

Fondul Proprietatea SA

Quarterly Report

For the Quarter Ended 30 September 2022

(This is a translation from the official Romanian version)



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Annexes

- Annex 1 Condensed Interim Financial Statements for the nine-month period ended 30 September 2022, 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 2022, prepared in accordance with FSA Regulation 7/2020 (Annex no.11)

List of Abbreviations

ACDP	Annual Cash Distribution Policy
AIF	Alternative Investment Fund
AIF Law	Romanian Law no. 243/2019 on the regulation of alternative investment funds and amending and supplementing certain normative acts
AIF Regulation	Regulation no. 7/2020 on the authorisation and function of alternative investment funds, issued by the Financial Supervisory Authority
AIFM	Alternative Investment Fund Manager
AIFM Directive	Directive 2011/61/EU on Alternative Investment Fund Managers
AIFRI	Alternative investment fund for retail investors
ANAF	National Agency for Fiscal Administration
ANAR	National Administration for Romanian Water
ANRE	Romanian Energy Regulatory Authority
ASPAAS	Authority for the Public Supervision of the Statutory Audit Activity
ATS	Alternative Trading System
BoN	Board of Nominees of Fondul Proprietatea SA
BVB	Bucharest Stock Exchange
NBR	National Bank of Romania
CIIF	Certification of Registration of Financial Instruments
CRS	Common Reporting Standard
Depozitarul Central SA	Romanian Central Depository
DLOM	Discount of Lack of Marketability
EBITDA	Operating profit before depreciation and amortization
EGM	Extraordinary General Shareholders Meeting
ESG	Environmental, Social and Governance
EU	European Union
FATCA	The Foreign Account Tax Compliance Act
Fondul Proprietatea/ the Fund/ FP	Fondul Proprietatea SA
FSA	Romanian Financial Supervisory Authority
FT	Franklin Templeton
FTIS/ Alternative Investment Fund Manager/ Sole Director	Franklin Templeton International Services S.à r.l.
GDP	Gross Domestic Product
GDR	Global Depositary Receipt
GEO	Government Emergency Ordinance
GEO 1/2020	GEO 1/ 9 January 2020 regarding some fiscal-budgetary measures and the amendment and completion of some normative acts
GEO 74/2020	GEO 74/ 19 May 2020 for modifying Romanian Energy Law no. 123/2012
GO	Government Ordinance
GRI	Global Reporting Initiative
GSM	General Shareholders Meeting
H1/ H2	First/ second semester
IFRS	International Financial Reporting Standards as endorsed by the European Union
INS	National Institute of Statistic
IMF	International Monetary Fund
IPO	Initial Public Offering
IPS	Investment Policy Statement
LME	London Metal Exchange
LSE	London Stock Exchange
MA	Management Agreement signed between Fondul Proprietatea and FTIS Luxembourg, as Sole Director and Alternative Investment Fund Manager
NAV	Net Asset Value
OGM	Ordinary General Shareholders Meeting
PNRR	National Recovery and Resilience Plan

PRIIPs	Packaged retail and insurance-based investment products
Q1/ Q2/ Q3/ Q4	First/ second/ third/ fourth quarter
REGS	Main market (Regular) of Bucharest Stock Exchange
RRR	Regulatory Rate of Return
SAPE	The Company for the Administration of Participations in Energy SA
SME	Small and Medium Enterprise
TO	Tender Offer
Water Law	Romanian Water Law no. 107/1996
9M/ 9MO	9-month period

Overview

Company Information

Fondul Proprietatea was incorporated on 28 December 2005 as a joint stock company operating as a closed-end investment company. On 28 January 2022, FSA authorised Fondul Proprietatea as an AIF closed-end type addressed to retail investors, with BRD Groupe Société Générale as depositary. 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. The Fund Prospectus and the Fund Rules are published on the Fund's website and the link can be found [here](#).

During the period of nine months ended 30 September 2022, the Fund was managed by FTIS as its Sole Director and AIFM under the AIFM Directive and local implementation regulations, based on the Management Agreements in force between 1 April 2020 – 31 March 2022 and 1 April 2022 – 31 March 2024¹. The portfolio management and the administrative activities are performed by FTIS via its Bucharest Branch.

Since 25 January 2011, the Fund's shares have been listed on BVB. Since 29 April 2015, the Fund's GDRs issued by The Bank of New York Mellon as GDR 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	PJR09FIAIR/400018/28.01.2022
LEI code	549300PVO1VWBFH3DO07
CIIF registration no	AC-4522-9/27.10.2022

Source: Fondul Proprietatea

Shareholder Information

Shareholder Structure as at 30 September 2022²

Shareholder categories	% of subscribed and paid-up share capital	% of voting rights
Romanian institutional shareholders	36.03%	40.32%
Romanian private individuals	20.38%	22.81%
The Bank of New York Mellon ³ (GDRs) ⁴	14.20%	15.49%
Foreign institutional shareholders	10.29%	11.52%
Romanian State represented by Ministry of Finance	5.78%	6.46%
Foreign private individuals	3.04%	3.40%
Treasury shares ⁵	10.28%	-

Source: Depozitarul Central SA

As at 30 September 2022 the Fund had 15,539 shareholders and the total number of voting rights was 5,730,304,798. The Fund does not have unpaid shares at the reporting date.

¹ During the 15 December 2021 GSM, shareholders approved the new mandate of FTIS as AIFM and Sole Director of the Fund for the period 1 April 2022 – 31 March 2024.

² Information provided based on settlement date of transactions

³ The shares underlying the GDRs issued by the Bank of New York Mellon are held in the name of the Bank of New York Mellon and for the account of the GDRs holders.

⁴ Fondul Proprietatea held 458,051 GDRs (22,902,550 shares equivalent) as at 30 September 2022

⁵ 658,989,619 treasury shares out of which 464,617,865 treasury shares acquired in 2022, during the thirteenth buyback program and 194,371,754 treasury shares acquired during the twelfth buyback program in 2021. The GDRs held by the Fund and not converted are included under The Bank of New York Mellon's position for the paid-up shareholders structure, similar with the records provided by the Central Depositary. The GDRs held by the Fund are deducted from The Bank of New York Mellon's position for the voting rights shareholder structure.

Largest Shareholders

Shareholder	Latest ownership disclosure	% of voting rights
NN Private Pension Funds	11 April 2022	11.24%
Silver Point Capital Funds	7 July 2022	8.81%
Ministry of Finance	30 March 2022	5.97%
Allianz-Tiriac Private Pension Funds	1 July 2019	5.05%

Source: ownership disclosures submitted by shareholders

According to the disclosure received by the Fund on 7 July 2022, Silver Point Luxembourg Platform S.a.r.l., SPCP Luxembourg Strategies S.a.r.l., Silver Point Distressed Opportunities Fund, L.P., Silver Point Distressed Opportunities Offshore Master Fund, L.P., Silver Point Distressed Opportunity Institutional Partners, L.P. and Silver Point Distressed Opportunity Institutional Partners (Offshore), L.P. held together, as of 30 June 2022, a number of 517,244,351 voting rights, representing 8.81% of the total number of voting rights in Fondul Proprietatea.

Share Capital Information

Share capital information	30 September 2022	31 December 2021	30 September 2021
Issued share capital (RON)	3,334,342,422.84	3,334,342,422.84	3,749,282,292.08
Paid in share capital (RON)	3,334,342,422.84	3,145,160,000.84	3,560,099,870.08
Number of shares in issue	6,412,196,967	6,412,196,967	7,210,158,254
Number of paid shares	6,412,196,967	6,048,384,617	6,846,345,904
Nominal value per share (RON)	0.52	0.52	0.52

Source: Fondul Proprietatea

For more details regarding the share capital decrease following the cancellation of the shares acquired by the Fund during the twelfth buy-back programme, please see section *Subsequent events*.

Summary of Financial Results

The unaudited profit for the 9-month period ended 30 September 2022 is RON 3,510.2 million compared with RON 3,097.7 million for the same period in 2021. The main contributor to the profit recorded in the first nine months of 2022 was the net gain from equity instruments at fair value through profit or loss of RON 2,565.8 million (mainly generated by the valuation updates for Hidroelectrica), and the gross dividend income from portfolio companies of RON 934.9 million.

During Q3 2022 the Fund recorded an unrealised loss of RON 619.5 million, mainly as a result of the valuation updates of certain unlisted holdings in the portfolio recorded in September 2022.

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

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

NAV* and share price developments**	Notes	Q1 2022	Q2 2022	Q3 2022	Q3 2021
Total shareholders' equity at the end of the period (RON million)		14,535.9	16,327.3	15,433.3	12,264.3
Total shareholders' equity change in period (%)		+5.7%	+12.3%	-5.5%	+7.3%
Total NAV at the end of the period (RON million)	a	14,535.9	16,327.3	15,433.3	12,264.3
Total NAV change in period (%)		+9.7%	+12.3%	-5.5%	+7.3%
NAV per share at the end of the period (RON)	a	2.3466	2.7817	2.6935	2.0812
NAV per share at the end of the period (USD)	a	0.5272	0.5866	0.5337	0.4879
NAV per share (RON) change in the period (%)		+3.7%	+18.5%	-3.2%	+7.8%
NAV per share total return in the period (%)	g	+3.7%	+24.3%	-3.2%	+11.9%
Share price as at the end of the period (RON)	b	2.1100	2.0600	1.7500	1.8100
Share price low in the period (RON)	b	1.7600	1.9500	1.7500	1.7340
Share price high in the period (RON)	b	2.1100	2.1900	2.0650	1.8780
Share price change in the period (%)		+6.0%	-2.4%	-15.1%	-2.2%
Share price total return in the period (%)	h	+9.2%	+3.8%	-15.1%	+1.7%
Share price discount to NAV as at the end of the period (%)	d	-10.1%	-25.9%	-35.0%	-13.0%

NAV* and share price developments**	Notes	Q1 2022	Q2 2022	Q3 2022	Q3 2021
Average share price discount in the period (%)	d	-10.8%	-15.9%	-29.5%	-3.1%
Average daily share turnover in the period (RON million)	c, j	6.2	13.2	7.5	2.4
GDR price as at the end of the period (USD)	e	23.4000	21.8000	18.1000	20.8000
GDR price low in the period (USD)	e	19.5000	20.6000	18.1000	20.6000
GDR price high in the period (USD)	e	24.2000	23.6000	21.6000	22.6000
GDR price change in the period (%)		+3.5%	-6.8%	-17.0%	-8.0%
GDR price total return in the period (%)	i	+6.5%	-1.5%	-17.0%	-4.7%
GDR price discount to NAV as at the end of the period (%)	d	-11.2%	-25.7%	-32.2%	-14.7%
Average GDR price discount in the period (%)	d	-11.7%	-17.7%	-30.9%	-4.6%
Average daily GDR turnover in the period (USD million)	f, j	0.3	0.6	0.3	0.3

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 until 31 December 2021 NAV and in the last calendar day starting with the 31 January 2022 NAV.

** Period should be read as Q1 2022, Q2 2022, Q3 2022, and Q3 2021 respectively

Notes:

- a. Prepared based on local rules issued by the capital market regulator (NAV in USD calculated using the NBR FX rate at the reporting date)
- b. Source: BVB - REGS market - Closing prices
- c. Source: BVB
- d. Share Price/ GDR Price discount/ premium to NAV as at the end of the period (%) is calculated as the discount/ premium 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/ premium is calculated according to IPS, using the latest published NAV per share at the date of the calculation (NAV in USD is calculated using the NBR FX rate at the reporting date) and includes both the days with premium and with discount.
- e. Source: Bloomberg - Closing prices
- f. Source: 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 offer carried out by the Fund in June 2022: 325 million shares (264,555,900 in the form of shares and 60,444,100 shares in the form of GDRs, namely 1,208,882 GDRs).

Contact Details

Address: 76-80 Buzesti Street, 7th floor, District 1,
postal code 011017, Bucharest, Romania.

Web: www.fondulproprietatea.ro

E-mail: office@fondulproprietatea.ro
investor.relations@fondulproprietatea.ro

Telephone: +40 21 200 9600

Fax: +40 21 200 9631/32
+ 40 31 630 00 48

Analysis of the Fund's Activity

Regulated Stock Market Trading

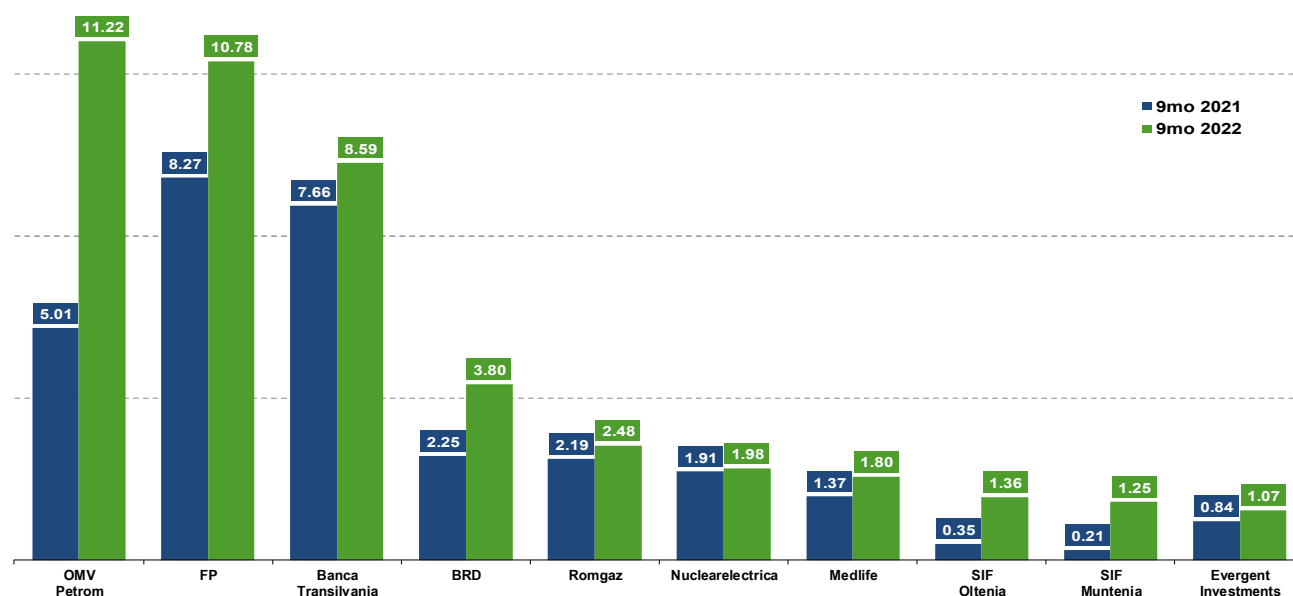
Local Stock Market Evolution

In the quarter ended 30 September 2022, BVB registered the slowest decline in both local and EUR terms compared to the largest markets in Central Europe, as shown in the table below:

% change in Q3 2022	in local currency	in EUR
BET-XT (Romania)	-17.49%	-17.47%
PX (Czech Republic)	-21.22%	-20.36%
BUX (Hungary)	-25.40%	-34.90%
ATX (Austria)	-30.28%	-30.28%
WIG20 (Poland)	-39.22%	-42.55%

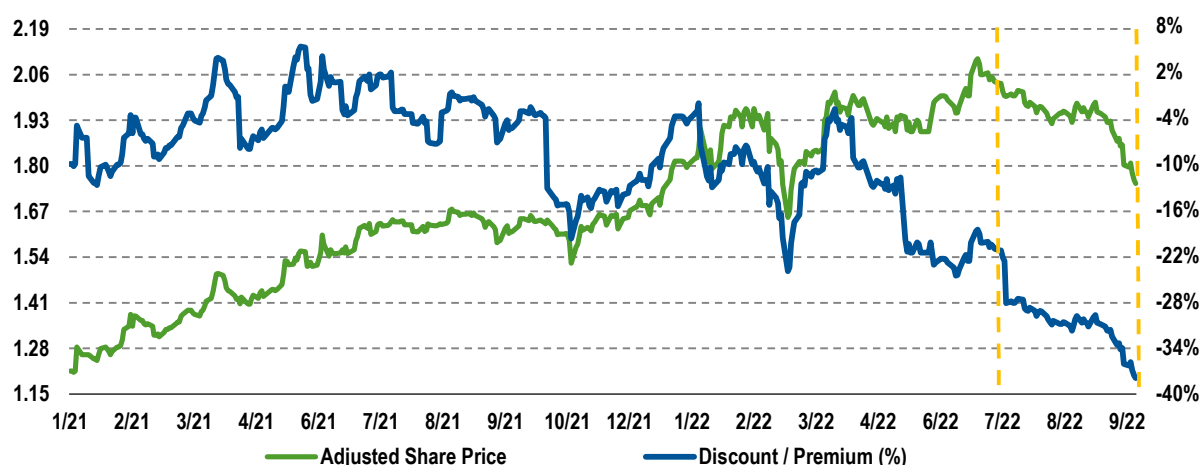
Source: Bloomberg

Average Daily Turnover (RON million)



Source: BVB, Bloomberg

Fund's Adjusted Share Price (RON per share) and Discount / Premium (%) History



Source: Bloomberg for Adjusted Share Price, Fondul Proprietatea for Discount / Premium (%).

Note: The discount/ premium is calculated in accordance with the IPS i.e., the discount/ premium 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 the calculation.

As at the end of the first nine months of the year, on 30 September 2022, the share price was RON 1.7500, implying a discount of 37.92%, based on the latest NAV available at the date of the calculation.

Performance Objectives

According to the Management Agreement in force starting with 1 April 2022, the First Reporting Period of the mandate is from 1 January 2022 until 31 December 2022 and the Second Reporting Period is from 1 January 2023 until 31 December 2023.

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 NAV¹ 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.

NAV Objective – First reporting period (interim monitoring)

The Adjusted NAV per share as at 30 September 2022 was 25.5% higher than the 31 December 2021 NAV per share of RON 2.2624.

NAV Objective	Amount RON	Details
Total NAV as 30 September 2022	15,433,328,042	
Dividend distribution	774,290,893	Gross dividend distribution approved on 20 April 2022 of RON 0.1250 per share with Ex-Date on 2 June 2022, Registration Date on 3 June 2022 and Payment Date on 27 June 2022
Costs related to buy-backs after 31 December 2021	9,097,077	Fees related to thirteenth buy-back programme after 31 December 2021, excluding the distribution fees for buy-backs.
Distribution fees for buy-backs performed after 31 December 2021	25,163,672	Distribution fees for buy-backs, after 31 December 2021
Distribution fees for cash distributions (return of capital/ dividend) after 31 December 2021	19,321,869	Distribution fee for dividend distributions
Costs related to the returns of capital and dividends after 31 December 2021	81,545	Fees charged by the Central Depository and Paying Agent for the payments performed for dividends.
Total Adjusted NAV as at 30 September 2022	16,261,283,098	
Number of Fund's paid shares, less treasury shares and GDRs held as at 30 September 2022	5,729,642,231	
Adjusted NAV per share as at 30 September 2022	2.8381	
NAV per share as at 31 December 2021	2.2624	
Difference	0.5757	
%	+25.5%	

Source: Fondul Proprietatea

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. For 2022, the Sole Director proposed, and shareholders approved during the 20 April 2022 GSM, a dividend distribution of RON 0.1250 per share with payment date on 27 June 2022. Also, on 18 February 2022 the Fund started the payment of the special dividend distribution of RON 0.06 per share, approved by shareholders during 15 December 2021 GSM. The remaining cash balance was distributed to shareholders through a combination of daily share buybacks and a Tender offer finalised on 29 June 2022. Following the above, the total distributions to the Fund's shareholders during the first nine months of 2022 amount to RON 2,150.7 million².

¹ 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.

² Out of which: RON 339.4 million for February 2022 distribution, RON 774.3 million for June 2022 distribution and RON 1,037.0 million for 13th buy-back programme.

Discount Objective – First reporting period (interim monitoring)

In the period between 1 January 2022 and 30 September 2022, the discount to NAV was below 15% in 81 trading days (42.9% of the period) while in the remaining 108 days was above 15% (57.1% of the period).

(Discount)/Premium (%) Evolution¹

	Discount at the Start of the Reporting Period – 3 January 2022	Discount at the End of the Reporting Period – 30 September 2022	Average Discount for the Reporting Period 3 January – 30 September 2022	Discount Range for the Reporting Period 3 January – 30 September 2022
Share price	(3.8)%	(37.9)%	(18.9)%	(2.1)% - (37.9)%
GDR	(4.2)%	(37.5)%	(20.2)%	(1.7)% - (37.5)%

Source: Fondul Proprietatea

The AIFM will continue its efforts to minimize the discount to NAV, through close collaboration with underlying portfolio assets to improve governance, efficiency, and profitability, as well as ongoing implementation of the Discount Control Mechanism, transparent communication and disclosure, supported by proactive investor relations.

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

Starting with 1 April 2022, the Fund is managed under the Management Agreement approved during the 15 December 2021 GSM, with a duration of 2 years (1 April 2022 – 31 March 2024), under the following key commercial terms:

Base Fee per year	• 0.45%
Consideration for the Base Fee	• Weighted average market capitalisation of the Fund
Distribution Fee for all distributions	• 2.50% applied to the value of the distributions during 1 April 2022 – 31 March 2023 and • 1.75% applied to the value of the distributions during 1 April 2023 – 31 March 2024
Consideration for the Distribution Fee	• Share buy-backs and GDR buy-backs • Public tender buy-backs • Return of share capital and dividends
Duration	• 2 years

The mandate continuation vote took place in April 2022, and there will not be a mandate continuation vote in April 2023 as there will be a negotiation for a new mandate during the same year.

The new Management Agreement in force starting 1 April 2022 can be consulted on the Fund's website, www.fondulproprietatea.ro, in the *Fund Management / Management Agreement* section.

GDR Facility

The GDR facility is limited to one-third of the Fund's subscribed share capital under the Romanian securities regulations, or 42,747,979 GDRs as at 30 September 2022, each GDR representing 50 shares. As at 30 September 2022, 910,444,300 of the Fund's issued shares were held by The Bank of New York Mellon, the GDR depository bank, accounting for 18,208,886 GDRs, representing 42.6% of the GDR facility.

For more details regarding the new GDR facility limit starting 19 October 2022, following the completion of the share capital decrease process, please see section *Subsequent events*.

Dividend Distributions

The table below presents information regarding the Fund's active distributions to shareholders.

*As an **important notice** to shareholders, all dividend payments presented in the table below are subject to the general statute of limitation. As such, shareholders may request the payment only within a three-year term starting with the Payment Date, namely by the date mention in the last column of the table.*

¹ 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.

Distribution	Date of GSM approval	Value (RON per share)	Ex-date	Registration date	Payment date	General statute of limitation	Last payment date
2020 Annual Dividend Distribution	28 Apr 2020	0.0642	9 Jun 2020	10 Jun 2020	1 Jul 2020	3 years	1 Jul 2023
2021 First Special Dividend Distribution	28 Apr 2021	0.0720	27 May 2021	28 May 2021	22 Jun 2021	3 years	22 Jun 2024
2021 Second Special Dividend Distribution	16 Jul 2021	0.0700	5 Aug 2021	6 Aug 2021	27 Aug 2021	3 years	27 Aug 2024
2021 Third Special Dividend Distribution	15 Dec 2021	0.0600	27 Jan 2022	28 Jan 2022	18 Feb 2022	3 years	18 Feb 2025
2022 Annual Dividend Distribution	20 Apr 2022	0.1250	2 Jun 2022	3 Jun 2022	27 Jun 2022	3 years	27 Jun 2025

Source: Fondul Proprietatea

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).

GSM during the reporting period

On 20 September 2022, the Fund Manager convened an EGM and OGM for 15 November 2022, whereby the Fund's shareholders are asked to approve:

- the buy-back programme for 2023 (the fourteenth buy-back programme);
- the 2023 budget;
- the sale of the shares held by FP in Hidroelectrica within a secondary public offer, as proposed by the Fund Manager;
- the sale of the shares held by FP in Hidroelectrica (as per the request sent by the Ministry of Finance for amending the Convening Notice);
- the amendment of the Management Agreement in force starting 1 April 2022 between the Fund and FTIS, as requested by the FSA;
- the increase of the gross monthly remuneration for the Board of Nominees members and an additional fee for the chairs of the Board of Nominees and of the Consultative Committees and the increase in the notice period in case of withdrawal from the Board position;
- the additional annual fees of Ernst & Young Assurance Services, the financial auditor of the Fund.

The supporting documentation for the points included on the GSM agenda are published on the Fund website in *Investor Relations – GSM Information* section.

Investor Relations

In the third quarter of the year, in our efforts to increase the visibility and the profile of the Fund, as well as the local capital market, and Romania, to a broader international institutional investor base, the Fund's management team organised two road-shows in the United States and the United Kingdom, and met with 15 investment professionals interested in finding out more details about Fondul Proprietatea and its equity story, and in receiving updates on the Fund, its corporate actions, and the main portfolio holdings, as well as on the Romanian macroeconomic environment.

Between 14 and 16 September, we organised the 25th edition of our investor days conferences. The event took place in Bucharest, and 76 investors from 45 investment houses participated to the event. Also, representatives of the Romanian Government, UK Embassy in Romania, the National Bank of Romania, Ministry of Finance, WOOD & Company, Ministry of Energy, OMV Petrom, Hidroelectrica, Enel Romania, European Bank for

Reconstruction and Development, Bucharest Stock Exchange, London Stock Exchange, and other related parties joined the event, bringing the total number of attendees to over 190.

During the first day of the event, we organised a group site visit to the Hidroelectrica Iron Gates power plant on the Danube, the third largest in Europe.

The first half of the second day of the event was dedicated to speeches from representatives of the Romanian Government, and the UK Embassy in Romania, and to 3 panels on Romanian macroeconomics, Romanian energy sector, and Romanian capital market. In the second part of the day, and the entire day on 16 September, we organised together with WOOD & Company, the Frontier Investor Days conference. 156 investor meetings – individual and group meetings - were organised between the institutional investors and the 76 representatives of the 27 corporates present at the event, Romanian listed and unlisted companies, as well as foreign corporates from other Frontier markets (Georgia, Slovenia, Croatia, Estonia, Moldova, Serbia, Turkey, Ukraine).

