</b>

The movement of the buy-back programmes carrying amounts during the first nine months of 2020 and the first nine months of 2019 is presented in the table below:

	<b>Opening balance 1 January 2020</b>	<b>Cost of treasury shares acquired</b>	<b>Cancellation of treasury shares</b>	<b>Closing balance 30 September 2020</b>
<b>Tenth buy-back</b>	446,008,591	-	(446,008,591)	-
<b>Eleventh buy-back</b>	-	817,849,737	-	817,849,737
	<b>446,008,591</b>	<b>817,849,737</b>	<b>(446,008,591)</b>	<b>817,849,737</b>

	<b>Opening balance 1 January 2019</b>	<b>Cost of treasury shares acquired</b>	<b>Cancellation of treasury shares</b>	<b>Closing balance 30 September 2019</b>
<b>Ninth buy-back</b>	1,414,500,848	-	-	1,414,500,848
<b>Tenth buy-back</b>	-	388,159,888	-	388,159,888
	<b>1,414,500,848</b>	<b>388,159,888</b>	<b>-</b>	<b>1,802,660,736</b>



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020

(all amounts are in RON unless otherwise stated)

### 16. Shareholders' equity (continued)

#### (e) Dividend distribution

During the 28 April 2020 GSM, the Fund's shareholders approved the distribution of a gross dividend of RON 0.0642 per share, in relation to 2019 statutory profit.

The shareholders registered in the shareholders' registry with the Central Depository on 10 June 2020 have the right to receive a gross dividend of RON 0.0642 per share, proportionally with their participation in the paid in share capital of the Fund. The payment started on 1 July 2020 and by the authorisation date of these condensed interim financial statements, shareholders had collected over 96% of the total distribution.

### 17. Contingencies

#### Litigations

At 30 September 2020, the Fund was involved in certain litigations, either as defendant or claimant. According to 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.

#### 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 decision of Bucharest Court of Appeal may be challenged with the second appeal by the Fund within 15 days from the day when the decision is communicated to the Fund. The decision of Bucharest Court of Appeal was not received by the Fund until the date of these condensed interim financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

**18. Related parties**
**(a) Key management**
*(i) Board of Nominees ("BON")*

	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
Total Fund's cost with BON remuneration, <i>out of which</i> :	1,061,412	1,045,330
- Net remuneration paid to BON members	757,710	740,703
- Related taxes and contributions payable to State Budget	303,702	304,627

There were no loans to or other transactions between the Fund and the members of the Board of Nominees neither in the first nine months of 2020 nor in the first nine months of 2019.

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

On 27 July 2020 Mrs. Vivian Nicoli has resigned from her positions held within the Fund's Board of Nominees and Consultative Committees due to Mrs. Nicoli's intention to take on other commitments. The effective date of the resignation was 1 September 2020.

On 23 September 2020 Mr. Steven van Groningen has resigned from his positions held within the Fund's Board of Nominees and Consultative Committees. The effective date of the resignation is 13 November 2020.

*(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. The role of Investment Manager and certain administrative functions have been delegated by FTIS to FTIML.

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

<b>Transactions</b>	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
Administration fees	49,443,066	41,794,538

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

<b>Transactions</b>	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
Rent expense charged to the Fund	59,552	57,448
Operating cost charged to the Fund	20,119	20,897
	<b>79,671</b>	<b>78,345</b>

During the first nine months of 2020, the Fund also recorded RON 392,342 representing expenses incurred by FTIML on its behalf (first nine months of 2019: RON 637,187). 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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

**18. 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>30 September 2020</b>	<b>31 December 2019</b>
FTIS	20,006,591	12,907,820
FTIML	55,820	144,334
	<b>20,062,412</b>	<b>13,052,155</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>30 September 2020</b>	<b>31 December 2019</b>
<b>Ownership interest</b>		
Zirom SA	100%	100%
Alcom SA	72%	72%
Comsig SA	70%	70%

On 8 January 2020, the registration with Romanian Trade Register of the share capital increase of Zirom SA performed in December 2019 was completed.

In June 2020, the Fund recorded and collected from Alcom SA a dividend of RON 275,360.

During the first nine months of 2019, the Fund recorded and collected from Alcom SA dividends in total amount of RON 1,602,858 and participated in the cash share capital increase of Zirom SA, subscribing 150,000 new shares, at the nominal value of RON 10 per share (in total of RON 1,500,000).

