

Fondul Proprietatea SA

Semi-Annual Report

for the six-month period ended 30 June 2022

(This is a translation from the official Romanian version)



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Annexes

- Annex 1 Condensed Interim Financial Statements for the six-month period ended 30 June 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 June 2022, prepared in accordance with FSA Regulation 7/2020 (Annex no.11)
- Annex 3 Statement of the persons responsible

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
ANRE	Romanian Energy Regulatory Authority
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
Depozitarul Central SA	Romanian Central Depository
DLOM	Discount of Lack of Marketability
ESG	Environmental, Social and Governance
EU	European Union
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 114/2018	GEO 114/29 December 2018 on the implementation of certain measures in the field of public investments and of fiscal-budgetary measures and the amendment and completion of certain normative acts
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
GSM	General Shareholders Meeting
EGSM	Extraordinary General Shareholders Meeting
IFRS	International Financial Reporting Standards as endorsed by the European Union
INS	National Institute of Statistic
IMF	International Monetary Fund
IPS	Investment Policy Statement
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
PNRR	National Recovery And Resilience Plan
PRIIPs	Packaged retail and insurance-based investment products
Q1	First Quarter
REGS	Main market (Regular) of Bucharest Stock Exchange
RRR	Regulatory Rate of Return
SFDR	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector
SRD II	Shareholders Rights Directive II - Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement
TO	Tender Offer
Water Law	Romanian Water Law no. 107/1996
WEO	World Economic Outlook

Overview

Company Information

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

The Fund's investment objective is the 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.

During the reporting period, the Fund was managed by FTIS as its Sole Director and AIFM under the AIFM Directive and local implementation regulations, based on the Management Agreements in force between 1 April 2020 – 31 March 2022 and 1 April 2022 – 31 March 2024. During the 15 December 2021 GSM, the shareholders approved the new mandate of FTIS as AIFM and Sole Director of the Fund for the period 1 April 2022 – 31 March 2024. 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.

The Fund's shares are not registered for distribution in other jurisdictions than Romania.

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-4522-8/25.02.2022

Source: Fondul Proprietatea

Shareholder Information

Shareholder Structure as at 30 June 2022¹

Shareholder categories	% of subscribed and paid-up share capital	% of voting rights
Romanian institutional shareholders	35.58%	38.87%
Romanian private individuals	20.09%	21.95%
The Bank of New York Mellon (GDRs) ²	16.35%	16.84%
Foreign institutional shareholders	11.73%	12.81%
Romanian State represented by Ministry of Finance	5.78%	6.31%
Foreign private individuals	2.95%	3.22%
Treasury shares ³	7.52%	-

Source: Depozitarul Central SA

¹ Information provided based on settlement date of transactions.

² Fondul Proprietatea held 1,208,882 GDRs (60,444,100 shares equivalent) as at 30 June 2022.

³ 481,606,578 treasury shares out of which 288,054,124 treasury shares acquired in 2022, during the thirteen 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.

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). The payment was performed by exercising the Romanian State's rights as per Law 247/2005 on the reform in the fields of property and justice, as well as some adjacent measures. Consequently, as of 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 having a nominal value of RON 0.52/share). On 16 February 2022 the Trade Registry confirmed the registration of the payment, and on 25 February 2022 FSA issued a new CIIF no AC-4522-8/25.02.2022. As at the date of this report, there are no unpaid shares outstanding.

As at 30 June 2022 the Fund had 14,418 shareholders, and the total number of voting rights was 5,869,326,989.