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

Furthermore, during the third quarter of the year, 12 conference calls and 3 meetings were organized with institutional investors and financial analysts covering Fondul Proprietatea, interested in the latest developments regarding the Fund's corporate actions, and its portfolio companies.

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

Buy-back Programmes

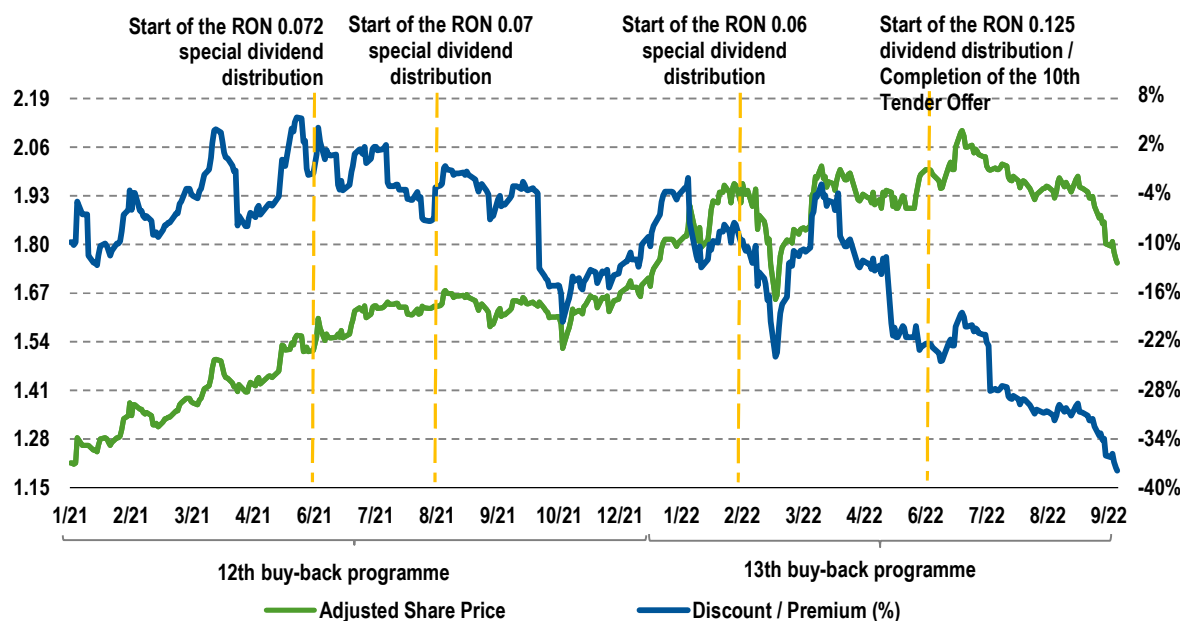
Overview of share buy-back programmes since listing

Programme	Period	No. of shares repurchased (mn shares)	Tender offer	Cancellation of shares
First	May – Sep 2011	240.3	N/A	Completed
Second	Apr – Dec 2013	1,100.9	Oct – Nov 2013	Completed
Third	Mar – Jul 2014	252.9	N/A	Completed
Fourth	Oct 2014 – Feb 2015	990.8	Nov – Dec 2014	Completed
Fifth	Feb – Jul 2015	227.5	N/A	Completed
Sixth	Sep 2015 – Sep 2016	891.7	Aug – Sep 2016	Completed
Seventh	Sep 2016 – May 2017	830.2	Feb – Mar 2017	Completed
Eight	May – Nov 2017	141.9	N/A	Completed
Ninth	Nov 2017 – Dec 2018	1,488.0	Jan – Feb 2018	Completed
Tenth	Jan – Dec 2019	403.8	Jul – Aug 2019	Completed
Eleventh	Jan – Dec 2020	798.0	Jan – Mar 2020/ Jul – Sep 2020 / Oct – Dec 2020	Completed
Twelfth	Jan - Dec 2021	194.4	N/A	Completed - cancellation of shares was finalised on 19 October 2022. For more details, please see section <i>Subsequent events</i> .
Thirteenth	Jan – Dec 2022	488.2	May – Jun 2022	The programme was approved during the 15 December 2021 GSM and started on 31 January 2022.
TOTAL		8,048.6		

Source: Fondul Proprietatea

Discount / Premium (%) evolution versus buy-back programmes and cash distributions

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



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

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

During the quarter ended 30 September 2022, the Fund bought back a total number of 139,684,758 own shares within the thirteenth buy-back programme (out of which 116,782,208 ordinary shares and 22,902,550 ordinary shares corresponding to GDRs), representing 2.2% of the total issued shares as at 30 September 2022, for a total acquisition value of RON 278,295,441, excluding transaction costs.

The table below shows a summary of the buy-back programmes during the first nine months of 2022*:

Programme	Description	No of shares*	Equivalent shares of GDRs*	Total no of shares	% of issued share capital***
12th	Opening balance as at 1 January 2022	193,776,054	595,700	194,371,754	
	Acquisitions	-	-	-	
	Conversions	595,700	(595,700)	-	
	Closing balance as at 30 September 2022	194,371,754	-	194,371,754	3.0%
	Weighted average price (RON per share; USD per GDR)**	1.7017	20.1058	1.6878	
13th	Opening balance as at 1 January 2022	-	-	-	
	Acquisitions	404,017,032	84,165,950	488,182,982	
	Conversions	61,263,400	(61,263,400)	-	
	Closing balance as at 30 September 2022	465,280,432	22,902,550	488,182,982	7.6%
	Weighted average price (RON per share; USD per GDR)**	2.1233	22.5706	2.1241	
All	Total balance of treasury shares as at 30 September 2022	659,652,186	22,902,550	682,554,736	10.6%

Source: Fondul Proprietatea

* Based on the transaction date.

** Weighted average price is calculated based on the 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 reporting date.

The twelfth buy-back programme (implemented during 2021)

The twelfth buy-back programme has been finalized on 31 December 2021. During the 20 April 2022 EGM, the Fund's Sole Director proposed, and the shareholders approved the cancellation of the 194,371,754 treasury shares repurchased through the twelfth buy-back programme. All the related legal and regulatory steps for the cancellation of shares were finalised on 19 October 2022 – for more details please see section *Subsequent events*.

The thirteenth buy-back programme (ongoing during 2022)

During the 15 December 2021 GSM the shareholders approved the thirteenth buy-back programme for a maximum number of 800,000,000 shares and/ or equivalent GDRs corresponding to shares, starting with 1 January 2022 until 31 December 2022, at a price that cannot be lower than RON 0.2 per share or higher than RON 2.5 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 trading 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.

The thirteenth buy-back programme started on 31 January 2022.

Tender Offer within the thirteenth buy-back programme

On 29 March 2022 the Fund submitted to the FSA an application for the endorsement of a tender offer to accelerate the thirteenth buy-back programme.

The daily execution of buy-backs for both shares on BVB and GDRs on LSE was suspended starting with 14 March 2022.

The Fund selected Swiss Capital S.A. together with Auerbach Grayson as agents and Swiss Capital S.A. as intermediary in relation to the purchase of shares, and The Bank of New York Mellon as tender agent in relation to the GDR purchases.

On 11 May 2022, the FSA approved the Fund's application for the public tender offer. The purchase price was RON 2.19 per share and the USD equivalent of RON 109.50 per GDR, and the subscription period was from 18 May to 24 June 2022.

On 24 June 2022, the Investment Manager announced the results of the tender offer: total subscriptions of 1,358,016,097 shares representing 417.8511% of the Offer (1,105,449,747 were subscribed in the form of shares and 252,566,350 shares in the form of GDRs, namely 5,051,327 GDRs).

Under the tender offer, the Fund repurchased 325,000,000 shares (264,555,900 in the form of shares and 60,444,100 shares in the form of GDRs, namely 1,208,882 GDRs) at a purchase price of RON 2.19 per share and the USD equivalent of RON 109.50 per GDR, computed in accordance with the terms and conditions of the Tender Offer Documentation. The shares' Trade Date was 27 June 2022, and the settlement/ payment date was 29 June 2022 for both shares and GDRs.

The daily execution of the thirteenth buy-back programme was resumed on 4 July 2022 on both BVB and LSE.

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 cancelation 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 GSM. As at 30 September 2022, 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

During the 20 April 2022 Annual GSM, the shareholders approved the coverage of the negative reserves related to the eleventh buy-back programme using the other reserves set up for this purpose as per the decision taken in the 2021 Annual GSM, in amount of RON 671,941,938.

The table below shows the movement of the negative reserves during the first nine months of 2022:

Opening balance of the negative reserve as at 1 January 2022 (audited)	671,941,938
Coverage of negative reserves according with GSM Resolution no. 5/ 20 April 2022	(671,941,938)
Closing balance of the negative equity reserve at 30 September 2022	-

The table below shows additional details on the estimated negative reserve that will arise upon the cancellation of the treasury shares in balance, as at 30 September 2022:

Negative reserve that would arise on cancelation of the treasury shares in balance as at 30 September 2022		Buy-back programme 12	Buy-back programme 13
Number of shares to be cancelled	(1)	194,371,754	488,182,982
Total costs (including transaction costs and other costs), representing the accounting value of the shares to be cancelled in the future (RON)	(2)	331,650,005	1,071,222,208
Correspondent nominal value (NV = RON 0.52 per share) (RON)	(3)=(1)*NV	101,073,312	253,855,151
Estimated negative reserve to be booked on cancelation (RON)	(4)=(3)-(2)	(230,576,693)	(817,367,058)

Source: Fondul Proprietatea

During the 20 April 2022 Annual GSM (Resolution 6/ 20 April 2022), the Fund's Sole Director proposed, and shareholders approved the cancellation of the 194,371,754 treasury shares repurchased within the twelfth buy-back programme, and also the allocation of RON 230,576,693 from the 2021 accounting profit to other reserves in order to be available for covering the related negative reserve.

The related negative reserve in amount of RON 230,576,693 (please see table above) would be recorded after the completion of all legal and regulatory steps related to the cancellation of shares, on 19 October 2022. The coverage of this negative reserve will be subject to shareholders' approval during the next Annual GSM.

Outlook for 2022

Despite the economic recovery experienced in 2021, the outlook for 2022 has changed markedly as several risks have begun to materialize since the beginning of the year. Global economic risks have been continuously reassessed following the start of the war on Ukraine, with forecasts being adjusted downwards from previous levels, while inflationary pressure has intensified. At the same time, the uncertainty and restrictions associated with the COVID-19 pandemic is decreasing, however supply chain disruptions and trade blockages continue to pose a challenge. These are also enhanced by the sanctions imposed on Russia and the reduction of transport capacity in Ukraine, considering that these countries have an important role in the production and global export of grains and raw materials, including natural gas and oil in the case of Russia.

According to IMF¹, global economic activity is experiencing a significant slowdown, with the highest inflation recorded in several decades. **Global growth** is expected to slow from 6.0% in 2021 to 3.2% in 2022 and to 2.7% in 2023, the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.

For Romania, according to October 2022 World Economic Outlook published by IMF, the **real GDP growth** for 2021 was 5.9% and this is expected to decrease to 4.8% in 2022 and further to 3.1% to 2023¹.

IMF projections from October 2022¹ forecast **global inflation** to reach 8.8% in 2022, up from the previous estimate of 6.6% in July. However, this is expected to decline to 6.5% in 2023 and to 4.1% by 2024. According to Eurostat, **EU annual inflation** rate was 10.9% in September 2022, up from 10.1% in August².

For **Romania**, according with National Statistics Institute the **annual inflation rate** in September 2022 is 15.9%³.

According to the monthly BVB report⁴ for September 2022, the **Romania capital market** followed the trend of international stock markets and presented sharp declines in September, in the context of rising interest rates and increasing fears regarding the possibility of a recession in developed markets. The **BET-TR index**, which also includes dividends, decreased 10.5% in the first 9 months of 2022.

¹ World Economic Outlook, October 2022, link [here](#)

² Eurostat – Euro indicators 19 October 2022, link [here](#)

³ National Statistics Institute, press release, 12 October 2022, link [here](#)

⁴ BVB – Monthly report – September 2022, link [here](#)

On 5 August 2022, the Board of the National Bank of Romania¹ raised its key **monetary policy rate** by 0.75% to 5.5%, the seventh consecutive rate hike. This was further increased to 6.25% on 6 October 2022, pushing the borrowing costs to the highest since November 2011.

Regulatory Updates

Romanian State prohibited from selling shares in Romanian companies for two years

In August 2020, the Romanian Parliament enacted Law 173/2020 regarding certain measures for protecting national interest within the economic activity. The law entered into force on 16 August 2020, banning the sale of shareholdings owned by the Romanian state in national companies, banks, or other companies in which the state is a shareholder, irrespective of the ownership percentage, for the next two years. Ownership transfers that commenced before the entry into force of the law are suspended for a two-year term. On 5 October 2020, GEO no. 166/2020 entered into force, setting exceptions from Law 173/2020 by limiting the prohibition only with respect to shares held by the Romanian State. On 3 February 2021, the Government proposed for Parliament's approval a new draft law that repeals the requirements of Law 173/2020, which was adopted by the Senate on 22 March 2021. The draft law is still in Parliament for other legislative procedure. On 16 August 2022, the 2-year prohibition period provided by Law 173/2020 ended. Also, a new draft law was registered with the Senate on 30 June 2022 for amending the deadlines stipulated in Law 173/2020 (extending the prohibition until 13 August 2024) and for repealing the GEO no. 166/ 2020. The draft law is still in Parliament for legislative procedure.

Changes in Romanian Water Law

During 2020, the Parliament approved several changes to the Water Law which entered into force on 16 July 2020. According to these changes, all owners of water installations that collect underground or surface waters are required to install water metering devices within 6 months calculated from 16 July 2020. Failure to comply with this requirement, even for well justified technical reasons, could lead to the obligation to pay the water contribution to ANAR at the level of the maximum authorised flow.

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

The Romanian Government changed the Water Law starting with 31 December 2020, via GEO no. 225/2020, according to which by way of exception, in case of the non-existence/proven technical impossibility of mounting water metering devices, indirect metering methods are applied, by reporting the maximum authorized flow to the actual time of use for electricity production, the user having the obligation to communicate the data generated by compliant devices measuring the time of use.

Following the latest changes approved in December 2020, further amendments to Romanian Water Law are currently debated in Parliament, with a potential impact on the activity of Hidroelectrica. On 8 February 2021, the Senate, as first chamber discussing the amendments, approved a change that would allow Hidroelectrica to continue to use indirect methods for determining the water volumes, as before July 2020 (i.e. cancelling the effects of the changes in legislation adopted after July 2020). The law then moved to the Chamber of Deputies which was the decisional body. Here, it suffered unexpected changes brought by the Agricultural Commission, which included a flat-water contribution for hydropower producers of RON 33/ MWh. This would push Hidroelectrica's production costs, in an average hydrological year, to around RON 528 million from around RON 350 million based on the calculation system used until 2020, leading to an over 10% increase in Hidroelectrica's overall average production cost. The law is currently reassessed by the same Agricultural Committee in the Chamber of Deputies.

The entire legislative process involves several mandatory steps, and the final wording of the law cannot be predicted. The changes in legislation are estimated to be effective after the date of publication of this report. The Fund is monitoring the legislative process in Parliament, as well as Hidroelectrica's ongoing discussions with ANAR, in order to be able to assess any potential impact on the company.

Windfall Tax

Please see details regarding the windfall tax in section *Energy Sector update*.

¹ National Bank of Romania [website](#)

New legal provisions regarding the composition of the audit committees

The provisions in the FSA Regulation no. 20/2021 require that at least one member of the audit committee should have theoretical knowledge and practical and professional experience on the application of accounting principles **and** in financial audit (previously “... regarding the application of accounting principles **or** in financial audit”). In addition, the ASPAAS Order no. 123/28 April 2022 on the composition of the audit committee, published in the Official Gazette on 4 May 2022, provided in its initial form that: (i) at least one member of the audit committee must be a certified financial auditor and (ii) the qualification of financial auditor is proved by a document issued by the competent authority from Romania or from another Member State. On 13 September 2022, a new ASPAAS Order entered into force, Order no. 392/2022, providing that any person who has at least 3 years of experience in statutory audit acquired by participating in statutory audit missions in Romania, in another Member State, in an European Free Trade Association state, in Switzerland or in the United Kingdom of Great Britain and Northern Ireland or within audit committees formed at the level of administrative/ supervisory boards of some public interest companies, proven with documents, is also competent to be part of the audit committee.

Government Ordinance no. 16/2022

Amendments enacted to the Romanian Fiscal Code

GO no. 16/2022, published in the Official Gazette no. 716/15 July 2022, entails important amendments to the Romanian Fiscal Code. The ordinance includes among others, amendments on the dividend withholding tax regime, which will be impacting the Fund's distributions. The ordinance did not introduce the broadly discussed solidarity tax (the solidarity tax was thought as an additional tax obligation of 1% of the turnover, applicable to Romanian corporate entities with a turnover of over EUR 100 million).

Also, the draft law approving the GO 16/2022 was adopted by the Senate on 12 October 2022 and is still in Parliament for legislative procedure.

Amendments of the dividend withholding tax regime introduced by the GO 16/2022

The GO 16/2022 will apply to dividends distributed after 1 January 2023 and will:

- increase the standard dividend withholding tax rate from 5% to 8%;
- withdraw the dividend withholding tax exemption for: (i) Romanian government agencies, (ii) Romanian pension funds, (iii) Romanian investment funds without legal personality and (iv) pension funds with seat in the EU or in the Economic European Area.

Shareholders will still be eligible to reduced withholding tax rates or withholding tax exemptions based on the provisions of Double Taxation Treaties conducted by Romania. Moreover, the current exception for shareholders holding over 10% of the share capital of the paying entity, for an uninterrupted period of 1 year, will remain in place.

Amendments enacted to the Romanian Fiscal Procedure Code in terms of FATCA / CRS reporting GEO 102/2022

GEO 102/2022, published in the Romanian Official Gazette no. 654/30 June 2022, entails amendments to the FATCA and CRS reporting. The GEO 102/2022 mentions that specific guidelines and administrative tax procedures will be published by ANAF within 150 days, respectively 90 days from the date of publication of this ordinance.

The most important provisions introduced by the GEO 102/2022 are summarized below:

- details regarding new specific administrative tax procedures which will be applicable going forward in the communication between ANAF and the financial reporting entities;
- obligations of the financial reporting entity for keeping all the records/ documents obtained during the tax diligence procedures and the supporting documents on the efforts performed for complying with the FATCA/ CRS regulations for a period of ten years from the annual reporting deadline;
- details regarding the data related to a reportable account which will be exchanged between the Romanian tax authorities and the foreign tax authorities;
- administrative sanctions and fines for the financial reporting entities for non-complying with the FATCA/ CRS obligations in Romania.

Fees, charges and expenses which are directly or indirectly borne by investors

According to article 22 of Law 74/2015 the AIFM shall make available to investors the information on all fees, charges and expenses and the maximum amounts thereof which are directly or indirectly borne by investors. Please find below the classification of such categories, as recommended in the communications received from FSA.

Fees and costs directly borne by investors

The brokerage fees and other costs incurred by investors in acquiring the Fund's shares vary depending on the specific contractual agreements concluded between the investors and the intermediaries.

Fees and costs indirectly borne by investors

Pursuant to the Management Agreement and to the shareholders' approval, the Fund bears, pays or will reimburse the AIFM the following expenses incurred by the AIFM:

- (i) expenses related to the payment of fees owed to the depositary;
- (ii) expenses related to intermediaries and advisors including related to the financial advisory services in connection with the trading, issue, purchase, sale or transfer of listed and unlisted securities or financial instruments from the Fund's portfolio, including fees and commissions due to relevant market operators;
- (iii) expenses related to taxes and fees owed to the FSA or other public authorities, according to applicable legislation, as well as expenses or charges imposed to the Fund by any tax authority related to the expenses in this clause or otherwise applicable to the running of the business of the Fund, including the notary fees, stamp duty tax and other similar tax;
- (iv) expenses related to the financial audit performed on the Fund and any other audits or valuations required by the legislation in force applicable to the Fund (for clarity, these expenses relate to the fair value measurement of the Fund's portfolio for the purpose of IFRS accounting and financial statements preparation and NAV calculation);
- (v) expenses related to the admission to trading of the financial instruments issued by the Fund, and any subsequent issues or offerings; expenses with intermediaries and professional advisors in relation to arranging and maintaining the listing;
- (vi) expenses related to investor relations and public relations in the interest of the Fund;
- (vii) expenses related to ongoing reporting and disclosure obligations according to legislation in force;
- (viii) expenses related to the organising of any GSM and communications with the shareholders and to the payment of fees for registrar services and services related to distributions to shareholders;
- (ix) expenses related to the payment of taxes and fees owed to the BVB, LSE and any other exchange on which the financial instruments of the Fund or GDRs or depositary interests corresponding to shares of the Fund shall be admitted to trading, as well as membership fees;
- (x) expenses related to the registration with the Trade Registry or documents issued by the Trade Registry;
- (xi) expenses related to the payment of fees owed to the banks for banking services performed for the Fund, including credit facility costs;
- (xii) expenses related to appointing legal advisers and other advisors to act in the interest of the Fund;
- (xiii) expenses related to contracts with external service providers existing as of execution of the Management Agreement until the expiry or termination of the agreement, including expenses with lease for the headquarter of the Fund;
- (xiv) expenses related to remuneration, transport and accommodation of the members of the Board of Nominees (in relation to their services and attendance at meetings, in accordance with the Constitutive Act, the mandate agreements and any applicable internal regulations) and for independent persons (not employees of the AIFM) acting as representatives of the Fund on the corporate bodies of companies in the portfolio, where appropriate; and
- (xv) expenses relating to printing costs for the Fund's documentation;

The Fund does not incur any expenses related to distribution or advertising within the meaning of art. 49 of the FSA Regulation 7/2020.

All costs and expenses incurred by the AIFM in the performance of its functions shall not be for the account of the Fund but shall be borne by the AIFM.

The AIFM shall be liable for the following out of pocket expenses incurred by it when performing its duties, including, but not limited to:

- (i) expenses in connection with mailing and telephone, except for letters to the shareholders of the Fund;
- (ii) expenses in connection with business travel and accommodation, except for expenses related to investors relations activities, shareholders meetings and meetings of the Board of Nominees;
- (iii) expenses incurred with salaries, bonuses and other remunerations granted to the employees and collaborators of the AIFM or any associated company who acts as a delegate in accordance with the provisions of the Management Agreement;
- (iv) other expenses incurred for the functioning of the AIFM or any associated company who acts as a delegate in accordance with the provisions of the Management Agreement.

In performing its obligations under the Management Agreement, the AIFM shall not use Soft Dollar Practices (i.e., arrangements under which assets or services, other than execution of securities transactions, are obtained by a fund manager from or through a broker in exchange for the fund manager directing to the respective broker trades concluded on behalf of the undertaking for collective investment managed by that fund manager). All transactions in connection to the portfolio shall be consistent with the principle of best execution.

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 and after the dates when share capital changes are recorded within Trade Register.

All NAV reports are published on the Fund's website, www.fondulproprietatea.ro, together with the share price and discount/ premium information.

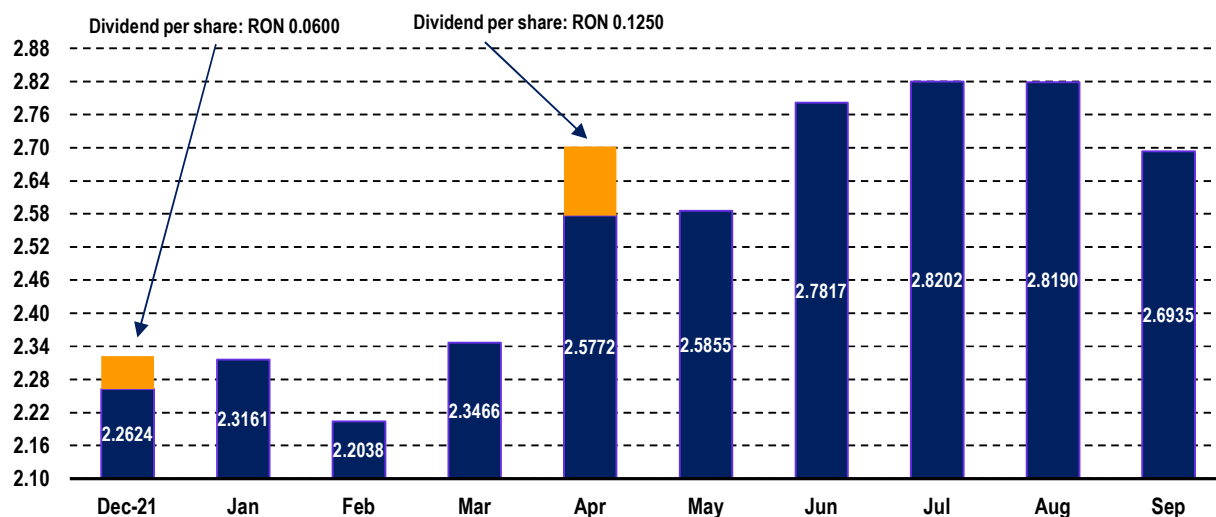
Starting with 28 January 2022, the date when the Fund's registration process as an AIF with the FSA was finalised, the Fund started to apply the Romanian AIF Law (Law 243/2019) and AIF Regulation (Regulation 7/2020).

Listed securities are valued either at closing market prices if listed on regulated markets, or at reference prices if listed on an ATS. Illiquid and unlisted securities are valued using the 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. The holdings in the companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity are valued at zero.

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 for the NAV per share calculation, the equivalent number of shares corresponding to the GDRs bought back and held by the Fund as at the NAV reporting date is also deducted, together with the number of ordinary own shares bought back and held.