As at the reporting date of these condensed interim financial statements, Comsig SA is in administrative liquidation process.

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

	<b>30 September 2020</b>	<b>31 December 2019</b>
Zirom SA	31,705,400	31,705,400
Alcom SA	6,113,557	11,493,897
Comsig SA	-	-
	<b>37,818,957</b>	<b>43,199,297</b>

As at 30 September 2020, the Fund has no commitment to provide financial or other support to its subsidiaries, including commitments to assist the subsidiaries in obtaining financial support.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

(all amounts are in RON unless otherwise stated)

**18. Related parties (continued)**
**(c) Associates**

As at 30 September 2020 and 31 December 2019 the Fund had two associates, both incorporated in Romania:

	<b>30 September 2020</b>	<b>31 December 2019</b>
<b>Ownership interest</b>		
Societatea Nationala a Sarii SA	49%	49%
Plafar SA	49%	49%

The transactions carried out between the Fund and its associates were the following:

	<b>9 months ended 30 September 2020</b>	<b>9 months ended 30 September 2019</b>
<b>Gross dividend income</b>		
Societatea Nationala a Sarii SA	19,803,298	37,428,152
Plafar SA	100,097	89,964
<b>Dividends received</b>	<b>30 September 2020</b>	<b>31 December 2019</b>
Societatea Nationala a Sarii SA	19,803,298	37,428,152
Plafar SA	100,097	89,964

As at 30 September 2020, the balance due by Societatea Nationala a Sarii SA to the Fund amounted RON 7,090 (31 December 2019: RON 6,804) and comprised the outstanding dividend receivable of RON 6,378 (31 December 2019: RON 6,378) and the penalties for delay payment of dividends of RON 712 (31 December 2019: RON 426). The outstanding balance due by Societatea Nationala a Sarii SA to the Fund is fully impaired.

**19. Subsequent events**
**a) Third Tender Offer within the eleventh buy-back programme**

On 26 October 2020, the Fund submitted an application for endorsement of a new tender offer to accelerate the eleventh buy-back programme to the FSA for approval. Under this tender offer, the Fund intends to repurchase up to 165,000,000 shares from its shareholders, both in the form of shares and GDRs.

As such, the daily execution of the eleventh buy-back programme, with respect to the shares on the Bucharest Stock Exchange and GDRs on the London Stock Exchange was suspended starting with 19 October 2020.

Swiss Capital SA has been engaged as intermediary in relation to the purchase of shares. Auerbach Grayson and Swiss Capital SA have been engaged as dealer managers and The Bank of New York Mellon has been appointed as tender agent in relation to the purchase of the GDRs.

On 4 November 2020, the FSA approved the Fund's application for the third tender offer within the eleventh buy-back programme. The subscription period is from 12 November 2020 until 16 December 2020, and the purchase price is RON 1.39 per share and the USD equivalent of RON 69.50 per GDR.

**b) Resolutions adopted by shareholders during the 13 November 2020 GSM**

The main shareholders decisions at the 13 November 2020 GSM were the following:

- the approval of several amendments to the Constitutive Act;
- the approval of the twelfth buy-back programme to be carried in 2021;
- the approval of 2021 budget;
- the appointment of two new members in the Board of Nominees of Fondul Proprietatea following the termination of two of the mandates.

## Annex 2

## Statement of Assets and Obligations of Fondul Proprietatea SA as at 30 September 2020, prepared in accordance with CNVM Regulation 4/2010 (Annex no. 4)