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 with the disclosures received by the Fund during the reported period:

- the **Ministry of Finance** held, as of 30 March 2022, a number of 370,456,198 voting rights, representing 5.9726% of the total number of voting rights in Fondul Proprietatea;
- Fondul de Pensii Facultative NN ACTIV, Fondul de Pensii Facultative NN OPTIM and Fondul de Pensii Administrat Privat NN** held together, as of 11 April 2022, a number of 720,798,204 voting rights, representing 11.24% of the total number of voting rights in Fondul Proprietatea;
- 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 June 2022	31 December 2021	30 June 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

Summary of Financial Results

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

NAV* and share price developments**	Notes	H1 2022	YE 2021	H1 2021
Total shareholders' equity at the end of the period (RON million)		16,327.3	13,757.5	11,428.7
Total shareholders' equity change in period (%)		+18.7%	+34.0%	+11.3%
Total NAV at the end of the period (RON million)	a	16,327.3	13,244.6	11,428.7
Total NAV change in period (%)	j	+23.3%	+29.0%	+11.3%
NAV per share at the end of the period (RON)	a	2.7817	2.2624	1.9309
NAV per share at the end of the period (USD)	a	0.5866	0.5176	0.4661
NAV per share change in the period (%)		+23.0%	+33.3%	+13.8%

NAV* and share price developments**	Notes	H1 2022	YE 2021	H1 2021
NAV per share total return in the period (%)	g	+28.9%	+47.8%	+18.4%
Share price as at the end of the period (RON)	b	2.0600	1.9900	1.8500
Share price low in the period (RON)	b	1.7600	1.4400	1.4400
Share price high in the period (RON)	b	2.1900	1.9900	1.8600
Share price change in the period (%)		+3.5%	+37.2%	+27.6%
Share price total return in the period (%)	h	+13.3%	+48.5%	+32.9%
Share price discount to NAV as at the end of the period (%)	d	-25.9%	-12.0%	-4.2%
Average share price discount in the period (%)	d	-13.3%	-5.7%	-4.2%
Average daily share turnover in the period (RON million)	c, k	9.6	3.6	4.3
GDR price as at the end of the period (USD)	e	21.8000	22.6000	22.6000
GDR price low in the period (USD)	e	19.5000	17.4000	17.4000
GDR price high in the period (USD)	e	24.2000	22.6000	22.6000
GDR price change in the period (%)		-3.5%	+32.2%	+32.2%
GDR price total return in the period (%)	i	+4.9%	+42.0%	+37.1%
GDR price discount to NAV as at the end of the period (%)	d	-25.7%	-12.7%	-3.0%
Average GDR price discount in the period (%)	d	-14.6%	-7.6%	-5.9%
Average daily GDR turnover in the period (USD million)	f, k	0.4	1.0	1.2

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 H1 2022/ H1 2021/ year end 2021, respectively.

Notes:

- Prepared based on local rules issued by the capital market regulator (NAV in USD calculated using the NBR FX rate at the reporting date)
- Source: BVB - REGS market - Closing prices
- Source: BVB
- Share Price/ GDR Price discount to NAV as at the end of the period (%) is calculated as the discount between FP share closing price on BVB - REGS/ FP GDR closing price on LSE on the last trading day of the period and the NAV per share at the end of the period; the average discount/premium is calculated according to IPS, using the latest published NAV per share at the date of the calculation (NAV in USD calculated using the NBR FX rate at the reporting date) and includes the days with premium and discount both
- Source: LSE - Closing prices
- Source: LSE and Bloomberg
- 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
- 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
- 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
- Subsequent to the 31 December 2021 NAV publication, the Fund Manager obtained the preliminary results of Hidroelectrica for the full 2021 financial year. The updated valuation report is reflected in the financial statements as of 31 December 2021 and was included in the January 2022 NAV. The valuation date was 31 December 2021 with a new value of RON 9,040.9 million (total impact of the valuation update in the Fund's NAV as at 31 January 2022 resulted in a net increase of RON 512.9 million, an increase in value with 3.87%, compared with 31 December 2021).
- 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).

The unaudited profit for the 6-month period is RON 4,129.7 million compared with RON 1,801.1 million for the 6-month period ended 30 June 2021. The main contributor to the profit recorded in the first half of year 2022 was the net gain from equity instruments at fair value through profit or loss amounting to RON 3,295.3 million, mainly generated by the valuation updates for Hidroelectrica, net off by the negative share price evolution of the Fund's listed holdings (mainly coming from OMV Petrom SA).