NAV per share (RON per share)

The following chart shows information on the monthly published NAVs per share for the period 31 December 2021 to 30 September 2022:



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

During the **first quarter of 2022**, the NAV per share had an increase of 3.7% compared to the end of the previous year, mainly due to the increase in valuation of the unlisted holding Hidroelectrica SA (impact on the Fund's NAV of RON 1,396.45 million or RON 0.2385 per share), netted off by the dilution in NAV/ share resulted from the Ministry of Finance's payment for the unpaid shares during February 2022.

Portfolio company	Value in 31 Mar 2022 NAV	Value in 31 Jan 2022 NAV	Value in 31 Dec 2021 NAV	31 Mar 2022 NAV vs. 31 Dec 2021 NAV	31 Mar 2022 NAV vs. 31 Dec 2021 NAV%	31 Mar 2022 NAV vs. 31 Jan 2022 NAV	31 Mar 2022 NAV vs. 31 Jan 2022 NAV
	RON million	RON million	RON million	RON million	%	RON million	%
Hidroelectrica	9,924.4	9,040.9	8,528.0	1,396.4	16.4%	883.50	9.7%

Source: Fondul Proprietatea

On 1 February 2022, the Romanian State, represented by the Ministry of Finance paid RON 189,182,422 to the Fund, as payment for all unpaid shares owned by the Romanian State in the Fund (as at 31 December 2021, the Romanian State held 363,812,350 unpaid shares, each share having a nominal value of RON 0.52). Consequently, following this payment, starting with 1 February 2022, the new value of the Fund's subscribed and paid-up share capital is RON 3,334,342,422.84 (divided into 6,412,196,967 shares with a nominal value of RON 0.52 per share), so the number of shares used in the calculation of the NAV increased.

During the **second quarter of 2022**, the NAV per share had an overall increase of 18.5% compared to the end of the first quarter, mainly due to the (1) dividends recorded from portfolio companies (impact on the Fund's NAV of RON 856.0 million), (2) the valuation update of the unlisted holdings in the portfolio (impact on the Fund's NAV of RON 2,457.8 million compared with 31 March 2022), and (3) the thirteen-buyback programme carried out by the Fund during this period, including the TO.

In April 2022, based on the most recent financial information, the most recent comparable trading multiple for EBITDA and the most recent estimated DLOM from KPMG, the Fund performed an update of the valuation for Hidroelectrica SA. The total impact was an increase in Hidroelectrica's value by 13.3% / RON 1,446.0 million compared to the 31 March 2022 NAV.

Portfolio company	Value in 30 Apr 2022 NAV	Value in 31 Mar 2022 NAV	30 Apr 2022 NAV vs. 31 Mar 2022 NAV	30 Apr 2022 NAV vs. 31 Mar 2022 NAV%
	RON million	RON million	RON million	%
Hidroelectrica SA	11,370.4	9,924.4	1,446.00	13.3%

Source: Fondul Proprietatea

In June 2022, the Fund performed valuation updates for 8 unlisted holdings representing 98.7% of the Fund's total unlisted portfolio as at 31 March 2022. The valuation was performed with the assistance of KPMG Advisory, in accordance with International Valuation Standards. The valuation date for the updated reports was 31 May 2022 (date for the market multiples) and is based on the financial data of the companies as at 31 March 2022 (except Hidroelectrica SA for which the financial information date was 30 April 2022). The reports also considered all relevant subsequent events until 30 June 2022 (such as dividends declared, changes in legislation, etc). The total impact of the valuation update was an increase of RON 3,854.2 million compared to the 31 December 2021 NAV, and an increase of RON 2,457.8 million compared with the 31 March 2022 NAV (RON 1,011.8 million compared with April 2022). The table below presents information regarding the changes in the value of the top 8 unlisted holdings in the Fund's portfolio during the six months ended 30 June 2022:

Portfolio company	Value in 30 Jun 2022 NAV	Value in 30 Apr 2022 NAV	Value in 31 Mar 2022 NAV	Value in 31 Jan 2022 NAV	Value in 31 Dec 2021 NAV	30 Jun 2022 NAV vs. 31 Dec 2021 NAV	% of 31 Dec 2021 NAV
	RON million	RON million	RON million	RON million	RON million	RON million	%
Hidroelectrica SA	12,559.8	11,370.4	9,924.4	9,040.9	8,528.0	4,031.8	39.27%
CN Aeroporturi Bucuresti SA	695.6	674.2	674.2	674.2	674.2	21.4	0.21%
Engie Romania SA	440.3	522.7	522.7	522.7	522.7	-82.4	-0.80%
E-Distributie Banat SA	175.2	245.1	245.1	245.1	245.1	-69.9	-0.68%
CN Administratia Porturilor Maritime SA	298.9	294.4	294.4	294.4	294.4	4.5	0.04%
Societatea Nationala a Sarii SA	253.4	216.7	216.7	216.7	216.7	36.7	0.36%
E-Distributie Muntenia SA	162.5	206.7	206.7	206.7	206.7	-44.2	-0.43%
E-Distributie Dobrogea SA	140.3	184.0	184.0	184.0	184.0	-43.7	-0.43%
TOTAL	14,726.0	13,714.2	12,268.2	11,384.7	10,871.8	3,854.2	37.5%

Source: Fondul Proprietatea

During the **third quarter of 2022**, the NAV per share had an overall decrease of 3.2% compared to the end of the second quarter, mainly due to the valuation update of the unlisted holdings in the portfolio (impact on the Fund's NAV of RON 602.8 million compared with 30 June 2022), net off by the thirteen-buyback programme carried out by the Fund during this period.

In September 2022, based on the most recent comparable trading multiple for EBITDA obtained with the assistance of KPMG, the Fund performed an update of the valuation for Engie and E-Distributie companies (impact on the Fund's NAV of RON 158.5 million compared with 30 June 2022). Also, the Fund prepared an updated valuation report in accordance with the International Valuation Standards for Hidroelectrica SA, with the assistance of KPMG (impact on the Fund's NAV of RON 444.3 million compared with 30 June 2022). The valuation date for the updated report was 30 September 2022 (date for the market multiples) and was based on financial data of the company as at 31 July 2022.

Portfolio company	Value in 30 Sep 2022 NAV	Value in 30 Jun 2022 NAV	Value in 30 Apr 2022 NAV	Value in 31 Mar 2022 NAV	Value in 31 Jan 2022 NAV	Value in 31 Dec 2021 NAV	30 Sep 2022 NAV vs. 31 Dec 2021 NAV	% of 31 Dec 2021 NAV
	RON million						RON million	%
Hidroelectrica SA	12,115.5	12,559.8	11,370.4	9,924.4	9,040.9	8,528.0	3,587.5	27.1%
CN Aeroporturi Bucuresti SA	695.6	695.6	674.2	674.2	674.2	674.2	21.4	0.2%
Engie Romania SA	399.5	440.3	522.7	522.7	522.7	522.7	-123.2	-0.9%
E-Distributie Banat SA	133.2	175.2	245.1	245.1	245.1	245.1	-111.9	-0.8%
CN Administratia Porturilor Maritime SA	298.9	298.9	294.4	294.4	294.4	294.4	4.5	0.0%
Societatea Nationala a Sarii SA	253.4	253.4	216.7	216.7	216.7	216.7	36.7	0.3%
E-Distributie Muntenia SA	127.2	162.5	206.7	206.7	206.7	206.7	-79.5	-0.6%
E-Distributie Dobrogea SA	99.8	140.3	184.0	184.0	184.0	184.0	-84.2	-0.6%
TOTAL	14,123.1	14,726.0	13,714.2	12,268.2	11,384.7	10,871.8	3,251.3	24.5%

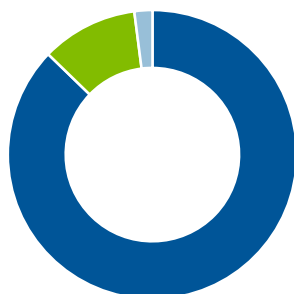
Source: Fondul Proprietatea

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

Investment Strategy and Portfolio Analysis

The Fund's investment objective is the maximization of returns to shareholders and the increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities. The equity exposure amounted to 98% of the Fund's NAV as at 30 September 2022. As at that date, the portfolio was composed of holdings in 33 companies (6 listed and 27 unlisted), a combination of privately held and state-controlled entities.

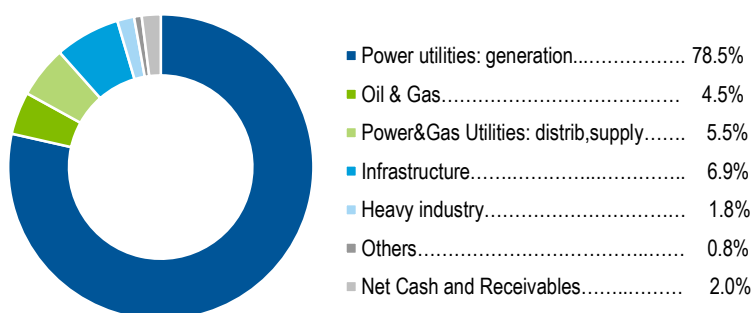
Portfolio Structure – by Controlling Ownership



State controlled entities.....	87.2%
Private entities.....	10.8%
Net cash and receivables.....	2.0%

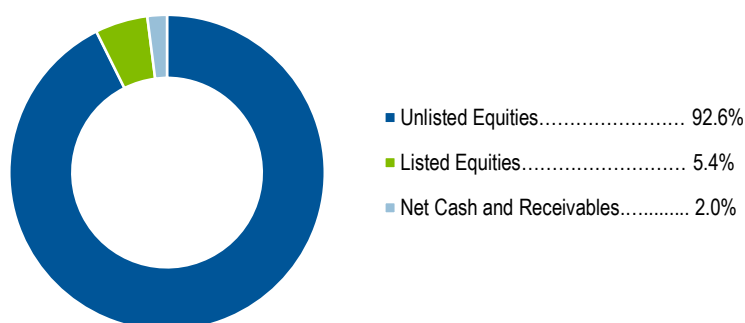
- Net cash and receivables include bank deposits, current bank accounts, as well as other receivables and assets, net of all liabilities (including liabilities to shareholders related to dividend distributions).

Source: Fondul Proprietatea, data as at 30 September 2022, % in total NAV.

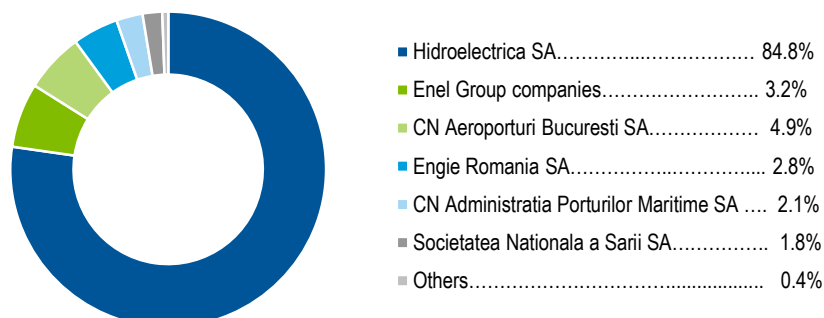
Portfolio Structure – by Sector

- The portfolio remains heavily weighted in the power, oil and gas sectors (approx. 88.5% of the NAV), through several listed and unlisted Romanian companies

Source: Fondul Proprietatea, data as at 30 September 2022, % in total NAV.

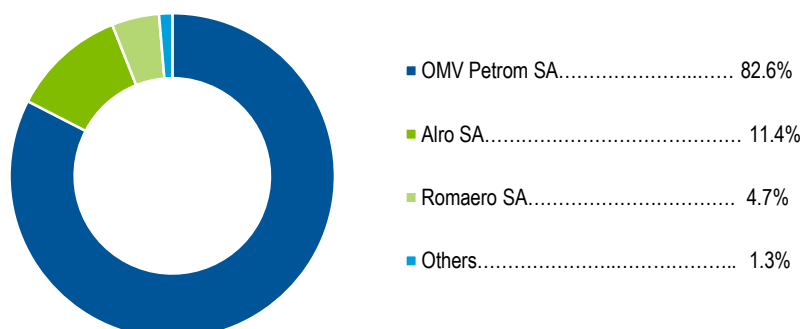
Portfolio Structure – by Asset Type

Source: Fondul Proprietatea, data as at 30 September 2022, % in total NAV.

Portfolio Structure – Unlisted holdings

- The largest unlisted holding is Hidroelectrica SA (78.5% of the NAV)

Source: Fondul Proprietatea, data as at 30 September 2022; the chart reflects the company NAV value as a % in total NAV value of unlisted holdings.

Portfolio Structure – Listed holdings

- The largest listed holding is OMV Petrom SA (4.5% of the NAV)

Source: Fondul Proprietatea, data as at 30 September 2022; the chart reflects the company NAV value as a % in total NAV value of listed holdings.

Key portfolio developments

Dividends and special dividends received from portfolio companies

During the first nine months of 2022, 8 companies in the Fund's portfolio declared annual dividends related to the 2021 financial year and/ or special dividends.

The total amount of the gross dividend income recorded by the Fund in the nine-month period ended 30 September 2022 is RON 934.9 million, and the most significant amounts relate to Hidroelectrica SA and OMV Petrom SA.

Out of the companies that declared dividends, 3 portfolio companies also approved the distribution of special dividends. The following gross amounts were approved as special dividends for the Fund, in accordance with its shareholding in each company:

Portfolio company	Gross amounts (RON million)	Date of recording in accounting	Collection date
Hidroelectrica SA	199.4	28-Apr-22	29-Sep-22
Alcom SA	0.4	22-Jun-22	7-Jul-22
OMV Petrom SA	76.0	10-Aug-22	2-Sep-22
Total	275.8		

Source: Fondul Proprietatea

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

Accelerated bookbuild of shares in OMV Petrom SA

On 20 January 2022, the Fund announced the agreement to sell 2,275,000,000 ordinary shares held by the Fund in OMV Petrom SA, following the completion of an accelerated bookbuild offering. The share selling price was RON 0.43 per share.

Erste Group Bank AG and SSIF Swiss Capital SA acted as Joint Global Coordinators and Joint Bookrunners, and Banca Comerciala Romana SA and Auerbach Grayson and Company LLC acted as Joint Bookrunners for the transaction.

Participation in share capital increases/ decreases

Hidroelectrica SA share capital increase

On 12 December 2021, the Fund subscribed to the share capital increase of Hidroelectrica SA with a cash contribution of RON 23,970, which was effective on 6 May 2022, at the registration date with the Romanian Trade Register.

CN Aeroporturi Bucuresti SA share capital increase

CN Aeroporturi Bucuresti called a GSM that took place on 25 October 2021 through the convening notice published in the Official Gazette of Romania Part IV no. 3873/20.09.2021, for the approval of a share capital increase with the land inside Baneasa airport, brought as Romanian State's contribution in kind to the company's capital. The initial proposed value for the share capital increase was RON 3,814,809,171. This is the third time the share capital increase process is initiated since 2001, when Baneasa Airport received the land ownership certificates.

On 26 October 2021 (the second calling for the shareholders' meeting) the share capital increase was approved with only the Romanian State voting in favour, as follows:

- The share capital increase approved was for RON 4,768,511,460;
- RON 3,814,809,170 represents in kind contribution of the Romanian State, calculated as the value of the land parcels as evaluated by the valuer appointed by the Trade Register;
- The amount of RON 953,702,290 represents the value of shares offered to be subscribed by Fondul Proprietatea for maintaining the 20% participation to the share capital. The preference rights may be used by the Fund within 60 days calculated starting with the date when the shareholders' resolution is published in the Official Gazette;
- After the 60 days period expires, the share capital would be increased with the value of the paid-up shares (the Romanian State's contribution in kind being considered as already completed);
- If the Fund would not subscribe, the unsubscribed shares would be cancelled.

Fondul Proprietatea expressed its opinion, strongly disputing the fundamentally flawed land valuation report, as the land valuation report carried out in 2021 attributes a very high value to the land, despite a previously approved valuation report from 2017, which had set the value of the same land at RON 269 million.

Fondul Proprietatea started court cases for the annulment of the shareholders' resolution, and for the suspension of the entire process until the claim for annulment case is irrevocably closed, to protect the interest of the Fund and its shareholders.

Following the hearing that took place on 13 January 2022, the Bucharest Court of Appeal admitted the request of suspension filed by the Fund and ordered the suspension of the effects of the increase until the claim for the annulment of the GSM is irrevocably settled.

Regarding the Fund's request for intervention, following the hearing on 11 February 2022, the Court approved the suspension of this file until the claim for annulment is irrevocably settled.

This is likely to increase the duration of the legal proceedings by more than 1 year and, as such, the capital increase will not take place (under Romanian Law, the term for finalizing such a capital increase is of one year starting with the publication of the GSM decision in the Official Gazette). Consequently, the Fund Manager assessed the dilution risk not to be significant and no adjustment was considered in the valuation process of the company for this risk.

In addition, the claim for annulment is not expected to be irrevocably settled during 2022. The first hearing for the annulment case was held on 10 March 2022, but it was postponed and the next hearing was set for 9 March 2023.

CN Administratia Porturilor Maritime share capital increase

On 9 February 2022, during the CN Administratia Porturilor Maritime's GSM, the majority shareholder approved the increase of the share capital from RON 132,906,430 to RON 323,311,340, respectively with the amount of RON 190,404,910, through incorporation of part of reserves. The Fund maintained its stake holding, as new shares issued were distributed proportionally to existing shareholders. As at the date of issuing this report, the Fund held 6,466,226 shares, representing 20% of the company's share capital. However, the Fund decided to challenge in Court the validity of the GSM which approved the share capital increase, and the case is ongoing.

OMV Petrom SA share capital increase

During the 27 April 2022 EGM, the company's shareholders approved the share capital increase of OMV Petrom SA with the in-kind contribution of the Romania State, as a result of obtaining a number of 1,944 land ownership certificates. Darian DRS SA was approved as independent valuer to value the land plots for the in-kind contribution.

On 21 June 2022, the Supervisory Board of the company approved the share capital increase under the following structure: RON 120,660,239.20 in exchange of 1,206,602,392 new shares, representing the in-kind contribution of the Romanian State, through the Ministry of Energy, and up to a maximum of RON 463,966,423.40, representing a maximum number of 4,639,664,234 new shares, to be offered for subscription, within the exercise of their preference right, to the other shareholders (except the Romanian State).

After the end of the subscription period the company published the results: 96.1% of the total 4,639,664,234 new shares offered for subscription were subscribed by the holders of preference rights, including the Fund.

For more details regarding the completion of the share capital increase process, please see section *Subsequent events*.

Zirom SA share capital decrease

During the 21 June 2022 EGM, the company's shareholders approved a capital decrease of 1,542,083 shares from 7,542,083 shares to 6,000,000 shares in order to partially cover the company's accumulated accounting losses of RON 75,420,830 (amount at the date of the GSM). As such, the cumulated losses would decrease by RON 15,420,830. The share capital decrease was finalised on 16 September 2022, the date of registration with the Trade Register.

Restructuring Plan of Complexul Energetic Oltenia S.A (CE Oltenia) and related roadmap

On 22 October 2021 during the GSM of CE Oltenia, shareholders approved the partial coverage of the accumulated accounting losses registered by the company as at 31 December 2020, proportionally by all shareholders of the company. The accounting losses in amount of RON 1 billion would be covered by reducing the share capital from RON 1,270,318,090 to RON 270,318,090, respectively from 127,031,809 shares to

27,031,809 shares, with a nominal value of RON 10.00 each. The share capital decrease operation is effective starting with 19 January 2022, the registration with the Romanian Trade Register. Following the share capital decrease operation, the Fund maintains its 21.559% stake holding, but the number of shares decreased from 27,031,809 shares to 5,828,033 shares, with a total nominal value of RON 58,280,330.

On 25 November 2021 during the GSM of CE Oltenia, the majority shareholder voted for the approval to start the operation to increase the share capital of the company with the value of the lands for which property rights certificates were obtained and to request the Trade Register Office for the appointment of one or more experts to evaluate these assets. The plots of land subject to the share capital increase will be used by the company to develop the new investments according to the commitments assumed through the Restructuring Plan.

In January 2022, The European Commission approved Romania's plan to grant CE Oltenia a restructuring aid for up to EUR 2.66 billion (RON 13.15 billion). The measure will enable the company to finance its Restructuring Plan and restore its long-term viability. The implementation of the Restructuring Plan will lead to the need to operate capital increases, both in cash as well as with the value of lands that will be used by CE Oltenia to develop the new investments alongside co-investors (photovoltaic power plants and gas fired power plants).

The implementation of the Restructuring Plan also led to a symmetrical spin-off of Craiova II Power Plant Branch from CE Oltenia (the initiation of the process was approved by shareholders during the 26 August 2021 GSM). The carve-out project uses as cut-off date the financial statements of CE Oltenia as of 31 December 2021 and implies a symmetrical spin-off by way of transferring the assets and liabilities related to Craiova II Power Plant Branch to a newly established company which shall mirror percentage wise the current shareholding structure of CE Oltenia and will have a share capital of RON 23,829,130 (FP's stake of 21.559%, respectively 513,754 shares). As a result of the spin-off, the Fund's number of shares in CE Oltenia will be decreased with its corresponding shares in Craiova II, respectively from 5,828,033 to 5,314,279 shares, however maintaining its 21.559% stake holding.

Shareholders approved the spin-off process and related actions in the GSM as of 18 August 2022. The registration with Trade Registry of the newly set-up entity and correspondent decrease of the share capital of CE Oltenia have been performed on 30 September 2022.

Assuming Fondul Proprietatea will not participate in these capital increases, the participation of the Fund in CE Oltenia will be diluted at approximately 5% based on the Fund's current estimates. To carry out the share capital increase with the value of the lands that will be contributed by CE Oltenia in the new investments, a change in the current legislation would be needed so that the valuations of all the lands with which the capital increase would be carried out can be realized at fair value.

Listings

Hidroelectrica SA listing

On 31 March 2022, the GSM of Hidroelectrica approved the initiation of the listing process on BVB following a public offering of the company's shares held by the Fund.

The approval is a positive development as it allows the Fund to explore, together with the deal advisors, a wider array of options with regards to a potential realization of all or part of its holding in the company.

Hidroelectrica will use in the IPO process the legal advisor Dentons Europe – Zizzi – Caradja & Associates and the equity advisor STJ Advisors it has already selected in connection with the initial listing plan.

The Fund appointed Rothschild & Co as its Equity advisor and Filip & Company and Linklaters LLP as legal advisers for the transaction.

On 8 September 2022 the Fund informed the shareholders that the Fund and Hidroelectrica selected the consortium of investment banks in relation to the IPO, which is composed of reputable international, regional and local investment banks.

The Fund and Hidroelectrica continue to prepare for an IPO during 2023. The Romanian State committed in PNRR to the listing of Hidroelectrica by the end of H1 2023. The Fund's shareholders are requested to approve the sale of the shares held by FP in Hidroelectrica SA during the GSM convened for 15 November 2022.

Societatea Nationala a Sarii (Salrom) listing

On 5 July 2021, the GSM of Salrom approved in principle the listing of the company on the BVB, through a public offering of the company's shares held by the Fund.

Based on a competitive selection process, Fondul Proprietatea has appointed the Investment Bank (BRD – Groupe Société Générale) and the legal advisor (Dentons Europe – Zizzi – Caradja & Associates) that will be involved in preparing the Prospectus and the listing of Salrom on BVB.

The approval is a positive development as it allows the Fund to explore its options with regards to a potential realization of all or part of its holding in the company.

On 27 July 2022, the Government approved a Memorandum supporting the listing of Salrom by a public offering of the company's shares held by the Fund, which is a key milestone in the listing process.

The next steps will be the appointment of additional consultants (auditor, counsel of Salrom, mineral resources advisor) as well as due diligence/ prospectus drafting. The Fund and Salrom continue to prepare for an IPO during 2023.

Enel Energie and Enel Energie Muntenia

Starting with the second semester of 2021, the companies are struggling with a crisis that hit the entire energy sector following the increase of the electricity prices, as well as due to the enactment of legislative changes which introduce a governmental scheme to support the electricity and natural gas for final consumers until 31 March 2023. In December 2021 and March 2022, the board of directors of the 2 companies approved to contract from banks a bridge-financing program amounting to EUR 235 million for Enel Energie and EUR 255 million for Enel Energie Muntenia, respectively, to cover the financing needs. In August 2022, given that the financing needs have increased and the banks with whom the companies already concluded financial agreements could not positively respond in a timely manner, management identified a solution to be urgently implemented, namely a shareholder loan from the financing arm of Enel Group – Enel Finance International N.V. amounting to EUR 250 million for Enel Energie and EUR 125 million for Enel Energie Muntenia.

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

GEO no. 108/2022 related to the decarbonisation of the energy market, which entered into force on 1 July 2022, foresees gradual shutdown of the lignite and coal power plants by 2030, while allowing for temporary closure postponement in case of an energy crisis.

Law no. 206/2022 on measures applicable to end customers in the electricity and natural gas

Law no. 206/2022 for approving the GEO no. 27/2022 on measures applicable to end customers in the electricity and natural gas market during the period 1 April 2022 - 31 March 2023 entered into force on 14 July 2022. The new legislation provides further clarifications on the deadlines and requirements for energy market participants.

GEO no. 112/2022 regarding the establishment of measures to stimulate investments with financing from non-reimbursable external funds in the field of energy efficiency, renewable energy resources for large enterprises and SMEs, green energy from renewable sources intended for local public authorities, as well as some measures in the field of intelligent specialization, entered into force on 18 July 2022, repealing provision of Article 15(5) of GEO no. 27/2022 which excluded the quantities of electricity sold by electricity producers from the additional income made by electricity producers on which the windfall tax is applied.

Windfall tax***a) Electricity producers***

GEO no. 119/2022 extends the timeline for the windfall tax (100% of the monthly additional revenues as contribution to the Fund for Energy Transition) until 31 August 2023. The monthly additional revenues are calculated based on the average realized price above RON 450/ MWh multiplied by the volume of electricity sold. In the computation of the average price, certain expenses are subtracted from revenues (e.g. costs with electricity purchased in the market, costs with carbon allowances, grid access costs, financing costs).