Item	31 December 2019				30 September 2020				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>100.4202%</b>	<b>100.0000%</b>		<b>11,921,320,295.07</b>	<b>101.5606%</b>	<b>100.0000%</b>		<b>10,063,790,402.12</b>	<b>(1,857,529,892.95)</b>
1 <b>Securities and money market instruments, out of which:*</b>	26.8392%	26.7270%		3,186,190,739.37	19.7878%	19.4837%		1,960,796,638.06	(1,225,394,101.31)
1.1. securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	26.8392%	26.7270%	-	3,186,190,739.37	19.7878%	19.4837%	-	1,960,796,638.06	(1,225,394,101.31)
1.1.1 listed shares traded in the last 30 trading days	25.5857%	25.4788%	-	3,037,393,345.00	18.0181%	17.7412%	-	1,785,438,370.11	(1,251,954,974.89)
1.1.2 listed shares not traded in the last 30 trading days	0.0968%	0.0964%	-	11,493,896.77	0.0684%	0.0673%	-	6,774,150.50	(4,719,746.27)
1.1.3 Government bonds	1.1567%	1.1518%	-	137,303,497.60	1.7013%	1.6752%	-	168,584,117.45	31,280,619.85
1.1.4 allotment rights not admitted at trading on a regulated market	-	-	-	-	-	-	-	-	-
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:	70.4565%	70.1617%	-	8,364,189,591.93	71.6487%	70.5480%	-	7,099,792,078.97	(1,264,397,512.96)
- shares not admitted at trading on a regulated market	70.4565%	70.1617%	-	8,364,189,591.93	71.6487%	70.5480%	-	7,099,792,078.97	(1,264,397,512.96)
4 Bank deposits, out of which:	2.8502%	2.8383%		338,381,995.05	9.6458%	9.4975%		955,808,530.82	617,426,535.77
4.1. bank deposits made with credit institutions from Romania	2.8502%	2.8383%	-	338,381,995.05	9.6458%	9.4975%	-	955,808,530.82	617,426,535.77
- in RON	2.8502%	2.8383%	-	338,381,995.05	9.6458%	9.4975%	-	955,808,530.82	617,426,535.77
- in euro	-	-	-	-	-	-	-	-	-
4.2. bank deposits made with credit institutions from an EU state	-	-	-	-	-	-	-	-	-
4.3. bank deposits made with credit institutions from an non-EU state	-	-	-	-	-	-	-	-	-
5 Derivatives financial instruments traded on a regulated market	-	-	-	-	-	-	-	-	-
6 Current accounts and petty cash out of which:	0.2686%	0.2674%		31,883,167.06	0.3630%	0.3575%		35,974,168.74	4,091,001.68
- in RON	0.2686%	0.2674%	-	31,872,899.07	0.3611%	0.3556%	-	35,784,969.02	3,912,069.95
- in euro	0.0000%	0.0000%	EUR 817.05	3,904.93	0.0000%	0.0000%	EUR 440.37	2,144.51	(1,760.42)
- in USD	0.0000%	0.0000%	USD 658.17	2,804.33	0.0019%	0.0018%	USD 44,613.87	185,669.54	182,865.21
- in GBP	0.0000%	0.0000%	GBP 634.49	3,558.73	0.0000%	0.0000%	GBP 259.46	1,385.67	(2,173.06)
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	-	-	-	-	-	-	-	-	-
8 Participation titles of OCIU and/or of UCITS (A.O.P.C./ O.P.C.V.M.)	-	-	-	-	-	-	-	-	-
9 Other assets out of which:	0.0057%	0.0056%		674,801.66	0.1152%	0.1133%		11,418,985.53	10,744,183.87
- net dividend receivable from Romanian companies	0.0000%	0.0000%	-	-	0.1068%	0.1052%	-	10,586,396.71	10,586,396.71
- receivables related to the cash contributions to the share capital increases performed by portfolio companies	0.0003%	0.0003%	-	30,030.00	0.0019%	0.0018%	-	191,631.00	161,601.00
- tax on dividends to be recovered from the State Budget	0.0029%	0.0029%	-	348,524.00	0.0035%	0.0034%	-	348,524.00	-
- intangible assets	0.0014%	0.0014%	-	161,372.47	0.0003%	0.0003%	-	29,340.45	(132,032.02)
- advance payments for intangible assets	0.0000%	0.0000%	-	-	0.0002%	0.0002%	-	22,700.72	22,700.72
- other receivables out of which:	0.0003%	0.0002%	-	45,163.46	0.0000%	0.0000%	-	-	(45,163.46)
- in RON	0.0003%	0.0002%	-	45,163.46	0.0000%	0.0000%	-	-	(45,163.46)
- prepaid expenses	0.0008%	0.0008%	-	89,711.73	0.0024%	0.0024%	-	240,392.65	150,680.92
<b>II. Total liabilities</b>	<b>0.4202%</b>	<b>0.4184%</b>		<b>49,874,855.48</b>	<b>1.5606%</b>	<b>1.5362%</b>		<b>154,598,274.30</b>	<b>104,723,418.82</b>
1 Liabilities in relation with the payments of fees due to the investment management company (S.A.I.)	0.1087%	0.1083%	-	12,907,820.28	0.2020%	0.1988%	-	20,006,591.07	7,098,770.79
2 Liabilities related to the fees payable to the depositary bank	0.0005%	0.0005%	-	60,266.97	0.0005%	0.0004%	-	40,939.28	(19,327.69)
3 Liabilities related to the fees payable to intermediaries	0.0087%	0.0087%	-	1,035,658.41	0.0447%	0.0438%	-	4,411,654.17	3,375,995.76
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	0.0071%	0.0071%	-	840,591.36	0.0082%	0.0081%	-	812,869.29	(27,722.07)
8 Liabilities related to audit fees	0.0000%	0.0000%	-	767.12	0.0000%	0.0000%	-	767.12	-
9 Other Liabilities, out of which:	0.2952%	0.2938%	-	35,029,751.34	1.3052%	1.2851%	-	129,325,453.37	94,295,702.03