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

Contact Details

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Analysis of the Fund's Activity

Regulated Stock Market Trading

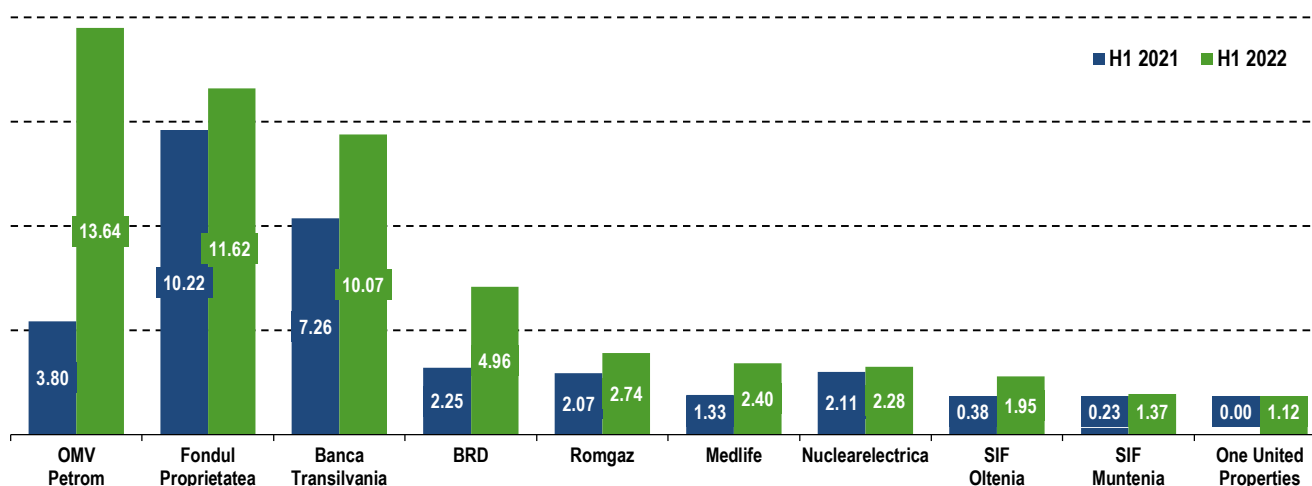
Local Stock Market Evolution

During the first six months of 2022, BVB's capital market index 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 H1 2022	in local currency	in EUR
ATX (Austria)	-25.43%	-25.43%
BET-XT (Romania)	-3.40%	-3.26%
BUX (Hungary)	-22.63%	-28.07%
PX (Czech Republic)	-12.22%	-11.84%
WIG20 (Poland)	-25.19%	-26.97%

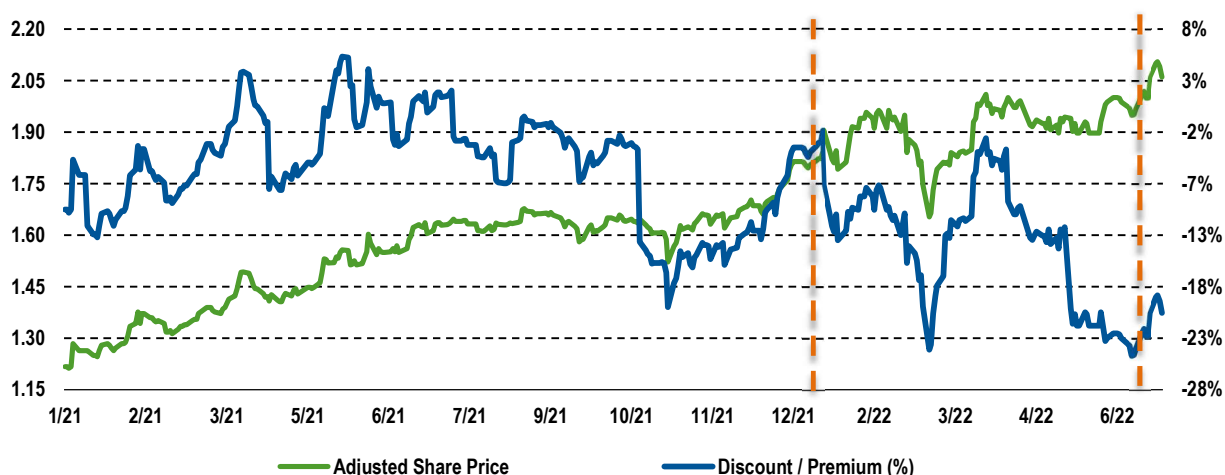
Source: Bloomberg

Average Daily Turnover (RON million)