The updated windfall tax methodology applies retroactively on the windfall tax due to be paid under the provisions of Law 259/2021. Also, under the initial form of GEO no 27/ 2022 electricity delivered to grid operator and power

distributors with the aim of covering grid losses was excluded from the windfall tax. However, this exemption was eliminated following the enactment of GEO no. 112/2022.

b) Electricity traders - limitation of profits to 2% for trading activities

Electricity and natural gas producing entities, aggregated electricity producing entities, electricity and natural gas traders, electricity and natural gas suppliers and independent electricity aggregators will have the obligation to pay a contribution to the Fund for Energy Transition for trading activities. Based on the formula for calculating the contribution to the Fund for Energy Transition, the profit resulting from trading activities is capped at 2%.

Caps for end-consumers prices

The GEO 27/2022 approving the support scheme for gas and power was further amended through GEO no. 119/2022, as detailed below.

End consumer energy prices are capped until 31 August 2023, as follows:

Electricity supply	Invoiced price (VAT included)
Households (consumption less than 100 KWh per month)	0.68 RON/ KWh
Households (consumption less than 255 KWh per month)	0.8 RON/ KWh
Non-household consumers*	1.0 RON/ KWh

Gas supply	Invoiced price (VAT included)
Households	0.31 RON/ KWh
Non-household consumers**	0.37 RON/ KWh

Source: GEO 119/2022

*SMEs, consumer goods, education, healthcare, social services. Cap applies to 85% of average monthly consumption in 2021.

**consumption of 50 GWh/annum or heating producers

Supply component is capped at RON 73/ MWh for power and RON 12/ MWh for natural gas respectively, with the component 10% higher for suppliers of last resort.

Suppliers would be reimbursed from the State Budget and settlement of the subsidies paid by the State for the cold season will begin after 31 March 2022. According to GEO no. 119/ 2022, the maximum weighted average price of electricity used by ANRE to calculate the amounts compensated from the State Budget and paid to electricity suppliers is RON 1,300 / MWh.

Also, Law no. 206/2022 for approving the GEO no. 27/2022 and subsequently GEO no. 112/2022 introduced certain subsequent adjustments in the implementation of price caps at the level of end-consumers.

Regulated domestic wholesale gas price for natural gas producers

Gas producers will be required to sell to suppliers at RON 150/MWh to cover household consumption and heating suppliers/ producers. For the household and heating producers' volumes, the producers will be exempt from the payment of the windfall tax.

Supply component of the invoiced price is capped at RON 12/MWh for natural gas. ANRE will apply a fine of 5% of net sales for traders and suppliers engaged in speculative trading of power and natural gas. The provisions apply between 1 September 2022 and 31 August 2023.

Natural gas producers are required to provide natural gas at demand to the transport operator (Transgaz)/ natural gas distribution operators within 5 days (in full or partially).

The centralized electricity acquisition mechanism

On 11 November 2022 through GEO no. 153/2022 the Government introduced the centralized electricity acquisition mechanism at the regulated price of RON 450/MWh from 1 January 2023 until 31 March 2025. For more details, please see section *Subsequent events*.

New measures regarding sale of energy to Republic of Moldova

Government issued GEO no. 138/2022 amending GEO no. 119/2022 by temporary introducing the requirement to conclude bilateral contracts, within the limits of available quantities, giving priority to traders/ suppliers appointed by to the Government of the Republic of Moldova at a set price of RON 450/MWh.

Regulated transport and distribution tariffs

According to the provisions of GEO no. 119/2022 which entered into force on 1 September 2022, for licensed economic operators, providers of electricity and natural gas transport and distribution services, the additional costs

of purchasing electricity and natural gas, made between 1 January 2022 and 31 August 2023, in order to cover own technological consumption and, respectively, technological consumption, compared to the costs included in the regulated tariffs, are capitalized quarterly. The capitalized costs are recognized in the regulated tariffs in compliance with the cost recognition criteria provided in the ANRE methodologies.

Capitalized costs shall be amortized over a period of 5 years from the date of capitalization and are remunerated with 50% of the RRR approved by the ANRE, applicable during the amortization period of the respective costs and recognized as a distinct component. The resulting assets are recognized in the accounting records and in the annual financial statements of the distribution operators, according to the instructions developed by the Ministry of Finance.

On 19 October 2022, ANRE's methodology for capitalizing the cost difference related to the own technological consumption for the period 2022-2023 was published in the Official Gazette.

Distribution tariffs

According to the ANRE orders, the specific **electricity distribution tariffs** for the companies in the Fund's portfolio operating in power distribution sector, applicable starting with 1 April 2022, compared to those applicable starting 1 January 2022 and 1 January 2021, are the following:

Company	Voltage level	Tariffs applicable starting 1 Jan 2021 (RON/MWh)	Tariffs applicable starting 1 Jan 2022 (RON/MWh)	Tariffs applicable starting 1 April 2022 (RON/MWh)	change (%)	
		(1)	(2)	(3)	(2)/(1)-1	(3)/(2)-1
E-Distributie Banat	High Voltage	15.51	15.98	17.90	3.03%	12.02%
	Medium Voltage	38.27	43.05	51.01	12.49%	18.49%
	Low Voltage	107.81	117.71	147.89	9.18%	25.64%
E-Distributie Dobrogea	High Voltage	20.17	21.00	26.36	4.12%	25.52%
	Medium Voltage	42.80	48.01	59.71	12.17%	24.37%
	Low Voltage	135.17	141.99	173.28	5.05%	22.04%
E-Distributie Muntenia	High Voltage	10.41	11.37	12.56	9.22%	10.47%
	Medium Voltage	34.55	39.43	45.71	14.12%	15.93%
	Low Voltage	112.22	119.07	143.96	6.10%	20.90%

Source: ANRE Orders no. 217/09.12.2020, 218/09.12.2020, 219/09.12.2020, 121/25.11.2021, 122/25.11.2021, 123/25.11.2021, 30/23.03.2022, 31/23.03.2022 and 32/23.03.2022

The gas distribution tariffs for Distrigaz Sud Retelele (Engie subsidiary, operating in the gas distribution sector) were approved by ANRE in March 2022, as follows:

Company	Annual consumption (MWh)	Tariffs applicable starting 1 Jul 2021 (RON/MWh)	Tariffs applicable starting 1 April 2022 (RON/MWh)	change (%)
		(1)	(2)	(2)/(1)-1
Distrigaz Sud Retelele	between 0-280	30.13	32.32	7.3%
	between 280-2,800	28.38	30.44	7.3%
	between 2,800-28,000	27.05	29.02	7.3%
	between 28,000-280,000	20.87	22.39	7.3%
	higher than 280,000	10.53	11.30	7.3%
	clients benefitting from proximity distribution tariff	5.00	5.36	7.2%

Source: ANRE Orders no. 44/15.06.2021, no. 39/29.03.2022

Other regulations

According to ANRE Order no. 1/ 20 January 2021 and Order no. 3/ 20 January 2021, starting with 1 February 2021, the regulator allows, until the 4th regulatory period ends (2019 - 2023), for electricity and gas distribution companies the following:

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

Taxonomy Regulation applicability

The EU's Regulation on the establishment of a framework to facilitate sustainable investment (the 'Taxonomy Regulation') was published in the Official Journal of the EU on 22 June 2020 and entered into force starting with 1 January 2022 in respect of climate change mitigation and climate change adaptation and with 1 January 2023 for provisions in respect of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

Given the range of interpretations by different Member States as to what counts as a 'sustainable' investment, the European Commission considered that a common taxonomy was needed.

The Taxonomy Regulation establishes a classification system (or taxonomy) which provides businesses with a common language to identify whether a given economic activity should be considered "environmentally sustainable". This, then, allows it to be determined how far an investment is environmentally sustainable, or 'green'.

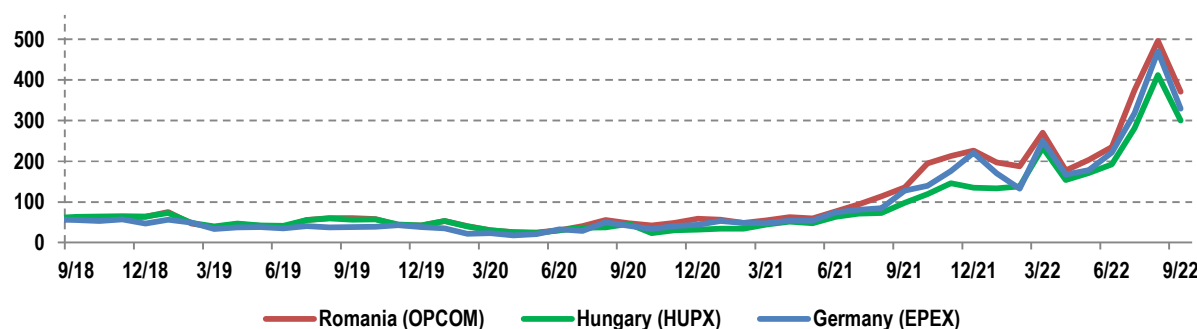
The investments underlying Fondul Proprietatea do not take into account the EU criteria for environmentally sustainable economic activities, including enabling or transitional activities, within the meaning of the Taxonomy Regulation.

Latest market developments

As per currently available information from the grid operator, national electricity consumption decreased by 8% y.o.y. in Q3 2022, while national production decreased by 4%. Romania was a net power importer in Q3 2022, as in Q3 2021.

As per OMV Petrom's estimates, national gas consumption significantly decreased by approximately 17% compared to Q3 2021, end-users' consumption being severely impacted by increasing prices. On the Romanian centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products concluded in Q3 2022, irrespective of delivery period was RON 917/MWh (Q3 2021: RON 217/MWh). The average price for the quantities delivered during the quarter was RON 558/MWh (Q3 2021: RON 112/MWh). Regarding short-term deliveries, on BRM day-ahead market, the average price in Q3 2022 was RON 848/MWh (Q3 2021: RON 221/MWh).

Electricity prices (EUR/ MWh)



Source: Bloomberg

Energy resources (thousand tonnes barrels of oil equivalent)

	January – September 2022			January – September 2021			% change		
	Total	Production	Import	Total	Production	Import	Total	Production	Import
Net coal	2,625.6	2,285.4	340.2	2,614.8	2,259.2	355.6	+0.4%	+1.2%	-4.3%
Crude oil	8,659.7	2,190.5	6,469.2	7,528.5	2,338.8	5,189.7	+15.0%	-6.3%	+24.7%
Usable natural gas	6,835.7	5,169.5	1,666.2	7,465.0	5,402.6	2,062.4	-8.4%	-4.3%	-19.2%
Hidro. nuclear. and import energy	4,048.4	3,494.9	553.5	4,243.5	3,758.7	484.8	-4.6%	-7.0%	+14.2%
Import oil products	2,341.0	-	2,341.0	3,003.1	-	3,003.1	-22.0%	-	-22.0%
Others	317.6	-	317.6	416.7	-	416.7	-23.8%	-	-23.8%
Total resources	24,828.0	13,140.3	11,687.7	25,271.6	13,759.3	11,512.3	-1.8%	-4.5%	+1.5%

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 2022 ¹ (RON million)	% of NAV as at 30 September 2022 ¹
1	Hidroelectrica SA	19.94%	12,115.5	78.5%
2	CN Aeroporturi Bucuresti SA	20.00%	695.6	4.5%
3	OMV Petrom SA	2.91%	688.9	4.5%
4	Engie Romania SA	12.00%	399.5	2.6%
5	CN Administratia Porturilor Maritime SA	20.00%	298.9	1.9%
6	Societatea Nationala a Sarii SA	49.00%	253.4	1.6%
7	E-Distributie Banat SA	24.13%	133.2	0.9%
8	E-Distributie Muntenia SA	12.00%	127.2	0.8%
9	E-Distributie Dobrogea SA	24.09%	99.8	0.7%
10	Alro SA	10.21%	95.1	0.6%
Top 10 equity holdings			14,907.1	96.6%
Total equity holdings			15,124.6	98.0%
Net cash and receivables			308.7	2.0%
Total NAV			15,433.3	100.0%

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

¹ Rounded to one decimal

Hidroelectrica SA

Financial / Operating Results

RON million	2020	2021	%	9M 2021	9M 2022	%
Revenues	3,850.4	6,501.3	+68.8%	4,688.7	6,883.3	+46.8%
Operating profit	1,673.4	3,478.0	+107.8%	3,115.7	4,143.6	+33.0%
EBITDA	2,711.0	4,669.0	+72.2%	3,612.8	4,647.0	+28.6%
Net profit	1,451.6	3,019.5	+108.0%	2,566.8	3,527.7	+37.4%
Dividends*	1,286.4	2,830.9	+120.1%	-	-	-

Source: Individual IFRS financial statements

*do not include the special dividends declared by the company

For the financial year ending 31 December 2021, on a consolidated basis, the company registered total revenues of RON 6,489.3 million, up 68.9% y.o.y. and a net profit of RON 3,085.6 million, up 113.8% y.o.y.

According to management, over the nine-month period ending 30 September 2022, on a stand-alone basis Hidroelectrica SA paid a windfall tax of RON 412.9 million and registered a cost with turbinated water of RON 340.2 million, down 23.2% y.o.y driven by lower electricity production volume. At the end of September 2022, the company's cash and equivalents position stood at RON 3.38 billion. At the same date, total interest-bearing debt amounted to RON 508.4 million as compared to RON 613.5 million at the end of September 2021. Over the period, operating cash-flow amounted to RON 3,423.5 million as compared to RON 3,040.8 million during the similar period of the previous year. CAPEX carried out by the company over the first nine months of the year amounted to RON 129.2 million as compared to RON 695.2 million during the similar period of the previous year (out of which RON 635.2 million was related to the acquisition of Crucea wind park).

	2020	2021	%	9M 2021	9M 2022	%
Total electricity sold (TWh)	15.96	17.11	+7.2%	14.1	10.6	-24.5%
Electricity sold out of own production (TWh)	14.58	16.51	+13.2%	13.6	10.0	-26.3%
Average realized electricity selling price (RON / MWh)	214.3	339.2	+58.6%	305.4	590.5	+93.3%

Source: Hidroelectrica SA on a stand-alone basis; information provided by the management of the company

Listing

On 31 March 2022 shareholders approved the initiation of the listing of the company's shares on the BVB following a secondary public offering of the company's shares held by the Fund.

GSM

During April 2022 GSMs, shareholders approved:

- the distribution of RON 2.83 billion as dividend out of the 2021 net profit and RON 1.00 billion as special dividend out of retained earnings. The deadline for the payment to shareholders was 27 June 2022 for the annual dividend and 30 September 2022 for the special dividend;
- the merger project for the absorption by Hidroelectrica SA of its fully owned subsidiaries Crucea Wind Farm SA and Hidroelectrica Wind Services. Crucea Wind Farm is the entity that owns Crucea Wind Park located in Constanta county, Romania, which has an installed capacity of 108 MW. Hidroelectrica Wind Services is an operations and maintenance entity, providing its services exclusively to Crucea Wind Farm. After the expiration of the legal deadline for third parties to file oppositions to the merger project, the merger through absorption was approved by shareholder on 18 August 2022.

Corporate Governance

Shareholders approved in October 2022 the initiation of the selection process for the members of the Supervisory Board in accordance with the provisions of GEO no. 109/2011. The selection process will be conducted by the Ministry of Energy with the assistance of an independent HR recruitment specialist. The 4-year mandate of all the seven members of the current Supervisory Board is expiring on 5 February 2023.

Following a court case initiated by one natural person in 2020, the Bucharest Court annulled, in April 2022, the recruitment procedure and the selection process that was carried out by the company during 10 April 2019 – 4 June 2019 period, for the selection of the 5 members of the Directorate. According to the decision, the company is obliged to issue a new decision for a new recruitment process. The decision is not final and can be appealed by the company, which the company publicly announced it would do.

ESG

According to management, Hidroelectrica is aiming to publish by end of year 2022 its first separate Sustainability Report prepared in accordance with GRI Standards. Also, in line with best practices, the company is also in the process of reviewing its sustainability strategy and objectives in its focus areas, in the context of its over-all business and development strategy. Up until now, Hidroelectrica has been publishing its non-financial statement, in line with the requirements of the EU Directive 2014/95/EU and the Romanian Ministry of Finance Order no. 1938/ 2016 and Order no. 2844/ 2016. The latest non-financial statements have been published by Hidroelectrica in June 2022 for the year 2021.

CN Aeroporturi Bucuresti SA

Financial / Operating Results

RON million	2020	2021	%	H1 2021	H1 2022	%	Budget 2021	Budget 2022	%
Operating revenue	405.6	578.0	+42.5%	181.5	444.1	+144.7%	538.6	750.1	+39.3%
Operating profit/ (loss)	(175.3)	40.8	+123.3%	(52.4)	160.0	+405.3%	1.7	59.3	>100%
Net profit/ (loss)	(146.4)	34.0	+123.2%	(53.6)	137.6	+356.7%	0.2	56.5	>100%
Dividends	-	-	-	-	-	-	-	-	-

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

Financial year 2021 traffic was 6.9 million passengers, in line with the approved budget, and down by 53% vs pre-Covid levels. Management expects traffic to go up by 40% y.o.y in 2022, to 9.7 million passengers, and thus envisages a net profit of RON 56.5 million.

In the first 6 months of 2022 the financial results improved significantly on the back of traffic recovery. Number of passengers transiting the terminals reached 5.44 million, 2.8 times higher y.o.y., and 21% below pre-Covid levels.

Traffic in Q3 2022 reached the seasonal peak in August, at 1.4 million passengers per month. Thus, cumulated traffic in the first 9 months of 2022 continued the recovery trend to 9.4 million passengers, just 17% below pre-covid levels, and almost double y.o.y.

Corporate Governance

In July the Board appointed a new interim General Manager, Mr Sorin Radu Paun.

ESG

CN Aeroporturi Bucuresti SA does not publish sustainability reports.

OMV Petrom SA

Financial / Operating Results

RON million	2020	2021	%	9M 2021	9M 2022	%	Budget 2021	Budget 2022	%
Sales	19,717.0	26,011.1	+31.9%	17,045.8	44,248.0	+159.6%	15,875.0	21,301.0	+34.2%
Operating profit	1,467.1	3,708.9	+152.8%	2,215.7	10,920.0	+392.8%	2,133.0	3,444.0	+61.5%
Net profit	1,291.0	2,864.4	+121.9%	1,676.0	9,155.6	+446.3%	1,824.0	2,841.0	+55.8%
Dividends*	1,756.0	1,932.0	+10.0%	-	-	-	-	-	-

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

*Based on separate IFRS financial statements (2020 includes special dividends)

Consolidated sales revenues increased by 45% y.o.y. in Q1 2022, mainly supported by higher commodity prices and higher sales volumes of petroleum products and electricity. The Clean CCS Operating Result of RON 2,241 million in Q1 2022 was significantly higher than RON 653 million in Q1 2021, due to much higher contribution of all business segments mainly following the increase in prices in Exploration and Production segment, strong margins on gas from storage and third-party transaction in the Gas and Power segment and significantly higher refining margins in the Refining and Marketing segment.

Profitability continued to improve in Q2 2022, reaching a net profit of RON 3 billion, as market prices favoured all business segments. Consolidated sales revenues increased by 160% y.o.y., mainly supported by higher commodity prices and higher sales volumes of petroleum products and electricity. Significantly higher refining margins in the Refining and Marketing segment as well as strong margins on gas from third party transactions and higher power margin in the Gas and Power segment supported a Clean CCS Operating Result of RON 3,660 million, which quadrupled y.o.y. Special items comprised net charges of RON 450 million largely consisting of net temporary losses from power forward contracts in the Gas and Power segment.

Consolidated sales revenues increased by 170% y.o.y. in Q3 2022 to RON 18,667 million, mainly supported by higher commodity prices and higher sales volumes of electricity, partly compensated by lower sales volumes of natural gas. The Clean CCS Operating Result of RON 4,230 million was more than 3x higher y.o.y., due to much stronger margins on all business segments. Special items comprised net income of RON 1,115 million, driven mainly by the net temporary effects from forward power contracts in the Gas and Power segment. Thus, the net income attributable to shareholders reached RON 4,510 million, 5x higher y.o.y.

GSM

During the April 2022 GSM, the shareholders approved:

- the Board's dividend proposal for 2021 of RON 0.034 per share, up by 10% compared to last year, and on the upper limit of the yearly increase in dividend payments guided in the latest long-term strategy;
- the initiation of the share capital increase process with the value of land plots brought by the Romanian State as an in-kind contribution.

In June, the Executive Board approved the share capital increase with an in-kind contribution from the State valued at RON 120.6 million, in line with the initial guidance from April. Board also proposed a special dividend of RON 0.045 per share.

During the July GSM, shareholders approved special dividend of RON 0.045 per share, paid in September.

In October, the subscription period for the share capital increase ended, and registration was finalised in early November.

ESG

OMV Petrom publishes yearly sustainability reports since 2011. It has also published its long-term strategy in December 2021, with the goal of achieving net-zero carbon emissions in 2050 (see annual report regarding sustainability at the following [link](#)).

Outlook for 2022

The 2022 budget of the company was prepared based on the following main assumptions:

- Average Brent oil price of USD 65/bbl;
- Refining margins to be around USD 6/bbl;
- Gas price expected to be above the level of 2021.

Management published a revised FY 2022 guidance for oil prices above 100 USD/bbl (from USD 71/bbl in 2021). Refining margins are expected to be above USD 15/bbl, significantly higher than USD 5.5/bbl in 2021. Capex expectations for this year were maintained at RON 4.0 billion. Decline in production is seen at 6% y.o.y., down from previous guidance of below 7%. Retail demand for oil products is expected to be broadly flat; market demand for gas and power is expected to be lower than in 2021.

Engie Romania SA

Financial / Operating Results

RON million	2020	2021	%	Budget 2021	Budget 2022	%
Turnover	6,228.9	6,683.5	+7.3%	6,116.8	10,268.8	+67.9%
Operating profit/ (loss)	557.4	85.9	-84.6%	351.8	(150.6)	-142.8%
Net profit/ (loss)	492.8	69.9	-85.8%	315.9	(127.8)	-140.5%
Dividends*	149.5	-	-100%	-	-	-

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

GSM

In May 2022 the shareholders approved the audited financial statements for financial year 2021 and the company's budget for 2022.

In the context of new substantial changes in the Romanian energy regulatory environment, in the GSM conveyed on 16 September, the shareholders approved a loan from the Engie Group for a period of 3 months and a limit of EUR 100 million, with the possibility of extending the limit and terms.

Corporate Governance

In March 2022, Ministry of Energy replaced one of its appointed board members. Mrs. Postica Diana was replaced by Mr. Ionut Stelian Micu for the remaining period of the mandate, respectively until 31 May 2025.

In May 2022, 3 new board members were appointed for the remaining period of the existing mandates, respectively until 31 May 2025, as follows: Mr. Constantin Stefan at the proposal of the Ministry of Energy, Mr. Vincent Philippe at the proposal of Engie and Ms. Simona Ochian at the proposal of Fondul Proprietatea.

Tariffs

The gas distribution tariffs for Engie's subsidiary, operating in the gas distribution sector were increased by ANRE on average by 7.3% compared to the level previously set by ANRE.

ESG

Engie Romania SA published its first sustainability report on July 2021, in accordance with GRI Standards, while Engie Group reports frequently on ESG issues and has a sustainability plan at parent company level (see annual report regarding sustainability at the following [link](#)).

CN Administratia Porturilor Maritime SA

Financial / Operating Results

RON million	2020	2021	%	H1 2021	H1 2022	%	Budget 2021	Budget 2022	%
Operating revenue	398.8	418.9	+5.0%	215.6	250.2	+16.0%	411.8	489.2	+18.8%
Operating profit	145.9	140.6	-3.6%	108.4	106.8	-1.5%	77.7	84.2	+8.4%
Net profit	130.3	130.5	+0.2%	100.9	97.8	-3.1%	78.3	88.2	+12.6%
Dividends	33.5	31.9	-4.8%	-	-	-	21.2	23.8	+12.3%

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

In 2021 the traffic reached an all-time high of 67,5 million tons of merchandise.

H1 2022 results evince a rather flattish performance, as an almost symmetrical increase in revenues and costs. The increase in costs is mainly due to higher utilities costs, which are mostly passed through to the operators. Total traffic increased by 17% y.o.y. to 37.5 million tons, on the back higher volumes of crude oil, petroleum products, cereals, and iron-ore. Almost half of the incremental increase in volumes of 5.4 million tons was linked to Ukraine. However, increased revenues from services rendered to ships were eroded by a decline in rental revenues, due to the expiration of a beneficial clause for one of the largest clients.

In August, Mr Florin Vizan was appointed as interim General Manager.

GSM

In May GSM, the shareholders approved the management proposal of a total dividend of RON 33.3 million, out of which RON 6.6 million was paid to the Fund.

ESG

CN Administratia Porturilor Maritime SA does not publish sustainability reports.

Exposure to geopolitical events

As the war in Ukraine broke out in late February, naval shipments to the neighbouring country were practically blocked. According to the management of Constanta Port, volumes from Ukraine increased from 0.15 million tons in H1 2021 to 2.5 million tons in H1 2022.

Societatea Nationala a Sarii SA (Salrom)

Financial / Operating Results

RON million	2020	2021	%	H1 2021	H1 2022	%	Budget 2021	Budget 2022*	%
Operating revenue	300.2	374.5	+24.8%	161.2	195.4	+21.2%	345.1	506.4	46.7%
Operating profit	15.8	70.1	+343.7%	26.0	41.7	+60.4%	27.4	97.3	255.1%
Net profit	11.5	60.2	+423.5%	22.3	35.9	+61.0%	24.8	84.4	240.3%
Dividends	11.5	59.9	+420.9%	-	-	-	-	-	-

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

*Revised budget

GSM

In April 2022 the shareholders approved the company's 2022 Budget.