## Fondul Proprietatea SA

Item	31 December 2019				30 September 2020				Differences RON
	% of the net asset	% of the total asset	Currency	RON	% of the net asset	% of the total asset	Currency	RON	
- liabilities to the Fund's shareholders related to the dividend distribution	0.2212%	0.2203%	-	26,264,210.09	0.3685%	0.3628%	-	36,506,049.93	10,241,839.84
- liabilities related to the return of capital	0.0482%	0.0480%	-	5,724,736.70	0.0303%	0.0299%	-	3,006,944.60	(2,717,792.10)
- liabilities related to Government securities under settlement	-	-	-	-	0.7747%	0.7628%	-	76,761,044.89	76,761,044.89
- provisions	0.0072%	0.0072%	-	856,247.22	0.0086%	0.0085%	-	856,247.22	-
- liabilities related to buybacks under settlement	0.0000%	0.0000%	-	-	0.1122%	0.1104%	-	11,111,875.04	11,111,875.04
- remunerations and related contributions	0.0003%	0.0003%	-	34,857.00	0.0003%	0.0002%	-	24,846.00	(10,011.00)
- VAT payable to State Budget	0.0005%	0.0005%	-	60,896.06	0.0000%	0.0000%	-	888.38	(60,007.68)
- tax on dividends payable to State Budget	0.0094%	0.0093%	-	1,110,580.00	0.0046%	0.0046%	-	460,165.00	(650,415.00)
- other liabilities out of which:	0.0084%	0.0082%	-	978,224.27	0.0060%	0.0059%	-	597,392.31	(380,831.96)
- in RON	0.0084%	0.0082%	-	978,224.27	0.0060%	0.0059%	-	592,717.30	(385,506.97)
- in EUR	-	-	-	-	0.0000%	0.0000%	EUR 960.00	4,675.01	4,675.01
<b>III. Net Asset Value (I - II)</b>	<b>100.0000%</b>	<b>99.5816%</b>		<b>11,871,445,439.59</b>	<b>100.0000%</b>	<b>98.4638%</b>		<b>9,909,192,127.82</b>	<b>(1,962,253,311.77)</b>

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

## Unitary Net Asset Value

Item	30 September 2020	31 December 2019	Differences
<b>Net Asset Value</b>	<b>9,909,192,127.82</b>	<b>11,871,445,439.59</b>	<b>(1,962,253,311.77)</b>
Number of outstanding shares	6,239,607,020	6,846,345,904	(606,738,884)
Unitary net asset value	1.5881	1.7339	(0.1458)