In May 2022 the shareholders approved the company's audited financial statements for financial year 2021.

In October 2022, the shareholders approved the company's rectified 2022 Budget.

Corporate Governance

In January 2022 the majority shareholder replaced 3 Board members appointing Mr. Constantin Dan Dobrea, Mr. Cristi Sandu and Mr. Nicolae Cimpeanu as temporary board members. Fondul Proprietatea proposed and appointed Ms. Simona Ochian and Mr. Valeriu Ionita. The mandates entered into force on 2 February 2022 for a period of 4 months.

In February 2022, Mr. Constantin Dan Dobrea replaced Mr. Emil Militaru as interim General Manager, while retaining his interim Board mandate.

In March 2022, the shareholders approved the launch of the selection process for Board Members, based on GEO no. 109/2011.

In June 2022, the temporary Board of Directors members' mandates were extended by additional 2 months, while in July 2022 the mandates were extended by an additional 4-month period. The mandates entered into force on 4 August 2022.

Listing

On 5 July 2021, the GSM of Salrom approved in principle the listing of the company on the BVB by a public offering of the company's shares held by the Fund.

Based on a competitive selection process, the Fund selected BRD – Groupe Société Générale as Investment Bank to coordinate the transaction.

On 27 July 2022, the Government approved a Memorandum supporting the listing of Salrom by a public offering of the company's shares held by the Fund, which is a key milestone in the listing process of the company.

ESG

Societatea Nationala a Sarri reports on environmental and social responsibility issues in its non-financial annual report, in accordance with GRI Standards, published at the following [link](#).

E-Distributie Banat SA

Financial / Operating Results

RON million	2020	2021	%	Budget 2021	Budget 2022	%
Operating revenue	556.8	593.5	+6.6%	546.5	893.0	+63.4%
EBITDA	151.7	58.2	-61.6%	163.4	107.0	-34.5%
Net profit/ (Loss)	38.6	(33.3)	-186.3%	36.0	(13.0)	-136.1%
Dividends	77.3*	-	-100.0%	-	-	-

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

*As per 12 May 2021 GSM resolution, out of which RON 62 million represents special dividends.

The table below contains information regarding Enel business in Romania, extracted from Enel S.p.A. H1 2022 financial results report for the global group, published on 28 July 2022.

	H1 2021	H1 2022	%
EBITDA - infrastructure and networks' segment (distribution) EUR million	51	(51)	-200.0%
EBITDA - retail segment (supply) EUR million	43	(115)	-367.4%
Electricity distributed by Enel subsidiaries (TWh)	7.8	7.8	-
End users (million)	3.0	3.1	+3.3%

Source: Enel S.p.A. H1 2022 financial results for the global group published on 28 July 2022

November: Enel S.p.A. published 9M 2022 operational and financial results for the global group on 3 November, as follows: the quantity of electricity distributed by Enel's subsidiaries in Romania slightly declined at 11.8 TWh, number of smart meters installed increased by 20% y.o.y, while the number of end users remained flat compared to H1 2022 at 3.1 million (+3.3% compared to the same period of 2021).

Tariffs

In November 2021, ANRE published the regulated tariffs applicable starting with 1 January 2022. On average, the tariffs were increased by 7.9% (for more details please see section *Energy Sector Updates*).

In March 2022, ANRE published the regulated tariffs applicable starting with 1 April 2022. On average, the tariffs were increased by 21.7% (for more details on tariffs please see section *Energy Sector Updates*).

ESG

Enel's subsidiaries in Romania publish sustainability reports since 2019, while Enel Spa reports frequently on ESG issues and has a sustainability plan at parent company level (see annual report regarding sustainability at the following [link](#)).

E-Distributie Muntenia SA

Financial / Operating Results

RON million	2020	2021	%	Budget 2021	Budget 2022	%
Operating revenue	968.2	1,038.7	+7.3%	939.4	1,463.0	+55.7%
EBITDA	250.9	168.1	-33.0%	328.7	264.0	-19.7%
Net profit	111.8	55.8	-50.1%	115.9	48.0	-58.6%
Dividends	167.7*	-	-100.0%	-	-	-

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

EBITDA computed as operating profit plus depreciation/amortization and adjusted for revenues/expenses from revaluation of tangible assets, provisions, impairment of tangible assets and subsidies, except the budget figures

* As per 12 May 2021 GSM resolution, out of which RON 71.7 million represents special dividends.

The table below contains information regarding Enel business in Romania, extracted from Enel S.p.A. H1 2022 financial results report for the global group, published on 28 July 2022.

	H1 2021	H1 2022	%
EBITDA - infrastructure and networks' segment (distribution) EUR million	51	(51)	-200.0%
EBITDA - retail segment (supply) EUR million	43	(115)	-367.4%
Electricity distributed by Enel subsidiaries (TWh)	7.8	7.8	-
End users (million)	3.0	3.1	+3.3%

Source: Enel S.p.A. H1 2022 financial results for the global group published on 28 July 2022

November: Enel S.p.A. published 9M 2022 operational and financial results for the global group on 3 November, as follows: the quantity of electricity distributed by Enel's subsidiaries in Romania slightly declined at 11.8 TWh, number of smart meters installed increased by 20% y.o.y, while the number of end users remained flat compared to H1 2022 at 3.1 million (+3.3% compared to the same period of 2021).

Tariffs

In November 2021, ANRE published the regulated tariffs applicable starting with 1 January 2022. On average, the tariffs were increased by 7.9% (for more details on tariffs please see section *Energy Sector Updates*).

In March 2022, ANRE published the regulated tariffs applicable starting with 1 April 2022. On average, the tariffs were increased by 21.7% (for more details on tariffs please see section *Energy Sector Updates*).

Corporate Governance

In July 2022, Mr. Laurentiu Cazacu resigned from the position of board member and shareholders appointed Mrs. Andreea Apostu as a new board member, based on SAPE's recommendation.

ESG

Enel's subsidiaries in Romania publish sustainability reports since 2019, while Enel Spa reports frequently on ESG issues and has a sustainability plan at parent company level (see annual report regarding sustainability at the following [link](#)).

E-Distribuție Dobrogea SA

Financial / Operating Results

RON million	2020	2021	%	Budget 2021	Budget 2022	%
Operating revenue	530.1	554.8	+4.7%	525.8	846.0	+60.9%
EBITDA	166.2	86.9	-47.7%	183.1	119.0	-35.0%
Net profit	53.7	11.5	-78.6%	58.4	15.0	-74.3%
Dividends	-	-	-	-	-	-

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

The table below contains information regarding Enel business in Romania, extracted from Enel S.p.A. H1 2022 financial results report for the global group, published on 28 July 2022.

	H1 2021	H1 2022	%
EBITDA - infrastructure and networks' segment (distribution) EUR million	51	(51)	-200.0%
EBITDA - retail segment (supply) EUR million	43	(115)	-367.4%
Electricity distributed by Enel subsidiaries (TWh)	7.8	7.8	-
End users (million)	3.0	3.1	+3.3%

Source: Enel S.p.A. H1 2022 financial results for the global group published on 28 July 2022

November: Enel S.p.A. published 9M 2022 operational and financial results for the global group on 3 November, as follows: the quantity of electricity distributed by Enel's subsidiaries in Romania slightly declined at 11.8 TWh,

number of smart meters installed increased by 20% y.o.y, while the number of end users remained flat compared to H1 2022 at 3.1 million (+3.3% compared to the same period of 2021).

Tariffs

In November 2021, ANRE published the regulated tariffs applicable starting with 1 January 2022. On average, the tariffs were increased by 7.9% (for more details on tariffs please see section *Energy Sector Updates*).

In March 2022, ANRE published the regulated tariffs applicable starting with April 2022. On average, the tariffs were increased by 21.7% (for more details on tariffs please see section *Energy Sector Updates*).

Corporate Governance

In May 2022, Mr. Popescu Alexandru's mandate as board member expired and shareholders voted him for a new mandate. Mrs. Valerica Draniceanu's mandate as board member expired and Mr. Ion Gabriel Grozavu was appointed by shareholders as a new board member. Both appointments were based on SAPE's recommendation.

ESG

Enel's subsidiaries in Romania publish sustainability reports since 2019, while Enel Spa reports frequently on ESG issues and has a sustainability plan at parent company level (see annual report regarding sustainability at the following [link](#)).

Alro SA

Financial / Operating Results

RON million	2020	2021	%	9M 2021	9M 2022	%	Budget 2021*	Budget 2022**	%
Operating revenue	2,514.7	3,499.9	+39.2%	2,466.4	2,934.6	+19.0%	2,766.7	4,046.3	+46.3%
Operating profit	399.5	228.1	-42.9%	163.9	100.0	-39.0%	357.8	152.7	-57.3%
Net profit/ (loss)	334.8	26.3	-92.1%	(24.7)	(109.5)	-344.1%	287.1	22.5	-92.2%
Dividends	-	-	-	-	-	-	-	-	-

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

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

** GSM resolution from 28 April 2022, values computed using the NBR USD/RON FX rate as at 31 March 2022

Based on 2021 consolidated financial results the increase in operating revenues was especially supported by 45.2% y.o.y. surge in LME aluminium average price at USD 2,477.0 per tonne.

Government adopted the state aid scheme for intensive energy users on 12 October 2022. The new compensation scheme has a total budget of EUR 1.5 billion for 2022-2031, capped at EUR 150 million per year for the eligible sectors.

During the first nine months of 2022, the increase in the company's reported operating revenues was mainly supported by 19% y.o.y. surge in LME aluminium average price at USD 2,830 per tonne. Alro Group registered a net loss of RON 109.5 million, especially due to the net foreign exchange losses of RON 110.1 million during the first nine months of 2022 vs. net foreign exchange losses of RON 43.9 million during the same period of 2021.

ESG

Alro adopted corporate governance rules as part of its ongoing efforts to fully comply with local recommendations since 2007 and abides to BVB Corporate Governance Code since August 2016. Alro reports annually on ESG issues through its sustainability reports and has a 5-year sustainability strategy.

Financial Statements Analysis

The unaudited IFRS financial statements for the nine months ended 30 September 2022, 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 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 2022.

Statement of Financial Position

RON million	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Sep 2022 vs. 31 Dec 2021 (%)
	Unaudited	Unaudited	Unaudited	Audited	Unaudited	
Cash and current accounts	78.9	137.6	87.7	68.2	76.9	
Deposits with banks	279.5	121.1	636.2	347.4	445.1	
Treasury bills	-	-	93.4	-	-	
Government bonds	-	178.5	228.3	77.1	77.9	
Dividend receivables	-	229.8	-	-	-	
Equity investments	15,124.6	15,873.0	13,398.9	12,577.7	11,770.4	
Non-current assets held for sale	-	-	-	1,135.2	-	
Other assets	56.2	4.7	207.1	0.3	0.4	
Total assets	15,539.2	16,544.7	14,651.6	14,205.9	12,370.7	9.4%
Payables	25.4	79.5	26.5	38.8	25.5	
Other liabilities	80.4	137.9	89.2	409.6	80.9	
Total liabilities	105.8	217.4	115.7	448.4	106.4	-76.4%
Total equity	15,433.3	16,327.3	14,535.9	13,757.5	12,264.3	12.2%
Total liabilities and equity	15,539.2	16,544.7	14,651.6	14,205.9	12,370.7	9.4%

Source: IFRS financial statements

Overview

The **cash and cash equivalents** (liquid assets) of the Fund during the first nine months of 2022 included term deposits with banks, and T-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 liquid assets decreased by 27.3% during the nine-month period ended 30 September 2022. Most important outflows relate to the dividends paid net of withholding tax (RON 1,069.3 million) and the amounts paid for the acquisition of treasury shares (RON 1,037.6 million), partially offset by the proceeds from disposal of shares in OMV Petrom SA (RON 997.1 million) and net dividends received (RON 928.2 million).

Payables and **Other liabilities** have decreased compared to 31 December 2021 mainly due to the payments made during the period in respect of the dividend distribution with payment date 18 February 2022, to shareholders and State budget for the related withholding tax.

The net increase in **equity investments** of RON 2,546.9 million during the first nine months of 2022 was mainly generated by the increase in the fair value of Hidroelectrica SA (RON 3,074.6 million); this was partially offset by the decrease in the fair value of OMV Petrom SA (RON 133.5 million), Engie Romania SA (RON 123.2 million) and E-Distributie companies (RON 275.6 million) and the disposal of OMV Petrom SA shares in Q3 2022 (RON 20.1 million).

Statement of Comprehensive Income

RON million	Q1 2022 Unaudited	Q2 2022 Unaudited	Q3 2022 Unaudited	9M 2022 Unaudited	9M 2021 Unaudited
Unrealised gain/ (loss) from equity investments at fair value through profit or loss	821.2	2,474.1	(728.2)	2,567.1	2,513.2
Realised loss from equity investments at fair value through profit or loss	-	-	(1.3)	(1.3)	-
Gross dividend income	-	858.9	76.0	934.9	655.1
Net gain / (loss) from other financial assets at fair value through profit or loss	188.7	(0.4)	56.0	244.3	(4.4)
Net realised loss from non-current assets held for sale	(157.0)	-	-	(157.0)	-
Interest income	6.9	11.2	1.8	19.9	11.6
Other income, net*	-	3.4	1.0	4.4	5.2
Net operating income/ (loss)	859.8	3,347.2	(594.7)	3,612.3	3,180.7
Administration fees recognised in profit and loss	(20.8)	(33.6)	(12.7)	(67.1)	(61.9)
Other operating expenses	(12.9)	(7.1)	(8.3)	(28.3)	(14.8)
Operating expenses	(33.7)	(40.7)	(21.0)	(95.4)	(76.7)
Finance costs	-	-	-	-	(0.1)
Profit/ (Loss) before income tax	826.1	3,306.5	(615.7)	3,516.9	3,103.9
Income tax	-	(2.9)	(3.8)	(6.7)	(6.1)
Profit/ (Loss) for the period	826.1	3,303.6	(619.5)	3,510.2	3,097.7
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	826.1	3,303.6	(619.5)	3,510.2	3,097.7

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) and other operating income/ (expenses).

The **net unrealised gain from equity investments at fair value through profit or loss** for the first nine months of 2022 of RON 2,567.1 million was mainly generated by the increase in the fair value of unlisted portfolio holding Hidroelectrica SA (RON 3,074.6 million increase) partially offset by the decrease in the fair value of the holdings in Engie Romania SA (RON 123.2 million), E-Distributie companies (RON 275.6 million) and OMV Petrom SA (RON 133.5 million).

Gross dividend income for the nine-month period ended 30 September 2022 included the dividend income earned from the Fund's portfolio companies, mainly from Hidroelectrica SA (RON 764.0 million) and OMV Petrom SA (RON 133.6 million).

Net gain/ (loss) from other financial assets at fair value through profit or loss for the nine-month period ended 30 September 2022 is mainly related to the collection of all unpaid shares owned by the Romanian State - Ministry of Finance (RON 189.2 million). At 31 December 2021, the fair value of the receivable was zero. The caption also includes the net unrealized gain from the change in fair value of the preferential rights linked to the share capital increase of OMV Petrom SA (RON 55.4 million).

Net realised loss from non-current assets held for sale for the nine-month period ended 30 September 2022 is related to the disposal of 2,275,000,000 shares in OMV Petrom SA through an accelerated bookbuild offering.

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

Details regarding the **administration fees** are presented in the table below:

RON million	Q1 2022 Unaudited	Q2 2022 Unaudited	Q3 2022 Unaudited	9M 2022 Unaudited	9M 2021 Unaudited
Recognised in profit or loss	20.8	33.6	12.7	67.1	61.9
Base fee	18	14.3	12.8	45.1	45.9
Distribution fee for dividend distribution	-	19.4	(0.1)	19.3	8.4
Performance fee	2.7	-	-	2.7	7.6
Recognised in other comprehensive income	0.5	17.8	6.9	25.2	2.6
Distribution fee for buy-back programmes	0.5	17.8	6.9	25.2	2.6
Total administration fees	21.2	51.5	19.6	92.3	64.5

Source: IFRS financial statements

The increase in the administration fees in the first nine months of 2022 compared to the first nine months of 2021 was mainly due to:

- the higher market capitalization following the increase of FP paid shares as a result of the collection of all unpaid shares owned by the Romanian State in the Fund starting with 1 February 2022;
- the increase in distribution fee as a result of the tender offer organized by the Fund in June 2022 for the acquisition of 325 million shares (no tender was organised in 2021);
- the increased distribution fee rate to 2.5%, as per the new Management Agreement starting with 1 April 2022 (1% under the previous Management Agreement);
- the above were partially offset by the decrease in base fee rate as per the Management Agreement which came into force on 1 April 2022 (0.45% compared to 0.6% as per the previous Management Agreement).

Other operating expenses

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

RON million	Q1 2022 Unaudited	Q2 2022 Unaudited	Q3 2022 Unaudited	9M 2022 Unaudited	9M 2021 Unaudited
FSA monthly fees	3.3	3.8	3.8	10.9	7.6
Transactions costs	7.3	0.2	1.9	9.4	-
Depository fees	0.1	0.1	0.1	0.3	0.4
Other expenses	2.2	3.0	2.5	7.7	6.8
Total other operating expenses	12.9	7.1	8.3	28.3	14.8

Source: IFRS financial statements

The transaction costs in amount of RON 9.4 million are mainly related to the partial disposal of Fund's holding in OMV Petrom SA (mainly brokerage fees, BVB fee) and also include costs required for the listings of Hidroelectrica SA and Societatea Nationala a Sariei SA.

For the nine months ended 30 September 2022, **other expenses** caption comprised mainly legal and litigation assistance expenses, Board of Nominees remuneration and related expenses, portfolio valuation expenses, external audit expenses, PR 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 2022. For more details, please see *Annex 1 "Condensed Interim Financial Statements"*.

Financial Ratios

Description	30 September 2022
1. Current liquidity ratio	
<u>Current Assets*</u>	=
Current Liabilities	3.92
<i>*For the computation of this ratio, "Current assets" comprise cash and current accounts, distributions bank accounts, deposits with banks, government bonds and other assets. "Current liabilities" include payables and other payables (as presented in the section afferent to the statement of financial position).</i>	
2. Debt-to-equity ratio (%)	
<u>Borrowings</u>	x 100
Shareholders' Equity	=
<i>The Fund had no borrowings as at 30 September 2022 therefore this ratio is nil</i>	
3. Receivables turnover ratio - customers (number of days)	
<u>Average balance of receivables</u>	x 90
Turnover	=
<i>This ratio is not applicable to an investment fund and cannot be calculated.</i>	
4. Turnover of non-current assets	
<u>Turnover</u>	=
Non-current assets	0.24
<i>For the computation of this ratio, "Turnover" includes dividend income, net unrealised/realised gain/ (loss) from financial instruments at fair value through profit or loss, interest income and other income for the nine-month period ended 30 September 2022, while "Non-current assets" included equity investments as at 30 September 2022.</i>	
<i>This ratio has no significance for an investment fund.</i>	

Subsequent Events

The share capital decrease process

Following the FSA Endorsement no. 146/29 September 2022, the decrease of the Fund's subscribed and paid-up share capital from RON 3,334,342,422.84 to RON 3,233,269,110.76 pursuant to the cancellation of 194,371,754 own shares acquired by Fondul Proprietatea during 2021, as approved by the Fund's EGM Resolution no. 1/ 20 April 2022, is effective starting with 19 October 2022, when the Trade Registry registered the EGM Resolution mentioned above. Consequently, as of 19 October 2022, the new value of the Fund's subscribed and paid-up share capital is RON 3,233,269,110.76, divided into 6,217,825,213 shares with a nominal value of RON 0.52/share. As a result of the decrease mentioned above the new GDR facility limit of one third of the Fund's share capital is 41,452,168 GDRs (2,072,608,400 shares equivalent).

OMV Petrom SA share capital increase

On 3 November 2022 the Board of OMV Petrom announced the completion of the share capital increase approved in April. OMV Petrom's share capital was increased by in-kind and cash contribution, with the value of RON 566,755,872.3, from RON 5,664,410,833.50 to RON 6,231,166,705.80, through the issue of 5,667,558,723 new ordinary nominative shares as follows:

- 1,206,602,392 new shares with the nominal value of RON 120,660,239.20, representing the in-kind contribution of the Romanian State, through the Ministry of Energy
- 4,460,956,331 new shares (including shares corresponding to GDRs), with a total value of RON 446,095,633.10, subscribed in cash, within the exercise of the preference right by the shareholders of OMV Petrom other than the Romanian State.

The Fund subscribed and received 174,275,887 new shares, at a price of RON 0.1 per share.

Aeroportul International Timisoara SA share capital increase

Management called an EGM on 8 December 2022 to approve a share capital increase of RON 1.3 million, through the issuing of 132,200 new shares at a nominal value of RON 10/share. The management also mentions there could be a second share capital increase proposal next year, of up to RON 28.7 million, which would be used to finance an investment project. Since the current share capital of the company is RON 1.6 million, assuming that Fondul Proprietatea will not participate in these capital increases, the participation of the Fund in the company could be significantly diluted.

The centralized electricity acquisition mechanism

Through GEO no. 153/2022, adopted on 11 November 2022 the Government introduced from 1 January 2023 until 31 March 2025 the centralized electricity acquisition mechanism at the regulated price of RON 450/MWh. According to the ordinance, the electricity producers in scope of the regulation would have to sell based on an annual and monthly centralized acquisition mechanism the available production to the electricity and natural gas market operator OPCOM SA at the above-mentioned regulated price. In the same time, OPCOM would sell at the same price of RON 450/MWh the electricity purchased through the centralised acquisition mechanism to the supply companies who have end-consumer portfolios and to the electricity transport operator Transelectrica and to the electricity distribution operators for covering their grid losses. The electricity producers from renewable sources benefiting from support schemes such as wind and solar, the cogeneration plants and the production capacities commissioned after 1 April 2022 are exempted from the obligation to sell to OPCOM.

Signatures:

14 November 2022

Johan Meyer
Permanent Representative

Prepared by
Catalin Cadaru
Financial Reporting Manager

Franklin Templeton International Services S.à r.l. acting in the capacity of Sole Director and Alternative Investment Fund Manager of Fondul Proprietatea SA

Annex 1

FONDUL PROPRIETATEA SA

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

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

(This is a translation from the official Romanian version)

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	9 months ended 30 September 2022	9 months ended 30 September 2021
Net gain from equity investments at fair value through profit or loss	5	2,565,784,281	2,513,188,740
Gross dividend income	6	934,881,307	655,137,209
Net gain/ (loss) from other financial instruments at fair value through profit or loss	7	244,261,450	(4,403,960)
Interest income		19,892,865	11,630,696
Net realised loss from non-current assets held for sale	8	(156,975,000)	-
Net foreign exchange gain/ (loss)		700,844	(120,868)
Other income, net		3,717,952	5,264,294
Net operating income		3,612,263,699	3,180,696,111
Operating expenses	9	(95,391,582)	(76,748,695)
Finance costs	10	(37,250)	(68,250)
Profit before income tax		3,516,834,867	3,103,879,166
Withholding tax on the dividend income	11	(6,678,208)	(6,143,500)
Profit for the period		3,510,156,659	3,097,735,666
Other comprehensive income		-	-
Total comprehensive income for the period		3,510,156,659	3,097,735,666
Basic and diluted earnings per share	12	0.5838	0.5205

These condensed interim financial statements were authorised for issue on 14 November 2022 by:

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

Johan Meyer

Permanent Representative

Prepared by:

Catalin Cadaru

Financial Reporting Manager

The notes on pages 6 to 32 are an integral part of these condensed interim financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	30 September 2022	31 December 2021
Assets			
Cash and current accounts	13	74,759	76,632
Distributions bank accounts	13	78,822,602	68,148,338
Deposits with banks	13	279,464,918	347,387,604
Government bonds		-	77,106,529
Equity investments	15	15,124,625,169	12,577,678,606
Non-current assets held for sale		-	1,135,225,000
Other assets	16	56,180,600	298,725
Total assets		15,539,168,048	14,205,921,434
Liabilities			
Payable to shareholders	17(a)	79,243,338	408,245,702
Other liabilities and provisions	17(b)	26,589,265	40,127,825
Total liabilities		105,832,603	448,373,527
Equity			
Share capital	18(a)	3,334,342,423	3,145,160,001
Reserves related to the unpaid share capital	18(b)	-	189,182,422
Other reserves	18(c)	897,568,459	666,991,766
Treasury shares	18(d)	(1,402,872,213)	(331,650,005)
Retained earnings		12,604,296,776	10,087,863,723
Total equity		15,433,335,445	13,757,547,907
Total liabilities and equity		15,539,168,048	14,205,921,434

The notes on pages 6 to 32 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 2022
 (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
Balance as at 1 January 2022	3,145,160,001	189,182,422	666,991,766	(331,650,005)	10,087,863,723	13,757,547,907
Profit for the period	-	-	-	-	3,510,156,659	3,510,156,659
Profit appropriation to other reserves	-	-	230,576,693	-	(230,576,693)	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	230,576,693	-	3,279,579,966	3,510,156,659
Transactions with owners, recorded directly in equity						
Dividends declared	-	-	-	-	(774,290,893)	(774,290,893)
Acquisition of treasury shares	-	-	-	(1,071,222,208)	-	(1,071,222,208)
Collection of the unpaid share capital	189,182,422	(189,182,422)	-	-	-	-
Distributions for which the statute of limitation occurred	-	-	-	-	11,143,980	11,143,980
Total transactions with owners recorded directly in equity	189,182,422	(189,182,422)	-	(1,071,222,208)	(763,146,913)	(1,834,369,121)
Balance as at 30 September 2022	3,334,342,423	-	897,568,459	(1,402,872,213)	12,604,296,776	15,433,335,445

The notes on pages 6 to 32 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 2022
 (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
Balance as at 1 January 2021	3,560,099,870	189,182,422	539,400,224	(1,086,443,209)	7,064,680,119	10,266,919,426
Profit for the period	-	-	-	-	3,097,735,666	3,097,735,666
Profit appropriation to other reserves	-	-	666,368,661	-	(666,368,661)	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	666,368,661	-	2,431,367,005	3,097,735,666
Transactions with owners, recorded directly in equity						
Dividends declared	-	-	-	-	(840,627,930)	(840,627,930)
Acquisition of treasury shares	-	-	-	(261,571,223)	-	(261,571,223)
Distributions for which the statute of limitation occurred	-	-	-	-	1,817,798	1,817,798
Total transactions with owners recorded directly in equity	-	-	-	(261,571,223)	(838,810,132)	(1,100,381,355)
Balance as at 30 September 2021	3,560,099,870	189,182,422	1,205,768,885	(1,348,014,432)	8,657,236,992	12,264,273,737

The notes on pages 6 to 32 are an integral part of these condensed interim financial statements.

**CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2022**

(all amounts are in RON unless otherwise stated)

	9 months ended 30 September 2022	9 months ended 30 September 2021
Cash flows from operating activities		
Proceeds from disposal of equity investments	997,073,965	-
Dividends received (net of withholding tax)	928,225,101	648,994,504
Proceeds from transactions with treasury bills and bonds	304,282,220	419,739,079
Amounts received from Romanian State for the unpaid share capital	189,182,422	-
Interest received	20,169,365	12,124,131
Amounts collected from the depository Bank of the Fund's GDRs	3,840,656	2,970,229
Acquisition of treasury bills and bonds	(227,774,993)	(122,297,124)
Suppliers and other taxes and fees paid	(164,030,840)	(97,207,745)
Other payments performed, net	(1,275,045)	(36,367)
Subscriptions to share capital increase of portfolio companies	-	(10,055,720)
Net cash flows from operating activities	2,049,692,851	854,230,987
Cash flows from financing activities		
Dividends paid (net of withholding tax)	(1,069,291,492)	(769,758,224)
Acquisition cost of treasury shares	(1,037,588,646)	(256,707,646)
Payment of fees related to the short-term bank loans	(45,000)	(68,500)
Net cash flows used in financing activities	(2,106,925,138)	(1,026,534,370)
Net decrease in cash and cash equivalents	(57,232,287)	(172,303,383)
Cash and cash equivalents at the beginning of the period	415,528,011	694,344,555
Cash and cash equivalents at the end of the period as per the Statement of Cash Flows	358,295,724	522,041,172
Reconciliation of Statement of Cash Flows with the equivalent items reported in the Statement of Financial Position		
	30 September 2022	30 September 2021
Cash and current accounts (<i>see Note 13</i>)	74,759	603,940
Distributions bank accounts (<i>see Note 13</i>)	78,822,602	76,353,453
Bank deposits with original maturities of less than three months (<i>see Note 13</i>)	279,398,363	445,083,779
	358,295,724	522,041,172
Interest accrued on bank deposits (<i>see Note 13</i>)	66,555	39,703
Government bonds with original maturities of more than three months and less than one year	-	77,895,726
Total cash and current accounts, deposits with banks, treasury bills and government bonds as per Statement of Financial Position	358,362,279	599,976,601

The notes on pages 6 to 32 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 2022

(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, undertaking for collective investment, in the form of a closed end investment company, on the basis of 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 76 - 80, Buzzești Street, 7th Floor, District 1, Bucharest.

Starting 1 April 2016, Fondul Proprietatea is an alternative investment fund as defined by the Alternative Investment Fund Managers Directive and by the Romanian legislation. On 28 January 2022, the Financial Supervisory Authority authorized Fondul Proprietatea as a closed-end Alternative Investment Fund designed for retail investors, with BRD Groupe Société Générale as depositary.

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

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

Starting with 1 April 2016 the Fund is managed by Franklin Templeton International Services S.à r.l. (“FTIS”) as its Sole Director and Alternative Investment Fund Manager (“AIFM”) under the Directive 2011/61/EU on Alternative Investment Fund Managers and local implementation regulations. The FTIS mandate is for a period of two years and the current mandate was approved during 29 September 2021 shareholders’ meeting for the period 1 April 2022 – 31 March 2024. The related contractual terms along with the execution of the Management Agreement were approved by the Fund’s shareholders during 15 December 2021 shareholders’ meeting.

Starting with 1 December 2020, the portfolio management and the administrative activities previously delegated to Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch are performed by FTIS through its Bucharest Branch.

Since 25 January 2011, Fondul Proprietatea has been a listed company on the spot regulated market managed by the Bucharest Stock Exchange in Tier I Shares of the Equity Sector of the market, 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 2022 are not audited.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022(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 2022 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 2021, prepared in accordance with IFRS. These condensed interim financial statements are available starting with 15 November 2022, on the Fund's official webpage, 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 2022 and continues to meet them.

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

(b) Going concern

The Fund's Sole Director has, at the authorisation date of these condensed interim financial statements, a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements.

According with the Fund's constitutive act, the duration of Fondul Proprietatea is until 31 December 2031 and it may be extended by the extraordinary general meeting of shareholders, with additional periods of 5 years.

(c) 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.

(d) 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.

(e) Foreign currency

Transactions in foreign currency are translated into the functional currency of the Fund at the exchange rate valid at the date of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into the functional currency at the exchange rate valid at that date. Non - monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated into the functional currency at the exchange rate valid at the date of the transaction and are not subsequently remeasured.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

2. Basis of preparation (continued)**(e) Foreign currency (continued)**

The exchange rates of the main foreign currencies, published by the National Bank of Romania at 30 September 2022 were as follows: 4.9490 RON/EUR, 5.0469 RON/USD and 5.6367 RON/GBP (30 September 2021: 4.9471 RON/EUR, 4.2653 RON/USD and 5.7431 RON/GBP).

(f) 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 14 – Deferred tax;
- Note 15 – Equity investments;
- Note 19 – Contingencies.

(g) The impact of the Russia – Ukraine military conflict on the Fund's financial position

On 24 February 2022, Russia engaged in military actions on Ukraine territory. Fondul does not have any direct exposure to Russia and Ukraine. The Fund Manager is closely monitoring developments that may impact financial markets including sanctions, actions by governments and developments in Ukraine itself. The Fund Manager will further assess the impact on the portfolio companies operations and valuation and take any potential actions needed, as facts and circumstances are subject to change and may be specific to investment strategies and jurisdictions. At the authorization date of these condensed interim financial statements, the Fund Manager is not able to reliably estimate the impact as events are unfolding day-by-day.

During the nine-month period ended 30 September 2022, the Fund's Sole Director performed a periodic analysis of multiples values of publicly traded peer companies and of the portfolio companies financial information and adjusted the value of unlisted holdings accordingly, where the case (*see Note 15* 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.

(h) COVID-19 pandemic

The Romanian Government decided to no longer extend the state of alert beyond 8 March 2022 and lifted all the restrictions imposed in the country in the context of the COVID-19 pandemic.

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

3. Significant accounting policies

The significant accounting policies applied in these condensed interim financial statements are the same as those applied in the Fund's financial statements for the year ended 31 December 2021 and have been applied consistently to all periods presented in these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

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
30 September 2022					
Cash and current accounts	74,759	-	-	74,759	74,759
Distributions bank accounts	78,822,602	-	-	78,822,602	78,822,602
Deposits with banks	279,464,918	-	-	279,464,918	279,464,918
Equity investments	-	15,124,625,169	-	15,124,625,169	15,124,625,169
Other financial assets	325,172	55,419,836*	-	55,745,008	55,745,008
Other financial liabilities	-	-	(102,141,930)	(102,141,930)	(102,141,930)
	358,687,451	15,180,045,005	(102,141,930)	15,436,590,526	15,436,590,526

*Please see Note 16 Other assets

	Other financial assets at amortised cost	Fair value through profit or loss	Other financial liabilities at amortised cost	Total carrying amount	Fair value
31 December 2021					
Cash and current accounts	76,632	-	-	76,632	76,632
Distributions bank accounts	68,148,338	-	-	68,148,338	68,148,338
Deposits with banks	347,387,604	-	-	347,387,604	347,387,604
Government bonds	-	77,106,529	-	77,106,529	77,106,529
Equity investments	-	12,577,678,606	-	12,577,678,606	12,577,678,606
Non-current assets held for sale	-	1,135,225,000	-	1,135,225,000	1,135,225,000
Other financial assets	54,000	-	-	54,000	54,000
Other financial liabilities	-	-	(433,968,064)	(433,968,064)	(433,968,064)
	415,666,574	13,790,010,135	(433,968,064)	13,771,708,645	13,771,708,645

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 2022

(all amounts are in RON unless otherwise stated)

4. Financial assets and financial liabilities (continued)**Fair value hierarchy (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:

30 September 2022	Level 1	Level 2	Level 3	Total
Equity investments:	784,051,572	-	14,340,573,597	15,124,625,169
<i>Power utilities: generation</i>	-	-	12,115,500,000	12,115,500,000
<i>Oil and gas</i>	688,937,020	-	-	688,937,020
<i>Power and gas utilities: distribution, supply</i>	-	-	853,970,000	853,970,000
<i>Infrastructure</i>	-	-	1,064,920,386	1,064,920,386
<i>Heavy industry</i>	-	-	279,556,500	279,556,500
<i>Aluminum</i>	95,114,552	-	-	95,114,552
<i>Postal services</i>	-	-	13,900,000	13,900,000
<i>Others</i>	-	-	12,726,711	12,726,711
Other financial assets (see Note 16)	55,419,836	-	-	55,419,836
Total	839,471,408	-	14,340,573,597	15,180,045,005

31 December 2021	Level 1	Level 2	Level 3	Total
Government bonds	77,106,529	-	-	77,106,529
Equity investments:	973,777,976	-	11,603,900,630	12,577,678,606
<i>Power utilities: generation</i>	-	-	9,040,900,000	9,040,900,000
<i>Oil and gas</i>	842,585,491	-	-	842,585,491
<i>Power and gas utilities: distribution, supply</i>	-	-	1,252,700,000	1,252,700,000
<i>Infrastructure</i>	-	-	1,040,856,754	1,040,856,754
<i>Heavy industry</i>	-	-	242,856,500	242,856,500
<i>Aluminum</i>	131,192,485	-	-	131,192,485
<i>Postal services</i>	-	-	13,900,000	13,900,000
<i>Others</i>	-	-	12,687,377	12,687,377
Non-current assets held for sale (see Note 8)	1,135,225,000	-	-	1,135,225,000
Total	2,186,109,505	-	11,603,900,630	13,790,010,135

5. Net gain from equity investments at fair value through profit or loss

	9 months ended 30 September 2022	9 months ended 30 September 2021
Unrealised gain from equity investments at fair value through profit or loss	3,137,215,365	2,620,292,075
Unrealised loss from equity investments at fair value through profit or loss	(570,146,451)	(107,103,335)
Realised loss from equity investments at fair value through profit or loss	(1,284,633)	-
Total	2,565,784,281	2,513,188,740

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

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

The unrealised gain from equity investments at fair value through profit or loss for the nine-month period ended 30 September 2022 was mainly generated by the change in fair value for the holding in Hidroelectrica SA (unrealised gain of RON 3,074,576,030), as a result of the strong performance registered by the company in the period in the current electricity market context. The unrealised gain from equity investments at fair value through profit or loss for the nine-month period ended 30 September 2021 was mainly generated by the change in fair value for the holding in Hidroelectrica SA (unrealised gain of RON 2,104,184,890) and OMV Petrom SA (unrealised gain of RON 370,591,745), as a result of the strong performance of these companies.

The unrealised loss from equity investments at fair value through profit or loss for the nine-month period ended 30 September 2022 was generated by the negative change in fair value for the unlisted holdings in Engie Romania SA (unrealised loss of RON 123,170,000), in E-Distributie Banat SA (unrealised loss of RON 111,890,000), E-Distributie Dobrogea SA (unrealised loss of RON 84,150,000) and also in E-Distributie Muntenia SA (unrealised loss of RON 79,520,000). The loss was also generated by the drop in share price for OMV Petrom SA (16.2% decrease which generated a total loss of RON 134,786,783 out of which RON 1,284,633 was realised following the sale of 40.4 million shares in the company). The unrealised loss from equity investments at fair value through profit or loss the nine-month period ended 30 September 2021 was mainly generated by the decrease in fair value for the holding in CN Aeroporturi Bucuresti SA (unrealised loss of RON 32,200,000), E-Distributie Banat SA (unrealised loss of RON 21,400,000) and E-Distributie Muntenia SA (unrealised loss of RON 20,000,000).

6. Gross dividend income

	9 months ended 30 September 2022	9 months ended 30 September 2021
Hidroelectrica SA	764,040,020	455,991,603
OMV Petrom SA	133,564,154	122,869,990
Societatea Nationala a Sarii SA	29,345,514	5,626,066
CN Administratia Porturilor Maritime SA	6,660,439	6,691,538
Alcom SA	824,054	233,725
E-Distributie Muntenia SA	-	20,119,733
E-Distributie Banat SA	-	18,653,091
Engie Romania SA	-	17,941,285
ENEL Energie Muntenia SA	-	4,800,019
ENEL Energie SA	-	1,800,000
Others	447,126	410,158
Total	934,881,307	655,137,209

The dividend income was subject to 5% Romanian withholding tax during the nine-month periods ended 30 September 2022 and 30 September 2021. 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 2022 a total amount of RON 275,783,146 represented special cash distributions (nine-month period ended 30 September 2021: RON 252,330,382).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

7. Net gain/(loss) from other financial instruments at fair value through profit or loss

The net gain/(loss) from other financial instruments at fair value through profit or loss for the nine-month period ended 30 September 2022 includes the realised gain from the change in the fair value of the receivable related to the unpaid share capital from the Romanian State which was classified at fair value through profit or loss, in amount of RON 189,182,422 (for the nine-month period ended 30 September 2021: nil). The fair value of this receivable as at 31 December 2021 was nil.

This caption also includes net unrealized gain of RON 55,419,836 from the change in fair value of the preferential rights linked to the share capital increase of OMV Petrom SA as mentioned in *Note 16 Other assets* (for the nine-month period ended 30 September 2021: nil).

The remaining amounts recorded under this category represent the net loss generated by the change in fair value for the government bonds held by the Fund during the nine-month periods ended 30 September 2022 and 30 September 2021.

8. Net realised loss from non-current assets held for sale

In January 2022, the Fund publicly announced that it had taken the decision to proceed with the partial sale of the investment in OMV Petrom SA (listed company) through an accelerated bookbuild offering. Consequently, as at 31 December 2021, the Fund reclassified, in accordance with IFRS 5 requirements, the part of the holding in OMV Petrom SA of RON 1,135,225,000 subject to the bookbuild offering, as non-current assets held for sale. The sale offering was completed on 19 January 2022 for 2,275,000,000 shares and the gross proceeds received from the disposal amounted to RON 978,250,000.

The realised loss of RON 156,975,000 from the disposal of the non-current assets held for sale represents the difference between the total proceeds from the disposal (RON 978,250,000) and the fair value at the reclassification date of the non-current assets held for sale disposed of (RON 1,135,225,000).

There were no assets classified as non-current assets held for sale during the nine-month period ended 30 September 2021.

9. Operating expenses

	9 months ended 30 September 2022	9 months ended 30 September 2021
FTIS administration fees (i)	67,137,444	61,887,734
FSA monthly fees (ii)	10,905,094	7,606,373
Intermediaries and other transaction related fees (iii)	9,370,704	11,922
Third party services (iv)	5,871,707	4,974,302
BON remunerations and related taxes (v)	992,852	1,083,237
Depository bank fee	329,630	413,351
Other operating expenses	784,151	771,776
Total	95,391,582	76,748,695

(i) FTIS administration fees

The administration fees include the base fee and the distribution fee. The distribution fee related to dividend distributions to shareholders is recognised through profit or loss while the distribution fee related to the buy-backs is recognised directly in equity as buy-backs acquisition cost.

The administration fees recorded during the first nine months of 2022 and the first nine months of 2021 are presented in the table below:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

9. Operating expenses (continued)*(i) FTIS administration fees (continued)*

	9 months ended 30 September 2022	9 months ended 30 September 2021
Base fee	45,114,174	45,846,544
Distribution fee related to dividend distributions to shareholders	19,308,635	8,400,210
Performance fee	2,714,634	7,640,980
Administration fees recognised in profit or loss	67,137,444	61,887,734
Distribution fees related to buy-backs recognised in equity	25,163,672	2,562,173
Total administration fees	92,301,116	64,449,907

The administration fees are invoiced and paid on a quarterly basis. The performance fee is no longer applicable after 31 March 2022, in accordance with the provisions of the Management Agreement in force.

(ii) FSA monthly fees

During the nine-month periods ended 30 September 2022 and 30 September 2021, the FSA fee was 0.0078% per month applied on the total net asset value.

(iii) Intermediaries and other transaction related fees

These fees are mainly related to the sale of 2,275,000,000 OMV Petrom stocks, consisting of brokerage fees, market fees and legal fees linked to the sale. This category also includes the costs related to the listings of Hidroelectrica SA and Societatea Nationala a Sarii SA. in amount of RON 1.8 million.

(iv) Third party services

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

	9 months ended 30 September 2022	9 months ended 30 September 2021
Legal consultancy and litigation assistance	1,719,603	1,920,503
Portfolio valuation services	802,055	669,608
Investors' relations expenses	720,038	121,747
Board of Nominees accommodation, transport and insurance costs	575,521	366,928
Financial auditor's fees	481,590	521,326
Tax compliance and advisory services	299,336	328,596
Public relations services	212,047	234,540
Other services	1,061,516	811,056
Total	5,871,707	4,974,302

The financial audit fees are recorded in the year they relate to. The financial auditor of Fondul Proprietatea for 2021 was Deloitte Audit SRL, while the financial auditor for 2022 is Ernst & Young Assurance Services SRL.

(v) BON remunerations and related taxes

Remunerations and related taxes included the remunerations paid to the members of the Board of Nominees as well as the related taxes and contributions payable to the Romanian State budget (*see Note 20 (a)* for further details).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

10. 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 Fund decided not to extend the credit facility further, after this date. The credit facility was for general corporate and operational use and had a committed amount of RON 45,000,000. The Fund could 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 2022 of RON 37,250 (nine-month period ended 30 September 2021: RON 68,250) comprise the commitment fee on undrawn amounts from the credit facility. No amount was drawn by the Fund during the period.

11. Income tax

No current tax and no deferred tax were recorded during the nine-month periods ended 30 September 2022 and 30 September 2021.

	9 months ended 30 September 2022	9 months ended 30 September 2021
Reconciliation of effective tax rate		
Net profit for the period	3,510,156,659	3,097,735,666
Withholding tax on the dividend income	(6,678,208)	(6,143,500)
Profit excluding income tax	3,516,834,867	3,103,879,166
 Income tax expense using the standard tax rate (16%)	 (562,693,579)	 (496,620,667)
<i>Impact on the income tax of:</i>		
Non-taxable income (other than dividend income)	658,452,662	403,921,996
Taxation applied on dividend income	142,902,801	98,678,453
Non-deductible expenses	(206,196,016)	(68,734,073)
Elements similar to revenues (taxable equity items)	(1,783,037)	(290,848)
Fiscal result impact in the current period	(37,361,040)	56,901,639
Tax on income (i.e. withholding tax on the dividend income)	(6,678,208)	(6,143,500)

The fiscal result impact as at 30 September 2022 of RON 37,361,040 included in the table above represents the unrecognised deferred tax asset for the tax losses recorded for the nine-month period ended 30 September 2022. The fiscal result impact as at 30 September 2021 of RON 56,901,639 included in the table above represents the current tax on profit for the first nine months of 2021 which was offset by the Fund's tax losses carried forward.

As at 30 September 2022 and 31 December 2021 there is no income tax due or to be recovered from the State Budget by the Fund.

See *Note 14 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 2022

(all amounts are in RON unless otherwise stated)

12. Basic and diluted earnings per share

Basic earnings/(loss) per share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary paid shares in issue during the period, excluding the average number of ordinary shares purchased by the Fund and held as treasury shares (based on their settlement date). As at 30 September 2022 and 30 September 2021, none of the Fund's issued shares or other instruments had dilutive effect, therefore basic and diluted earnings/(loss) per share are the same.

	9 months ended 30 September 2022	9 months ended 30 September 2021
Profit for the period	3,510,156,659	3,097,735,666
Weighted average number of ordinary shares	6,012,879,762	5,951,115,030
Basic and diluted earnings per share	0.5838	0.5205

13. Cash and current accounts and deposits with banks

	30 September 2022	31 December 2021
Petty cash	415	536
Current accounts with banks	74,344	76,096
Distributions bank accounts	78,822,602	68,148,338
Cash and current accounts	78,897,361	68,224,970

	30 September 2022	31 December 2021
Bank deposits with original maturities of less than three months	279,398,363	347,303,041
Interest accrued on bank deposits	66,555	84,563
Deposits with banks	279,464,918	347,387,604

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.

14. Deferred tax

As at 30 September 2022 and 31 December 2021 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 2022 and 31 December 2021, 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 2022 the unused fiscal loss carried forward amounts to RON 3,000,035,282 out of which RON 2,499,510,497 will expire on 31 December 2022 and RON 500,524,785 will expire on 31 December 2027.

As at 30 September 2022 and 31 December 2021 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 2022 and 30 September 2021. The deferred tax balances during both these periods were zero.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

15. Equity investments

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

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

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

The movement in the carrying amounts of equity investments at fair value through profit or loss during the nine-month periods ended 30 September 2022 and 30 September 2021 is presented below:

	9 months ended 30 September 2022	9 months ended 30 September 2021
Opening balance	12,577,678,606	9,246,709,268
Net gain from equity investments at fair value through profit or loss (<i>see Note 5</i>)	2,565,784,281	2,513,188,741
Subscriptions to share capital increase of portfolio companies	23,970	10,470,830
Disposals	(18,861,688)	-
Closing balance	15,124,625,169	11,770,368,839

Portfolio

As at 30 September 2022 and 31 December 2021 the Fund's portfolio comprised the following holdings:

	30 September 2022	31 December 2021
Hidroelectrica SA	12,115,500,000	9,040,900,000
OMV Petrom SA	688,937,020	842,585,491
CN Aeroporturi Bucuresti SA	695,600,000	674,200,000
Engie Romania SA	399,530,000	522,700,000
Administratia Porturilor Maritime SA	298,900,000	294,400,000
Societatea Nationala a Sarii SA	253,400,000	216,700,000
E-Distributie Banat SA	133,210,000	245,100,000
E-Distributie Muntenia SA	127,180,000	206,700,000
E-Distributie Dobrogea SA	99,850,000	184,000,000
Alro SA	95,114,552	131,192,485
Enel Energie SA	61,100,000	61,100,000
Romaero SA	39,613,068	41,449,436
Enel Energie Muntenia SA	33,100,000	33,100,000
Zirom SA	26,156,500	26,156,500
CN Administratia Canalelor Navigabile SA	15,831,240	15,831,240
Other	41,602,789	41,563,454
Total equity investments	15,124,625,169	12,577,678,606

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

15. Equity investments (continued)

As at 30 September 2022, the classification of the fair value of equity investments of RON 15,124,625,169 by fair value hierarchy level (see *Note 4* for more details) is as follows: RON 784,051,572 under Level 1 (31 December 2021: RON 973,777,976) and RON 14,340,573,597 under Level 3 (31 December 2021: RON 11,603,900,630).

The table below presents the movement in Level 3 equity investments during nine-month periods ended 30 September 2022 and 30 September 2021:

	9 months ended 30 September 2022	9 months ended 30 September 2021
Opening balance	11,603,900,630	7,642,697,782
Net unrealised gain recognised in profit or loss	2,736,648,997	2,101,781,556
Subscriptions to share capital increase of portfolio companies	23,970	10,470,830
Closing balance	14,340,573,597	9,754,950,168

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

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

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

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

As at 30 September 2022, the fair value for 91% of the Level 3 equity investments (31 December 2021: for 89% of the Level 3 equity investments) was determined by applying the market comparison technique using comparable trading multiples for EBITDA, while the fair value for 9% of the Level 3 equity investments (31 December 2021: for almost 11% of the Level 3 equity investments) was determined by applying the income approach using the discounted cash flow method. There were no significant changes in the valuation technique used for the valuation of the holdings as at 30 September 2022 compared with that used as at 31 December 2021.

Due to strong performance and the variability of the energy sector during the nine-month period ended 30 September 2022 and also due to the circumstances linked to the listing (a decrease in discount for lack of marketability from 16.2% in December 2021 to 6.5% in September 2022), the Fund, with the assistance of the external valuation services provider, performed several valuation reports for Hidroelectrica SA. Please see the table below for a summary of the changes throughout the year:

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(all amounts are in RON unless otherwise stated)

15. Equity investments (continued)

Date	Hidroelectrica SA (RON)	Hidroelectrica SA change (%)	Total monthly NAV (RON)
31-Dec-21	9,040,900,000		13,244,639,868
31-Jan-22	9,040,900,000	-	13,556,970,095
28-Feb-22	9,040,900,000	-	13,666,467,606
31-Mar-22	9,924,444,000	+9.8%	14,535,940,090
30-Apr-22	11,370,403,300	+14.6%	15,964,568,846
31-May-22	11,370,403,300	-	16,015,608,357
30-Jun-22	12,559,800,000	+10.5%	16,327,273,801
31-Jul-22	12,559,800,000	-	16,268,597,316
31-Aug-22	12,559,800,000	-	16,179,855,706
30-Sep-22	12,115,500,000	-3.5%	15,433,328,042

Considering the current context of the energy and gas market, the corporate events that may take place, the values of the unlisted holdings: Engie Romania SA, E-Distributie Banat SA, E-Distributie Muntenia SA, E-Distributie Dobrogea SA were updated using the multiples values as at 30 September 2022 of publicly traded peers companies, using the same methodology and computation algorithm as in the latest available valuation report prepared with the assistance of the external valuation services provider.

The valuation for the Level 3 equity investments as at 30 September 2022 was prepared as follows:

- 84.5% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the external valuation services provider as at 30 September 2022 incorporating the impact of any significant corporate action that took place until that date;
- 8.7% of the fair value of Level 3 equity investments was determined based on the valuation reports updated with the assistance of the external valuation services provider as at 31 May 2022 incorporating the impact of any significant corporate action that took place until 30 June 2022;
- 5.3% of the fair value of Level 3 equity investments was determined based on the valuation reports updated with the assistance of the external valuation services provider as at 31 May 2022 and subsequently updated using the multiples values as at 30 September 2022 of publicly traded peer companies;
- 1.2% of the fair value of Level 3 equity investments was determined based on the valuation reports prepared with the assistance of an external valuation services provider as at 31 October 2021 incorporating the impact of any significant corporate action that took place until 31 December 2021;
- 0.3% 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 2021 was prepared as follows:

- 74.2% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the external valuation services provider as at 31 August 2021 incorporating the impact of any significant corporate action that took place until 30 September 2021;
- 23.5% of the fair value of Level 3 equity investments was determined based on the valuation reports updated with the assistance of the external valuation services provider as at 31 May 2021 incorporating the impact of any significant corporate action that took place until 30 June 2021;
- 1.6% of the fair value of Level 3 equity investments was determined based on the valuation reports prepared with the assistance of an external valuation services provider as at 31 October 2020;
- 0.4% 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;
- 0.3% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the external valuation services provider as at 31 July 2021 incorporating the impact of any significant corporate action that took place until 31 August 2021;

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

15. Equity investments (continued)

- the holdings in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity were valued at nil.

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 based on available information and under the current conditions.

The valuations are based on prevailing market, economic and other conditions at the valuation date and correspond with a period of significant volatility in global financial markets and widespread macro-economic uncertainty. To the extent possible, these conditions were reflected in the valuation. However, the factors driving these conditions can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and on the Fund's portfolio holdings specifically, could impact the estimated fair values in the future, either positively or negatively.

The achievement of the forecasts included in the valuation reports critically depends on the assumptions used, on the specific developments of the portfolio companies' business, on government legislation and, in case of electricity sector, on the decisions regarding the regulated tariffs for electricity distribution as well as on the continuing restructuring process of the power sector.

As a result, the current valuation may not have identified, or reliably quantified the impact of all such uncertainties and implications.

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

Considering the economic uncertainties, the risks and the strong volatility existing in the capital markets, 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 peer companies and of the available portfolio companies' financial information and will adjust the value of unlisted holdings accordingly, if the case.

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

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

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

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

The following tables set out information about the significant unobservable inputs used at 30 September 2022 and 31 December 2021 in measuring equity instruments classified as Level 3 in the fair value hierarchy:

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(all amounts are in RON unless otherwise stated)

15. Equity investments (continued)

Financial assets	Fair value as at 30 September 2022	Valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
Total	14,340,573,597			
Unlisted equity instruments	12,992,997,618	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 4.02 – 10.95 (10.57) Discount for lack of marketability: 6.54% or 16.20% (7.19%)	The higher the EBITDA multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments and Listed illiquid equity instruments	1,292,962,631	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 10.30% - 15.30% (13.96%) Discount for lack of marketability ranging from 11.4% - 16.2% (15.84%) Discount for lack of control: 0% - 26.7% (17.87%) Long-term revenue growth rate: 2.50% (2.50%)	The lower the weighted average cost of capital, the higher the fair value. The lower the discount for the lack of marketability, the higher the fair value. The lower the discount for the lack of control, the higher the fair value. The higher the long-term revenue growth rate, the higher the fair value.
Unlisted equity instruments	13,900,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price/Earnings value: 6.14 (6.14) Discount for lack of marketability: 22.8% (22.8%)	The higher the Price /Earnings multiple, the higher the fair value. The lower the discount for the lack of marketability, the higher the fair value.
Unlisted equity instruments	0	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.43 (0.43)	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	40,713,348	Bucharest Stock Exchange reference price	These shares are traded infrequently and have little price transparency. Fair values for these equity instruments were considered to be those used in the calculation of the net asset value of the Fund, in accordance with the regulations issued by the Financial Supervisory Authority.	

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(all amounts are in RON unless otherwise stated)

15. Equity investments (continued)

Financial assets	Fair value as at 31 December 2021	Valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
Total	11,603,900,630			
Unlisted equity instruments	10,317,127,618	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 4.02 - 11.50 (10.88) Discount for lack of marketability: 16.20% (16.20%)	The higher the EBITDA multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments and Listed illiquid equity instruments	1,230,362,631	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 10.30% - 14.70% (11.53%) Discount for lack of marketability ranging from 11.4% - 16.3% (15.87%) Discount for lack of control: 0% - 26.7% (17.89%) Long-term revenue growth rate: 2.50% (2.50%)	The lower the weighted average cost of capital, the higher the fair value. The lower the discount for the lack of marketability, the higher the fair value. The lower the discount for the lack of control, the higher the fair value. The higher the long-term revenue growth rate, the higher the fair value.
Unlisted equity instruments	13,900,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price/Earnings value: 6.14 (6.14) Discount for lack of marketability: 22.8% (22.8%)	The higher the Price /Earnings multiple, the higher the fair value. The lower the discount for the lack of marketability, the higher the fair value.
Unlisted equity instruments	0	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.43 (0.43)	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	42,510,381	Bucharest Stock Exchange reference price	These shares are traded infrequently and have little price transparency. Fair values for these equity instruments were considered to be those used in the calculation of the net asset value of the Fund, in accordance with the regulations issued by the Financial Supervisory Authority.	

As at 30 September 2022 and 31 December 2021, 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 2022

(all amounts are in RON unless otherwise stated)

15. 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).

16. Other assets

	30 September 2022	31 December 2021
Preferential rights related to share capital increase of OMV Petrom SA	55,419,836	-
Prepaid expenses	343,305	189,896
Subscriptions to share capital increase of portfolio companies	30,030	54,000
Other assets	387,429	54,829
	56,180,600	298,725

On 27 April 2022, the Extraordinary General Meeting of Shareholders of OMV Petrom SA approved the initiation of the share capital increase operation of OMV Petrom SA.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

16. Other assets (continued)

On 21 June 2022, the Supervisory Board of the company approved the share capital increase under the following structure: RON 120,660,239.20 in exchange of 1,206,602,392 new shares, representing the in-kind contribution of the Romanian State, through the Ministry of Energy, and up to a maximum of RON 463,966,423.40, representing a maximum number of 4,639,664,234 new shares, to be offered for subscription, within the exercise of their preference right, to the other shareholders (except the Romanian State). On 7 September 2022 the Romanian Financial Supervisory Authority issued its Decision no. 1225/07.09.2022 whereby it approved the simplified prospectus. Based on this corporate action, the Fund received preferential rights which were valued at fair value through profit and loss at RON 55,419,836 as at 30 September 2022. Please see the *Subsequent Events* section for updated information on the share capital increase of OMV Petrom SA.

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

	30 September 2022	31 December 2021
Dividends payable, net of withholding tax	79,214,674	408,217,038
Payable to shareholders related to the return of capital	28,664	28,664
	79,243,338	408,245,702

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

	9 months ended 30 September 2022	9 months ended 30 September 2021	Year ended 31 December 2021
Opening balance	408,245,702	34,380,437	34,380,437
Gross distributions approved during the period	774,290,893	840,627,930	1,191,868,702
Payments of net distributions performed from the dedicated bank accounts	(1,069,291,497)	(769,758,225)	(777,941,710)
Withholding tax paid/payable to state budget	(22,857,780)	(24,402,178)*	(38,120,648)
Distributions for which the statute of limitation occurred	(11,143,980)	(1,817,797)	(1,941,079)
Closing balance	79,243,338	79,030,167	408,245,702

*30 September 2021 amounts were not restated to present withholding liability at full amount (currently presents only withholding amount related to dividend paid)

(b) Other liabilities and provisions

	30 September 2022	31 December 2021
FTIS Administration fees	19,735,524	22,780,953
Tax on dividends due to State Budget	2,392,090	13,433,093
Intermediaries and other transaction related payables	1,372,657	-
Financial Supervisory Authority fees	1,262,029	946,208
Payables related to treasury shares under settlement	1,169,258	1,372,217
Other liabilities	657,707	1,595,354
	26,589,265	40,127,825

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

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

On 1 February 2022, the Romanian State, represented by the Ministry of Finance paid RON 189,182,422 to the Fund, as payment for the unpaid shares owned by the Romanian State in the Fund (as at 31 December 2021, the Romanian State held 363,812,350 unpaid shares, each share having a nominal value of RON 0.52).

This payment was performed in exercise of the Romanian State's rights under Law 247/2005 on the reform in the fields of property and justice, as well as some adjacent measures. Consequently, starting 1 February 2022, the new value of the Fund's subscribed and paid-up share capital is RON 3,334,342,422.84 (divided into 6,412,196,967 shares with a nominal value of RON 0.52/share).

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

	30 September 2022	31 December 2021
Number of shares in issue	6,412,196,967	6,412,196,967
Number of paid shares	6,412,196,967	6,048,384,617
Number of unpaid shares	-	363,812,350
Nominal value per share (RON)	0.52	0.52
Issued share capital (RON)	3,334,342,422.84	3,334,342,422.84
Paid share capital (RON)	3,334,342,422.84	3,145,160,000.84
Unpaid share capital (RON)	-	189,182,422.00

The shareholders structure as at 30 September 2022 was as follows:

Shareholder categories	% of subscribed and paid share capital
Romanian institutional investors	36.03%
Romanian private individuals	20.38%
The Bank of New York Mellon (depository bank for the Fund's GDRs)	14.20%
Foreign institutional investors	10.29%
Romanian State	5.78%
Foreign private individuals	3.04%
Treasury shares	10.28%
Total	100.00%

Source: Depozitarul Central SA (Central Depository)

(b) Reserves related to the unpaid share capital

Unpaid share capital represented 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

18. Shareholders' equity (continued)**(b) Reserves related to the unpaid share capital (continued)**

As at 31 December 2021 the fair value of the receivable related to the unpaid amounts from the Romanian State was nil. On 1 February 2022, the Romanian State, represented by the Ministry of Public Finance, transferred RON 189,182,422 to the Fund, as payment for all unpaid shares mentioned above.

The registration of the new share capital structure (subscribed and paid-up) and of the total voting rights of the Ministry of Public Finance with the Trade Registry, Financial Supervisory Authority and the Central Depository was completed during the first quarter of 2022. Consequently, this presentation adjustment was reversed in the first quarter of 2022.

(c) Other reserves

	30 September 2022	31 December 2021
Legal reserve	666,868,485	666,868,485
Other reserves	230,576,693	671,941,938
Distributions for which the statute of limitation occurred	123,281	123,281
Losses from cancellation of treasury shares (negative equity reserves)	-	(671,941,938)
	897,568,459	666,991,766

As required by the Romanian Companies' Law, a minimum 5% of the profit for the year must be transferred to the legal reserve until the reserve equals at least 20% of the issued share capital. The legal reserve cannot be used for distributions to shareholders. As at 30 September 2022 and 31 December 2021, the legal reserve amount represented 20% of the value of the issued share capital.

The amounts allocated to other reserves are to be used to cover the losses (negative reserves) recorded from cancellation of shares acquired through the buy-back programmes.

During the General Shareholder Meeting held on 20 April 2022 the shareholders authorized that the amount of RON 671,941,938, which was allocated to other reserves based on the 28 April 2021 GSM, be used to cover the negative reserve generated from the cancellation of shares acquired during 2020 through the eleventh buy-back programme. During the GSM held on 20 April 2022, the Fund's shareholders also approved the allocation to other reserves of an amount of RON 230,576,693 from the 2021 net accounting profit to be used for covering the negative reserves estimated to arise from the cancellation of treasury shares acquired during 2021 through the twelfth 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. These amounts will be covered from retained earnings and other equity elements, in accordance with the resolution of the General Shareholders Meeting.

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

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 periods ended 30 September 2022 and 30 September 2021:

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(all amounts are in RON unless otherwise stated)

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

	9 months ended 30 September 2022	9 months ended 30 September 2021
Opening balance	671,941,938	236,026,121
Coverage of the negative reserves according to GSM Resolution no. 5/20 April 2022 (eleventh buy-back programme)	(671,941,938)	-
Coverage of negative reserves according with GSM Resolution no. 2/ 28 April 2021 (tenth buy-back programme)	-	(236,026,121)
Closing balance	-	-

There was no negative reserve recorded during the nine-month periods ended 30 September 2022 and 30 September 2021.

(d) Treasury shares

The table below summarises the details regarding the thirteenth buy-back programme, respectively the buy-back programme carried during 2022:

	GSM date approving the buy-back programme	Start date	Completion date	Acquisition price range as approved by GSM
13th buy-back	15-Dec-2021	1-Jan-2022	31-Dec-2022	RON 0.2 – 2.5 per share

The thirteenth buy-back programme refers to the acquisition by the Fund of a maximum number of 800,000,000 shares and/or equivalent GDRs 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 2022 and the first nine months of 2021 is presented in the tables below:

	Opening balance 1 January 2022	Acquisitions during the period	Cancellations during the period	Closing balance 30 September 2022
12th buy-back	194,371,754	-	-	194,371,754
13th buy-back	-	488,182,982	-	488,182,982
	194,371,754	488,182,982	-	682,554,736

	Opening balance 1 January 2021	Acquisitions during the period	Cancellations during the period	Closing balance 30 September 2021
11th buy-back	797,961,287	-	-	797,961,287
12th buy-back	-	155,634,558	-	155,634,558
	797,961,287	155,634,558	-	953,595,845

The movement of treasury shares carrying amounts during the first nine months of 2022 and the first nine months of 2021 is presented in the tables below:

	Opening balance 1 January 2022	Cost of treasury shares acquired	Cancellation of treasury shares	Closing balance 30 September 2022
12th buy-back	331,650,005	-	-	331,650,005
13th buy-back	-	1,071,222,208	-	1,071,222,208
	331,650,005	1,071,222,208	-	1,402,872,213

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

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

	Opening balance 1 January 2021	Cost of treasury shares acquired	Cancellation of treasury shares	Closing balance 30 September 2021
11 th buy-back	1,086,443,209	438,598	-	1,086,881,807
12 th buy-back	-	261,132,625	-	261,132,625
	1,086,443,209	261,571,223	-	1,348,014,432

(e) Dividend distribution

The dividend distributions for which the payments were ongoing at the reporting date are presented in the table below:

Registration date*	Gross dividend per share (RON)	Source of distribution	Starting Payment Date	Payment expiration date**
10-Jun-20	0.0642	2019 profit	01-Jul-20	01-Jul-23
28-May-21	0.0720	remaining balance of 2016 and 2017 unallocated profits	22-Jun-21	22-Jun-24
06-Aug-21	0.0700	remaining balance of 2017 and 2019 unallocated profits	27-Aug-21	27-Aug-24
28-Jan-22	0.0600	remaining balance of 2019 unallocated profit	18-Feb-22	18-Feb-25
3-Jun-22	0.1250	2021 profit	27-Jun-22	27-Jun-25

*Registration date of the shareholders in the shareholders' registry kept by the Central Depository

**The dividend payment is subject to the general statute of limitation. As such, shareholders may request the payment only within a three-year term from the Starting Payment Date, unless the legislation provides for another term.

Only the shareholders registered in the shareholders' registry with the Central Depository on the registration date approved by the Fund's shareholders have the right to receive the related gross dividend, proportionally with their participation in the paid-in share capital of the Fund.

During the 20 April 2022 General Shareholders Meeting, the Fund's shareholders approved the distribution of a gross dividend of RON 0.1250 per share from 2021 profit. The shareholders registered in the shareholders' registry with the Central Depository on 3 June 2022 have the right to receive a gross dividend of RON 0.1250 per share, proportionally with their participation in the paid in share capital of the Fund. The payment started on 27 June 2022.

19. Contingencies**(a) Litigations**

At 30 September 2022, the Fund was involved in certain litigations, either as defendant or claimant. After analysing the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Fund considers that there are no litigations which may have significant effects on the Fund's financial position or profitability.

(b) Other contingencies

Other contingencies of the Fund included the receivables from World Trade Center Bucuresti SA and the potential payable regarding CN Aeroporturi Bucuresti SA share capital increase, as detailed below.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

19. Contingencies (continued)**(b) Other contingencies (continued)***(i) Receivables from World Trade Center Bucuresti SA*

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.

The amounts recovered from the enforcement procedure were 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.

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.

On 18 February 2020, the Court ruled in favour of the Fund in the case started against the Romanian State, represented by Ministry of Public Finance, for recovering the contributions of the Romanian State to the share capital of the Fund. The decision was issued in the first stage and Ministry of Public Finance appealed it. On 18 September 2020, Bucharest Court of Appeal admitted the appeal of Ministry of Public Finance. The Fund filed the second appeal which was rejected by the High Court of Cassation and Justice on 1 April 2021.

The Fund has initiated legal actions for recovering the amounts from World Trade Center Bucharest SA in this respect, which are pending with the Court. In case that the court decision is unfavorable, the Fund - based on the argumentation of the Court and the argumentation of the High Court of Cassation and Justice in the previous claim against the State (which is yet to be communicated) - will consider what other steps can be taken to recover the amounts mentioned above.

(ii) CN Aeroporturi Bucuresti SA share capital increase

CN Aeroporturi Bucuresti called through the convening notice published in the Official Gazette of Romania Part IV no. 3873/20.09.2021, a General Shareholders Meeting for 25 October 2021, in order to approve a share capital increase with the land located inside the Baneasa airport, brought as Romanian state's contribution in kind to the company's share capital. The proposed value for the share capital increase was initially RON 3,814,809,171. This is the third time when the process to increase the share capital is initiated since 2001 when Baneasa Airport received the land ownership certificates.

During 26 October 2021 (i.e. second call of the shareholders meeting) the share capital increase was approved only with Romanian State votes in favour as follows:

- The share capital increase approved was for RON 4,768,511,460, out of which:
 - o RON 3,814,809,170 represents in kind contribution of Romanian State calculated as the value of the land parcels valued by the valuer appointed by Trade Register;
 - o The amount of RON 953,702,290 represents the value of shares offered to be subscribed by Fondul Proprietatea for maintaining 20% participation in the share capital. The preference rights may be used by the Fund within 60 days calculated starting with the date when the shareholders resolution is published in the Official Gazette;

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

19. Contingencies (continued)**(b) Other contingencies (continued)**

- After 60 days period expires, the share capital will increase with the value of paid-up shares (Romanian State contribution in kind being already considered to be completed);
- If the Fund would not subscribe, the unsubscribed shares would be cancelled and Fondul Proprietatea's holding will be diluted to 0.73%.

Fondul Proprietatea already expressed its opinion strongly disputing the fundamentally flawed land valuation report, as the land valuation report carried out in 2021 attributes a very high value to the land, despite a previously approved valuation report from 2017, which had set the value of the same land at RON 269 million.

Fondul Proprietatea commenced court proceedings for the annulment of the shareholders resolutions asking the court to suspend the entire process till the claim for annulment case is irrevocably closed, to protect the interest of the Fund and its shareholders.

Following the hearing that took place on 13 January 2022, the Bucharest Court of Appeal admitted the request of suspension filed by the Fund and ordered the suspension of the effects of the increase until the claim for the annulment of the CN Aeroporturi Bucuresti GSM is irrevocably settled.

Considering the above, the dilution risk was assessed as not significant and thus no additional adjustments were applied to the valuation of the company.

The Fund will continue to update its shareholders regarding the share capital increase process. The duration of court cases in Romania is not predictable. However, the Fund will use all legal available means to have a solution for this issue as soon as possible.

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

	9 months ended 30 September 2022	9 months ended 30 September 2021
BON gross remunerations, out of which:	992,852	1,083,237
Contributions to social security fund retained from gross remuneration	108,558	89,603
Contributions to health insurance fund retained from gross remuneration	43,416	35,836
Income tax	84,081	95,772
Net remunerations paid to BON members	756,797	862,026

Other costs incurred by the Fund in relation with the members of the Board of Nominees comprised:

	9 months ended 30 September 2022	9 months ended 30 September 2021
Professional insurance costs	388,288	354,441
Other costs (accommodation, transport, meals etc.)	293,984	14,059
	682,273	368,500

During the first nine months of 2021, there was performed a recalculation of the net remuneration for one of the BON members, for the entire period from the beginning of his mandate as member of the Fund's Board of Nominees until 31 December 2020, as a result of a different tax treatment that should have been applied in his case. Thus, the amount of RON 384,520 was paid to him as net remuneration while the corresponding overpaid contributions to the State Budget resulted following the recalculation were offset by the Fund with the taxes payable to the State Budget.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

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

There were no loans between the Fund and the members of the Board of Nominees neither in the first nine months of 2022, nor in the first nine months of 2021.

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

(ii) Sole Director

FTIS is the Sole Director and Alternative Investment Fund Manager of the Fund starting with 1 April 2016. Starting 1 December 2020, the portfolio management and the administrative activities previously delegated to Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch are performed by FTIS through its Bucharest Branch.

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

Transactions	9 months ended 30 September 2022	9 months ended 30 September 2021
Administration fees	92,301,116	64,449,907

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

Transactions	9 months ended 30 September 2022	9 months ended 30 September 2021
Rent expense charged to the Fund	55,904	60,650
Operating cost charged to the Fund	21,387	20,436
	77,291	81,086

During the first nine months of 2022, the Fund recorded RON 393,255 representing expenses incurred by FTIS Bucharest Branch on its behalf.

During the first nine months of 2021, the Fund recorded RON 149,612 representing expenses incurred by FTIS Bucharest Branch on its behalf.

These expenses were primarily related to expenses in the interest of protecting and promoting the image of the Fund and its securities (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.

The outstanding liabilities owed by the Fund were as follows:

Amounts due to:	30 September 2022	31 December 2021
FTIS Luxembourg	19,735,524	22,780,953
FTIS Bucharest Branch	177,191	251,935
	19,912,715	23,032,888

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:

	30 September 2022	31 December 2021
Ownership interest		
Zirom SA	100%	100%
Alcom SA	72%	72%
Comsig SA	70%	70%

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

20. Related parties (continued)**(b) Subsidiaries (continued)**

As at 30 September 2022 and 31 December 2021, Comsig SA was in administrative liquidation process, which is still ongoing at the date of these condensed interim financial statements. In April 2021, the Fund received from Comsig SA as liquidation proceeds an amount of RON 62,154. Until the date of these condensed interim financial statements, Comsig SA was not deregistered from Trade Registry.

During the 21 June 2022 EGM, Zirom SA shareholders approved a capital decrease of 1,542,083 shares from 7,542,083 shares to 6,000,000 shares in order to partially cover the company's accumulated accounting losses of RON 75,420,830 (amount at the date of the GSM). As such, the cumulated losses would decrease by RON 15,420,830. The share capital decrease was finalised on 16 September 2022, the date of registration with the Trade Register.

During the first nine months of 2021, the Fund participated in the cash share capital increase of Zirom SA, subscribing 1,000,000 new shares, at the nominal value of RON 10 per share (in total of RON 10,000,000).

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

	30 September 2022	31 December 2021
Zirom SA	26,156,500	26,156,500
Alcom SA	9,453,631	9,453,631
Comsig SA	-	-
	35,610,131	35,610,131

As at 30 September 2022 and 31 December 2021, the Fund had no commitment to provide financial or other support to its subsidiaries, including commitments to assist the subsidiaries in obtaining financial support.

Gross dividend income

	9 months ended 30 September 2022	9 months ended 30 September 2021
Alcom SA	824,054	233,725
	824,054	233,725

At 30 September 2022 and 31 December 2021 there were no dividends receivable from the subsidiaries.

(c) Associates

As 30 September 2022 and 31 December 2021 the Fund had two associates, both incorporated in Romania:

	30 September 2022	31 December 2021
Ownership interest		
Societatea Nationala a Sarii SA	49%	49%
Plafar SA	49%	49%

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

	30 September 2022	31 December 2021
Societatea Nationala a Sarii SA	253,400,000	216,700,000
Plafar SA	2,172,800	2,172,800
	255,572,800	218,872,800

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

(all amounts are in RON unless otherwise stated)

20. Related parties (continued)**(c) Associates (continued)****Gross dividend income**

	9 months ended 30 September 2022	9 months ended 30 September 2021
Societatea Nationala a Sarii SA	29,345,514	5,626,066
Plafar SA	-	116,856
	29,345,514	5,742,922

At 30 September 2022 and 31 December 2021 there were no dividends receivable from the associates.

21. Subsequent events**Share capital increase of OMV Petrom SA**

During the subscription period for the share capital increase the Fund transferred RON 17,427,588 to the company therefore acquiring 174,275,887 shares each with RON 0.1 nominal value. After the end of the subscription period the company published the results: 96.1% of the total new shares offered for subscription were subscribed by the holders of preference rights, including the Fund.

On 3 November 2022, OMV Petrom SA announced the completion of the share capital increase, following its registration with the Trade Register Office of Bucharest Court (on 25 October 2022), with the Romanian Financial Supervisory Authority (on 1 November 2022) and with the Romanian Central Depository (on 3 November 2022).

Share capital decrease of Fondul Proprietatea SA

The Bucharest Trade Registry registered as of 19 October 2022 the Resolution no. 1 / 20 April 2022 of the Fund's Extraordinary General Shareholders' Meeting which approved the decrease of the subscribed and paid-up registered share capital from RON 3,334,342,422.84 to RON 3,233,269,110.76 pursuant to the cancellation of 194,371,754 own shares related to the twelfth buy-back program, acquired by Fondul Proprietatea during 2021.

The amendment of the Constitutive Act following the decrease was endorsed by the Financial Supervisory Authority through Authorization no. 146 / 29 September 2022.

Starting with 19 October 2022, the new value of the Fund's subscribed and paid-up share capital is RON 3,233,269,110.76 being divided in 6,217,825,213 shares, each having a nominal value of RON 0.52 per share.

As a result of the decrease mentioned above the new GDR facility limit of one third of the Fund's share capital is 41,452,168 GDRs (2,072,608,400 shares equivalent).