## DETAILED STATEMENT OF INVESTMENTS AS AT 30 SEPTEMBER 2020

### 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	30/Sep/2020	72,884,714	0.5	1.9700	143,582,886.58	10.21%	1.4267%	1.4490%	Closing price
IOR SA	IORB	23/Sep/2020	2,622,273	0.1	0.2000	524,454.60	0.86%	0.0052%	0.0053%	Reference price - Average price
OMV Petrom SA	SNP	30/Sep/2020	3,963,548,078	0.1	0.3350	1,327,788,606.13	6.99%	13.1937%	13.3996%	Closing price
Romaero SA	RORX	30/Sep/2020	1,311,691	2.5	25.2000	33,054,613.20	18.87%	0.3285%	0.3336%	Reference price - Average price
Nuclearelectrica SA	SNN	30/Sep/2020	16,896,856	10	16.6000	280,487,809.60	5.60%	2.7871%	2.8306%	Closing price
<b>Total</b>						<b>1,785,438,370.11</b>		<b>17.7412%</b>	<b>18.0181%</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	68.5000	6,113,556.50	71.89%	0.0607%	0.0617%	Reference price calculated and published by Bucharest Stock Exchange according to the Multilateral Trading System Code
Mecon SA	MECP	12/Mar/2020	60,054	11.6	11.0000	660,594.00	12.51%	0.0066%	0.0067%	Fair value/share (Last trading price)
<b>Total</b>						<b>6,774,150.50</b>		<b>0.0673%</b>	<b>0.0684%</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	60.1839	1,393,798.94	20.00%	0.0138%	0.0141%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 30 September 2019)
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	356.0719	11,399,997.95	20.00%	0.1133%	0.1150%	Unlisted companies, in function	Fair value (Value based on valuation report as at 30 Sep 2019 updated using the multiples values as at 29 May 2020 derived from the analysis of publicly traded peers companies)
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	73.3404	14,899,835.66	20.00%	0.1481%	0.1504%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 30 September 2019)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	60.8884	1,677,718.97	20.00%	0.0167%	0.0169%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 30 September 2019)
CN Administratia Porturilor Dunarii Maritime SA	21,237	19/Jul/2005	1,351,671	199.8672	4,244,579.73	20.00%	0.0422%	0.0428%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 30 September 2019)
CN Administratia Porturilor Maritime SA	2,658,128	19/Jul/2005	52,691,564	87.8061	233,399,852.98	19.99%	2.3192%	2.3554%	Unlisted companies, in function	Fair value (Value based on valuation report as at 31 May 2020)
CN Aeroporturi Bucuresti SA ***	2,875,443	5/Feb/2010	131,168,263	255.8910	735,799,984.71	20.00%	7.3114%	7.4254%	Unlisted companies, in function	Fair value (Value based on valuation report as at 31 May 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 30 September 2019)
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	27.3950	252,599,542.38	24.12%	2.5100%	2.5491%	Unlisted companies, in function	Fair value (Value based on valuation report as at 31 May 2020)
E-Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	24.3887	164,699,988.46	24.09%	1.6366%	1.6621%	Unlisted companies, in function	Fair value (Value based on valuation report as at 31 May 2020)
E-Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	65.3176	212,699,971.37	12.00%	2.1135%	2.1465%	Unlisted companies, in function	Fair value (Value based on valuation report as at 31 May 2020)
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	92.7815	41,199,996.20	12.00%	0.4094%	0.4158%	Unlisted companies, in function	Fair value (Value based on valuation report as at 30 Sep 2019 updated using the multiples values as at 29 May 2020 derived from the analysis of publicly traded peers companies)
Enel Energie SA	1,680,000	19/Jul/2005	26,124,808	15.3571	25,799,928.00	12.00%	0.2564%	0.2604%	Unlisted companies, in function	Fair value (Value based on valuation report as at 30 Sep 2019 updated using the multiples values as at 29 May 2020 derived from the analysis of publicly traded peers companies)
Engie Romania SA	2,390,698	19/Jul/2005	62,610,812	178.3161	426,299,943.64	11.99%	4.2360%	4.3021%	Unlisted companies, in function	Fair value (Value based on valuation report as at 31 May 2020)
Gero vital Cosmetics SA	1,350,988	19/Jul/2005	340,996	0.0000	0.00	9.76%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Hidroelectrica SA	89,396,405	19/Jul/2005	3,019,591,996	52.6587	4,707,498,471.97	19.94%	46.7766%	47.5064%	Unlisted companies, in function	Fair value (Value based on valuation report as at 31 May 2020)
Plafar SA	132,784	28/Jun/2007	3,160,329	12.6129	1,674,791.31	48.99%	0.0166%	0.0169%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 30 September 2019)
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	0.7194	10,698,878.67	6.48%	0.1063%	0.1080%	Unlisted companies, in function	Fair value (Value based on valuation report as at 30 Sep 2019 updated using the multiples values as at 29 May 2020 derived from the analysis of publicly traded peers companies)
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	110.7242	222,099,901.19	48.99%	2.2069%	2.2414%	Unlisted companies, in function	Fair value (Value based on valuation report as at 31 May 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)