Annex 2

Statement of Assets and Obligations of Fondul Proprietatea SA as at 30 September 2022, prepared in accordance with FSA Regulation nr. 7/2020 (Annex no. 11)

	Item	31 December 2021				30 September 2022				Differences
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	RON
I.	Total assets	103.3853%	100.0000%		13,693,013,395.43	100.6878%	100.0000%		15,539,455,570.93	1,846,442,175.50
1	Securities and money market instruments, out of which:	16.8980%	16.3445%		2,238,073,515.26	5.4055%	5.3683%		834,218,548.50	(1,403,854,966.76)
1.1	securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	16.8980%	16.3445%		2,238,073,515.26	5.4055%	5.3683%		834,218,548.50	(1,403,854,966.76)
	1.1.1 listed shares traded in the last 30 trading days	16.2384%	15.7066%	-	2,150,714,639.02	5.3390%	5.3024%	-	823,966,201.37	(1,326,748,437.65)
	1.1.2 listed shares not traded in the last 30 trading days	0.0774%	0.0748%	-	10,252,347.13	0.0665%	0.0659%	-	10,252,347.13	-
	1.1.3 other similar securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.1.4 bonds	0.5822%	0.5631%	-	77,106,529.11	0.0000%	0.0000%	-	0.00	(77,106,529.11)
	1.1.5 other title debts	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.1.6 other securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.1.7 money market instruments	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.1.8 allotment rights admitted at trading	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
1.2	Securities and money market instruments admitted or traded on a regulated market from a member state, out of which:	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.2.1 listed shares traded in the last 30 trading days	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.2 listed shares not traded in the last 30 trading days	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.3 other similar securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.4 bonds	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.5 other title debts	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.6 other securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.7 money market instruments	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.8 allotment rights admitted at trading	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
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), out of which:	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.3.1 listed shares traded in the last 30 trading days	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.2 listed shares not traded in the last 30 trading days	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.3 other similar securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.4 bonds	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.5 other title debts	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.6 other securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.7 money market instruments	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.8 allotment rights admitted at trading	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
2	New issued securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
3	Other securities and money market instruments mentioned in art. 83 paragraph (1) letter a) of the O.U.G. no. 32 / 2012 of which:	83.3471%	80.6180%		11,039,028,581.11	92.5946%	91.9619%		14,290,399,216.69	3,251,370,635.58
	- shares not admitted at trading	83.3471%	80.6180%	-	11,039,028,581.11	92.5946%	91.9619%	-	14,290,399,216.69	3,251,370,635.58
	- redeemed debentures	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	- unlisted bonds	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	- allotment rights not admitted at trading	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	- rights not admitted at trading	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	- other financial instruments	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-

	Item	31 December 2021				30 September 2022				Differences	
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	RON	
4	Bank deposits, out of which:	2.6228%	2.5370%	-	347,387,604.24	1.8108%	1.7983%		279,464,917.52	(67,922,686.72)	
4.1	bank deposits made with credit institutions from Romania	2.6228%	2.5370%	-	347,387,604.24	1.8108%	1.7983%		279,464,917.52	(67,922,686.72)	
	- in RON	2.6228%	2.5370%	-	347,387,604.24	1.8108%	1.7983%		279,464,917.52	(67,922,686.72)	
4.2	bank deposits made with credit institutions from an EU state	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
4.3	Bank deposits made with credit institutions from a non-EU state	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
5	Derivatives financial instruments traded on a regulated market, out of which:	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
5.1	derivatives financial instruments traded on a regulated market from Romania (forward, futures and options, swaps, etc)	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
5.2	derivatives financial instruments traded on a regulated market from a EU state (forward, futures and options, swaps, etc)	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
5.3	derivatives financial instruments traded on a regulated market from a non-EU state (forward, futures and options, swaps, etc)	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
5.4	derivatives financial instruments traded on a regulated market (forward, futures and options, swaps, etc)	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
6	Current accounts and petty cash, out of which:	0.5150%	0.4982%		68,224,969.70	0.5111%	0.5076%		78,897,362.08	10,672,392.38	
	- in RON	0.5150%	0.4982%	-	68,217,161.58	0.5111%	0.5076%		78,888,648.11	10,671,486.53	
	- in EUR	0.0000%	0.0000%	EUR 728.90	3,606.67	0.0000%	0.0000%	EUR 1,233.14	6,102.81	2,496.14	
	- in GBP	0.0000%	0.0000%	GBP 348.80	2,057.71	0.0000%	0.0000%	GBP 314.96	1,775.34	(282.37)	
	- in USD	0.0000%	0.0000%	USD 490.48	2,143.74	0.0000%	0.0000%	USD 165.61	835.82	(1,307.92)	
7	Money market instruments, other than those traded on a regulated market, according to art. 82 letter g) of the O.U.G. no. 32/2012, din care:	0.0000%	0.0000%	-	0.00	0.0000%	0.0000%		0.00	-	
	-treasury bills with original maturities of less than 1 year	0.0000%	0.0000%	-	0.00	0.0000%	0.0000%		0.00	-	
8	Participation titles of F.I.A./O.P.C.V.M.			-	-						
9	Dividends or other receivable rights	0.0000%	0.0000%	-	-	0.0000%	0.0000%		0.00	0.00	
	- in RON	0.0000%	0.0000%	-	0.00	0.0000%	0.0000%		0.00	0.00	
	- in EUR	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
	- in USD	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
10	Other assets out of which:	0.0024%	0.0023%	-	298,725.12	0.3658%	0.3639%		56,475,526.14	56,176,801.02	
	- guarantee deposited to the broker for the buyback tender offer	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
	- receivables related to the cash contributions to the share capital increases performed by portfolio companies	0.0004%	0.0004%	-	54,000.00	0.0002%	0.0003%	-	30,030.00	(23,970.00)	
	- receivables related to transactions under settlement	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
	- tax on dividends to be recovered from the State Budget	0.0000%	0.0000%	-	-	0.0019%	0.0020%	-	294,926.41	294,926.41	
	- intangible assets	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-	
	- advance payments for intangible assets	0.0005%	0.0005%	-	53,682.69	0.0000%	0.0000%	-	-	(53,682.69)	
	- other receivables	0.0000%	0.0000%	-	1,146.25	0.3616%	0.3594%	-	55,807,265.12	55,806,118.87	
	- in RON	0.0000%	0.0000%	-	1,146.25	0.3616%	0.3594%	-	55,807,265.12	55,806,118.87	
	- in EUR	0.0000%	0.0000%	-	-	0.0000%	0.0000%	EUR	-	-	
	- in USD	0.0000%	0.0000%	-	-	0.0000%	0.0000%	USD	-	-	
	- prepaid expenses	0.0014%	0.0014%	-	189,896.18	0.0021%	0.0022%	-	343,304.61	153,408.43	

Fondul Proprietatea SA

	Item	31 December 2021				30 September 2022				Differences
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	RON
II	Total liabilities	3.3852%	3.2745%	-	448,373,527.12	0.6878%	0.6829%		106,127,529.37	(342,245,997.75)
1	Liabilities in relation with the payments of fees due to the A.F.I.A.	0.1739%	0.1682%	-	23,032,887.84	0.1279%	0.1270%	-	19,735,523.87	(3,297,363.97)
	- in RON	0.0019%	0.0018%	-	251,934.52	0.0000%	0.0000%		0.00	(251,934.52)
	- in EUR	0.1720%	0.1664%	EUR 4,603,979.98	22,780,953.32	0.1279%	0.1270%	EUR3,987,780.13	19,735,523.87	(3,045,429.45)
2	Liabilities related to the fees payable to the depositary bank	0.0004%	0.0004%	-	48,030.20	0.0002%	0.0002%	-	35,851.63	(12,178.57)
3	Liabilities related to the fees payable to intermediaries	0.0020%	0.0019%	-	262,242.00	0.0080%	0.0080%	-	1,237,250.00	975,008.00
	- in RON	0.0000%	0.0000%		0.00	0.0000%	0.0000%	-	0.00	-
	- in EUR					0.0080%	0.0080%	EUR250,000.00	1,237,250.00	1,237,250.00
	- in USD	0.0020%	0.0019%	USD 60,000.00	262,242.00	0.0000%	0.0000%	USD-	0.00	(262,242.00)
4	Liabilities related to commissions and other bank services	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
5	Interest payable	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
6	Issuance expense	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
7	Liabilities in relation with the fees/commissions to FSA	0.0071%	0.0069%	-	946,208.06	0.0082%	0.0081%	-	1,262,028.83	315,820.77
8	Audit fees	0.0006%	0.0006%	-	78,704.69	0.0000%	0.0000%	-	0.00	(78,704.69)
9	Other Liabilities, out of which:	3.1909%	3.0865%		422,633,236.90	0.5359%	0.5321%		82,687,617.21	(339,945,619.69)
	- short term credit facility	0.0000%	0.0000%	-	0.00	0.0000%	0.0000%	-	0.00	-
	- liabilities to the Fund's shareholders related to the dividend distribution	3.1665%	3.0628%	-	419,386,022.90	0.5289%	0.5252%	-	81,620,583.37	(337,765,439.53)
	- liabilities related to the return of capital	0.0002%	0.0002%	-	28,664.00	0.0002%	0.0002%	-	28,664.00	-
	- liabilities related to Government securities under settlement	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	- provisions	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	- remunerations and related contributions	0.0002%	0.0002%	-	26,162.00	0.0002%	0.0002%	-	27,258.00	1,096.00
	- VAT payable to State Budget	0.0000%	0.0000%	-	-	0.0001%	0.0001%	-	9,296.20	9,296.20
	- tax on dividends payable to State Budget	0.0170%	0.0165%	-	2,264,108.00	0.0018%	0.0018%	-	281,107.00	(1,983,001.00)
	- other liabilities out of which:	0.0070%	0.0068%	-	928,280.00	0.0047%	0.0046%	-	720,708.64	(207,571.36)
	- in RON	0.0070%	0.0068%	-	928,280.00	0.0045%	0.0044%	-	686,857.48	(241,422.52)
	- in EUR	0.0000%	0.0000%	-	-	0.0002%	0.0002%	EUR6,840.00	33,851.16	33,851.16
	- in USD	0.0000%	0.0000%	-	-	0.0000%	0.0000%	USD-	-	-
	- in GBP	0.0000%	0.0000%	-	-	0.0000%	0.0000%	GBP-	-	-
10	Payables related to buybacks under settlement	0.0104%	0.0100%	-	1,372,217.43	0.0076%	0.0075%	-	1,169,257.83	(202,959.60)
III	Net Asset Value (I - II)	100.0000%	96.7255%		13,244,639,868.31	100.0000%	99.3171%		15,433,328,041.56	2,188,688,173.25

Unitary Net Asset Value

Item	30 September 2022	30 September 2021	Differences
Net Asset Value	15,433,328,041.56	12,264,268,124.35	3,169,059,917.21
Number of outstanding shares	5,729,642,231	5,892,750,059	-163,107,828
Unitary net asset value	2.6935	2.0812	0.6123

DETAILED STATEMENT OF INVESTMENTS AS AT 30 SEPTEMBER 2022

1. Securities admitted or traded on a regulated market in Romania, out of which:

1.1 Listed shares traded in the last 30 trading days (working 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 assets	Stake in Fondul Proprietatea net asset	Valuation method
Alro Slatina SA	ALR	30-Sep-22	72,884,714	0.5	1.3050	95,114,551.77	10.21%	0.6121%	0.6163%	Closing Price
IOR SA	IORB	27-Sep-22	2,622,273	0.1	0.1150	301,561.40	0.69%	0.0019%	0.0020%	Closing Price
OMV Petrom SA	SNP	30-Sep-22	1,648,174,689	0.1	0.4180	688,937,020.00	2.90%	4.4335%	4.4640%	Closing Price
ROMAERO SA	RORX	23-Sep-22	1,311,691	2.5	30.2000	39,613,068.20	18.87%	0.2549%	0.2567%	Closing Price
Total						823,966,201.37		5.3024%	5.3390%	

1.2. Shares not traded in the last 30 trading days (working 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 assets	Stake in Fondul Proprietatea net asset	Valuation method
Alcom SA	ALCQ	10-Feb-17	89,249	2.5	105.9242	9,453,628.93	71.89%	0.0608%	0.0613%	Value based on the valuation report as at 31 October 2021 (applying the income approach using the discounted cash flow method)
Mecon SA	MECP	30-Jun-21	60,054	11.6	13.3000	798,718.20	12.51%	0.0051%	0.0052%	Fair value (Last trading price)
Total						10,252,347.13		0.0659%	0.0665%	

1.3. Shares not traded in the last 30 trading days (working days) for which the financial statements are not obtained within 90 days from the legal filing dates

Not the case

1.4. Allocation rights admitted to trading

Not the case

1.5. Preferred rights admitted to trading

Not the case

1.6. Bonds admitted to trading issued or guaranteed by local government authorities / corporate bonds

Not the case

1.7. Bonds admitted to trading issued or guaranteed by central government authorities

Not the case

1.8. Other securities admitted to trading on a regulated market

Not the case

1.9. Amounts under settlement related to the securities admitted or traded on a regulated market in Romania

Not the case

2. Securities admitted or traded on a regulated market from a member state of EU, out of which:

2.1. Shares traded in the last 30 trading days (working days)

Not the case

2.2. Bonds admitted to trading issued or guaranteed by local public administration authorities, corporate bonds

Not the case

2.3. Bonds admitted to trading issued or guaranteed by central government authorities

Not the case

2.4. Other securities admitted to trading on a regulated market in other EU member state

Not the case

2.5. Amounts being settled for securities admitted to or traded on a regulated market in other EU member state

Not the case

3. Securities admitted or traded on a regulated market from a non-member state of EU

3.1. Shares traded in the last 30 trading days (working days)

Not the case

3.2. Issued bonds admitted to trading or guaranteed by local government authorities, corporate bonds traded in the last 30 days (working days)

Not the case

3.3. Other securities admitted to trading on a regulated market in a non-member state of EU

Not the case

3.4. Amounts being settled for securities admitted to or traded on a regulated market in a non-member state of EU

Not the case

4. Money market instruments traded or listed on regulated markets in Romania

Not the case

Amounts being settled for money market instruments admitted or traded on a regulated market in Romania

Not the case

5. Money market instruments traded or listed on regulated markets from other EU member state

Not the case

Amounts under settlement related to money market instruments admitted or traded on a regulated market in another EU Member State

Not the case

6. Money market instruments traded or listed on regulated markets from a non-member state of EU

Not the case

Amounts under settlement related to money market instruments admitted or traded on a regulated market in a non-EU Member State

Not the case

Fondul Proprietatea SA
7. Newly issued securities

7.1. Newly issued shares

Not the case

7.2. Newly issued bonds

Not the case

7.3. Preferential rights (after registration with the Central Depository, prior to admission to trading)

Not the case

8. Other securities and money market instruments mentioned in art. 83 paragraph (1) letter a) of the O.U.G. no. 32/2012

8.1 Other securities mentioned in art. 83 paragraph (1) letter a) of the O.U.G. no. 32/2012

8.1.1. Shares not admitted to trading

Issuer	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital %	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset	Company status	Valuation method
Aeroportul International Mihail Kogalniceanu - Constanta SA	23,159	10	72.5290	1,679,699.11	20.00%	0.0108%	0.0109%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (applying the income approach using the discounted cash flow method)
Aeroportul International Timisoara - Traian Vuia SA	32,016	10	174.9125	5,599,998.60	20.00%	0.0360%	0.0363%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (applying the income approach using the discounted cash flow method)
CN Administratia Canalelor Navigabile SA	203,160	10	77.9249	15,831,222.68	20.00%	0.1019%	0.1026%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (applying the market comparison technique using comparable trading multiples for EBITDA)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	10	132.7966	3,659,077.52	20.00%	0.0235%	0.0237%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (applying the market comparison technique using comparable trading multiples for EBITDA)
CN Administratia Porturilor Dunarii Maritime SA	21,237	10	190.1067	4,037,295.99	20.00%	0.0260%	0.0262%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (applying the market comparison technique using comparable trading multiples for EBITDA)
CN Administratia Porturilor Maritime SA	6,466,226	10	46.2247	298,899,356.98	19.99%	1.9235%	1.9367%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 (applying the income approach using the discounted cash flow method)
CN Aeroporturi Bucuresti SA	2,875,443	10	241.9105	695,599,853.85	20.00%	4.4763%	4.5071%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 (applying the income approach using the discounted cash flow method)
Complexul Energetic Oltenia SA	5,314,279	10	0.0000	0.00	21.55%	0.0000%	0.0000%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (valued at zero due to negative EBIT and high net debt)
Comsig SA	75,655	2.5	0.0000	0.00	69.94%	0.0000%	0.0000%	Administrative liquidation	Priced at zero
E-Distributie Banat SA	9,220,644	10	14.4469	133,209,721.80	24.12%	0.8572%	0.8631%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 updated using the multiples values as at 30 Sept 2022 derived from the analysis of publicly traded peers companies)
E-Distributie Dobrogea SA	6,753,127	10	14.7857	99,849,709.88	24.09%	0.6426%	0.6470%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 updated using the multiples values as at 30 Sept 2022 derived from the analysis of publicly traded peers companies)
E-Distributie Muntenia SA	3,256,396	10	39.0554	127,179,848.34	12.00%	0.8184%	0.8241%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 updated using the multiples values as at 30 Sept 2022 derived from the analysis of publicly traded peers companies)
Enel Energie Muntenia SA	444,054	10	74.5404	33,099,962.78	12.00%	0.2130%	0.2145%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (applying the market comparison technique using comparable trading multiples for EBITDA)
Enel Energie SA	1,680,000	10	36.3690	61,099,920.00	12.00%	0.3932%	0.3959%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (applying the market comparison technique using comparable trading multiples for EBITDA)
Engie Romania SA	2,390,698	10	167.1185	399,529,863.71	11.99%	2.5711%	2.5887%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 updated using the multiples values as at 30 Sept 2022 derived from the analysis of publicly traded peers companies)
Gerovital Cosmetics SA	1,350,988	0.1	0.0000	0.00	9.76%	0.0000%	0.0000%	Bankruptcy	Priced at zero

Fondul Proprietatea SA

Issuer	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital %	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset	Company status	Valuation method
Hidroelectrica SA	89,440,313	10	135.4590	12,115,495,358.67	19.94%	77.9660%	78.5022%	Unlisted companies, in function	Value based on the valuation report as at 31 July 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
Plafar SA	132,784	10	16.3634	2,172,797.71	48.99%	0.0140%	0.0141%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (applying the income approach using the discounted cash flow method)
Posta Romana SA	14,871,947	1	0.9346	13,899,321.67	6.48%	0.0894%	0.0901%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (applying the market comparison technique using comparable trading multiples for Price/Earnings)
Romplumb SA	1,595,520	2.5	0.0000	0.00	33.26%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Salubriserv SA	43,263	2.5	0.0000	0.00	17.48%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Simtex SA	132,859	2.5	0.0000	0.00	30.00%	0.0000%	0.0000%	Juridical reorganisation	Priced at zero
Societatea Electrocentrale Craiova SA	513,754	10.0	0.0000	0.00	21.55%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero
Societatea Nationala a Sariei SA	2,011,456	10	125.9783	253,399,807.40	48.99%	1.6307%	1.6419%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 (applying the income approach using the discounted cash flow method)
World Trade Center Bucuresti SA	198,860	78.78	0.0000	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
Zirom SA	6,000,000	10	4.3594	26,156,400.00	100.00%	0.1683%	0.1695%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2021 (applying the income approach using the discounted cash flow method)
Total				14,290,399,216.69		91.9619%	92.5946%		

8.1.2. Shares traded under systems other than regulated markets

Not the case

8.1.3. Unlisted shares valued at zero value (no updated financial statements submitted to the Trade Register)

Issuer	No of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset
World Trade Hotel SA	17,912	1	0.0000	0.00	19.90%	0.0000%	0.0000%
Total				0.00		0.0000%	0.0000%

8.1.4. Bonds not admitted to trading

Not the case

8.1.5. Amounts being settled for shares traded on systems other than regulated markets

Not the case

8.2. Other money market instruments mentioned in art. 83 paragraph (1) letter a) of the O.U.G. no. 32/2012

Commercial papers

Not the case

Fondul Proprietatea SA

9. Available cash in the current accounts and petty cash

9.1. Available cash in the current accounts and petty cash in RON

Bank	Current value	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset
BRD Groupe Societe Generale*	78,822,601.73	0.5072%	0.5107%
BRD Groupe Societe Generale - amounts under settlement**	0.00	0.0000%	0.0000%
Banca Comerciala Romana	50,906.74	0.0003%	0.0003%
CITI Bank	683.24	0.0000%	0.0000%
ING BANK	12,271.42	0.0001%	0.0001%
Raiffeisen Bank	949.71	0.0000%	0.0000%
Unicredit Tiriac Bank	819.11	0.0000%	0.0000%
Petty cash	416.16	0.0000%	0.0000%
Total	78,888,648.11	0.5076%	0.5111%

*The amount held with BRD Groupe Societe Generale represents cash held in the distributions bank accounts which can only be used for payments to shareholders.

**The amount under settlement according with the bank statement as at 30 September 2022

9.2. Available cash in the current accounts and petty cash in foreign currency

Bank	Currency	Current value	NBR exchange rate	Current value (in RON)	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset
BRD Groupe Societe Generale	EUR	1233.14	4.9490	6,102.81	0.0000%	0.0000%
BRD Groupe Societe Generale	GBP	314.96	5.6367	1,775.34	0.0000%	0.0000%
BRD Groupe Societe Generale	USD	165.61	5.0469	835.82	0.0000%	0.0000%
Total				8,713.97	0.0000%	0.0000%

10. Bank deposits by categories: within credit institutions from Romania / EU Member States / non-member EU states

Bank deposits in RON

Name of the bank	Starting date	Maturity date	Initial value	Daily interest	Cumulative interest	Current value (RON)	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Valuation method
ING BANK	28-Sep-22	05-Oct-22	17,200,000.00	2,833.23	8,499.67	17,208,499.67	0.1107%	0.1115%	Bank deposit value cumulated with the daily related interest for the period from starting date
Banca Comerciala Romana	29-Sep-22	06-Oct-22	18,100,000.00	3,418.89	6,837.78	18,106,837.78	0.1165%	0.1173%	
CITI Bank	29-Sep-22	05-Oct-22	54,100,000.00	9,242.09	18,484.17	54,118,484.17	0.3483%	0.3507%	
Unicredit Tiriac Bank	30-Sep-22	07-Oct-22	59,900,000.00	10,482.50	10,482.50	59,910,482.50	0.3855%	0.3882%	
BRD Groupe Societe Generale	30-Sep-22	03-Oct-22	59,900,000.00	8,985.00	8,985.00	59,908,985.00	0.3855%	0.3882%	
Banca Comerciala Romana	30-Sep-22	14-Oct-22	59,900,000.00	11,647.22	11,647.22	59,911,647.22	0.3855%	0.3882%	
BRD Groupe Societe Generale	30-Sep-22	03-Oct-22	10,298,362.05	1,619.13	1,619.13	10,299,981.18	0.0663%	0.0667%	
Total			279,398,362.05		66,555.47	279,464,917.52	1.7983%	1.8108%	

11. Derivative financial instruments traded on a regulated market

11.1. Future contracts

Not the case

11.2. Options

Not the case

11.3. Amounts under settlement for derivative financial instruments traded on a regulated market

Not the case

12. Derivative financial instruments traded outside of the regulated markets

12.1. Forward contract

Not the case

12.2. Swap contract

Not the case

12.3. Contracts for differences

Not the case

12.4. Other derivative contracts regarding securities, currencies, interest or profitability rates or other derivative instruments, financial indices or financial indicators / other derivative contracts regarding goods to be settled in cash or which may be settled in cash at the request of one of the parties

Not the case

13. Money market instruments, other than those traded on a regulated market, according with art. 82 letter g) of the O.U.G. no. 32/2012

Treasury bills

Not the case

14. Participation titles in the O.P.C.V.M. / AOPC

14.1. Participation titles denominated in RON

Not the case

14.2. Participation titles denominated in foreign currency

Not the case

14.3. Amounts under settlement regarding participation titles denominated in RON

Not the case

14.4. Amounts under settlement regarding participation titles denominated in foreign currency

Not the case

15. Dividends or other receivable rights

15.1. Dividends receivable

Not the case

15.2. Shares distributed without cash consideration

Not the case

Fondul Proprietatea SA

15.3. Shares distributed with cash consideration

Not the case

15.4. The amount to be paid for shares distributed in exchange of cash consideration

Not the case

15.5. Preference rights (before admission to trading and after the trading period)s

Issuer	ISIN	Ex-dividend date	No. of preference rights	Theoretical value of the preference right	Total value	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset
OMV Petrom	RO52R88LRB29	05-Jul-22	1,688,548,078	0.00	0.00	0.0000%	0.0000%
Total				0.00	0.00	0.0000%	0.0000%

* 1,688,548,078 OMV Petrom rights booked in accounting at record date (6 July 2022), with subscription price equal to the nominal value (RON 0.1 per share), granting the possibility for Fondul to maintain their quota held in the share capital of OMV Petrom..The subscription period is until 13 October 2022. The Fair Value o the rights is included in Other assets category at RON 0.032821 per unit, as at 30 September.

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

Item	31 December 2020	31 December 2021	30 September 2022
Net Asset	10,266,911,904.10	13,244,639,868.31	15,433,328,041.56
NAV/share	1.6974	2.2624	2.6935

Leverage of Fondul Proprietatea

Method type	Leverage level	Exposure amount
a) Gross method	98.36%	15,180,046,315.63
b) Commitment method	100.00%	15,433,328,041.56

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

BRD Groupe Societe Generale

Johan Meyer
Permanent representative

Victor Strâmbei
Manager Depositary Department



FONDUL
PROPRIETATEA

Fondul Proprietatea SA
Premium Point (7th Floor)
76-80 Buzesti Street, 1st District
Bucharest 011017
Romania