## Fondul Proprietatea SA

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
Zirom SA	6,542,083	28/Jun/2007	65,208,072	4.8463	31,704,896.84	100.00%	0.3150%	0.3200%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 30 September 2019)
<b>Total</b>	<b>173,337,716</b>		<b>4,602,787,659</b>		<b>7,099,792,078.97</b>		<b>70.5480%</b>	<b>71.6487%</b>		

### Legend:

\* = where the date of acquisition is shown as earlier than the Fund'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 the Fund on its future incorporation.

\*\* = The acquisition price includes the initial value of the Fund'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). The Fund 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 the Fund (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 Baneasa - 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.

## 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	182,575.34	-	102.1564%	10,398,215.34	0.1033%	0.1049%	Fair value (reference composite price published by Reuters, including the cumulated interest)
Ministry of Finance	RO1521DBN041	10,000	29/Sep/2020	22/Mar/2021	22/Mar/2021	50,000,000.00	4,452.05	859,246.58	-	100.2471%	50,982,796.58	0.5066%	0.5145%	
Ministry of Finance	RO1521DBN041	3,000	29/Sep/2020	22/Mar/2021	22/Mar/2021	15,000,000.00	1,335.62	257,773.97	-	100.2471%	15,294,838.97	0.1520%	0.1544%	
Ministry of Finance	RO1720DBN072	8,000	22/Apr/2020	26/Oct/2020	26/Oct/2020	40,000,000.00	2,513.66	857,158.47	-	99.9774%	40,848,118.47	0.4059%	0.4122%	
Ministry of Finance	RO1720DBN072	10,000	15/Jun/2020	26/Oct/2020	26/Oct/2020	50,000,000.00	3,142.08	1,071,448.09	-	99.9774%	51,060,148.09	0.5074%	0.5153%	
<b>Total</b>								<b>3,228,202.45</b>			<b>168,584,117.45</b>	<b>1.6752%</b>	<b>1.7013%</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
Unicredit Tiriac Bank	23/Sep/2020	7/Oct/2020	126,000,000.00	5,250.00	42,000.00	126,042,000.00	1.2524%	1.2720%	Bank deposit value cumulated with the daily related interest for the period from starting date
Banca Comerciala Romana	23/Sep/2020	7/Oct/2020	126,000,000.00	5,950.00	47,600.00	126,047,600.00	1.2525%	1.2720%	
CITI Bank	25/Sep/2020	16/Oct/2020	133,300,000.00	5,554.17	33,325.00	133,333,325.00	1.3249%	1.3456%	
ING BANK	29/Sep/2020	13/Oct/2020	103,600,000.00	5,036.11	10,072.22	103,610,072.22	1.0295%	1.0456%	
BRD Groupe Societe Generale	29/Sep/2020	13/Oct/2020	103,600,000.00	3,453.34	6,906.67	103,606,906.67	1.0295%	1.0456%	
Banca Comerciala Romana	29/Sep/2020	20/Oct/2020	103,600,000.00	5,180.00	10,360.00	103,610,360.00	1.0295%	1.0456%	
BRD Groupe Societe Generale	30/Sep/2020	1/Oct/2020	10,146,276.78	386.12	386.12	10,146,662.90	0.1008%	0.1024%	
ING BANK	30/Sep/2020	1/Oct/2020	124,700,000.00	5,715.42	5,715.42	124,705,715.42	1.2392%	1.2585%	
Raiffeisen Bank	30/Sep/2020	1/Oct/2020	124,700,000.00	5,888.61	5,888.61	124,705,888.61	1.2392%	1.2585%	
<b>Total</b>			<b>955,646,276.78</b>		<b>162,254.04</b>	<b>955,808,530.82</b>	<b>9.4975%</b>	<b>9.6458%</b>	

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

	31 December 2018	31 December 2019	30 September 2020
Net Asset	10,219,444,079.68	11,871,445,439.59	9,909,192,127.82
NAV/share	1.4095	1.7339	1.5881

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

BRD Groupe Societe Generale

Johan Meyer  
Permanent representative

Victor Strâmbei  
Manager Depositary Department



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