Source: BVB, Bloomberg

Fund's 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 six months of the year, on 30 June 2022, the share price was RON 2.0600, implying a discount of 20.32%, based on the latest NAV available at the date of the calculation.

Management and Governance of the Fund

Management Agreement in force during the reporting period

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

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

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	<ul style="list-style-type: none"> 0.45%
Consideration for the Base Fee	<ul style="list-style-type: none"> Weighted average market capitalisation of the Fund
Distribution Fee for all distributions	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Share buy-backs and GDR buy-backs Public tender buy-backs Return of share capital and dividends
Duration	<ul style="list-style-type: none"> 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 MA can be consulted on the Fund's website, www.fondulproprietatea.ro, in the *Fund Management / Agreement* section.

Updates regarding the Fund's application to FSA for registering as an AIF

On 28 January 2022, FSA authorized Fondul Proprietatea as an Alternative Investment Fund closed-end type (authorization no. 25/28.01.2022), addressed to retail investors ("closed-end type AIFRI"), with BRD Groupe Société Générale as depositary.

FSA also authorized the amendments to the Fund's Constitutive Act, as approved by the Fund's EGSM Resolution no. 1 of 14 January 2021 and the simplified Prospectus of Fondul Proprietatea.

The updated Constitutive Act, incorporating the amendments authorised by FSA Authorization no. 25/28 January 2022, as registered with the Trade Registry on 8 February 2022, is published on the Fund's website, www.fondulproprietatea.ro, in the *About the Fund / Fund Overview / Corporate Governance* section. Also, the documentation regarding the operation of the Fund as a closed-end type AIFRI, established as an investment company managed by FTIS, can be consulted on the website www.fondulproprietatea.ro in the *About the Fund / Fund Overview* section.

Board of Nominees changes

Starting with 27 April 2022, the composition of the Board of Nominees changed following the start of Mr Martin Bernstein's new mandate as member of the BoN (following Mark Gitenstein's resignation from 18 December 2021), and the current composition is:

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

Starting with 10 May 2022, the new membership of the Fund's Consultative Committees is:

Audit and Valuation Committee:

- Mr. Ciprian LĂDUNCĂ – Chairperson;
- Mr. Martin BERNSTEIN – Member;
- Mr. Nicholas PARIS – Member.

Nomination and Remuneration Committee:

- Mr. Nicholas PARIS – Chairperson;
- Mr. Martin BERNSTEIN – Member;
- Mrs. Ilinca von DERENTHALL – Member.

For more details regarding the members of the Board of Nominees please check the Fund's website www.fondulproprietatea.ro.

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 June 2022 was 29.14% higher than the 31 December 2021 NAV per share of RON 2.2624.

NAV Objective	Amount RON	Details
Total NAV as 30 June 2022	16,327,273,801	
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	8,782,054	Fees related to thirteenth buy-back programme after 31 December 2021, excluding the distribution fees for buy-backs.

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.

NAV Objective	Amount RON	Details
Distribution fees for buy-backs performed after 31 December 2021	18,277,786	Distribution fees for buy-backs, after 31 December 2021
Distribution fees for cash distributions (return of capital/ dividend) after 31 December 2021	19,367,665	Distribution fee for dividend distributions
Costs related to the returns of capital and dividends after 31 December 2021	35,891	Fees charged by the Central Depository and Paying Agent for the payments performed for dividends.
Total Adjusted NAV as at 30 June 2022	17,148,028,090	
Number of Fund's paid shares, less treasury shares and GDRs held as at 30 June 2022	5,869,326,989	
Adjusted NAV per share as at 30 June 2022	2.9217	
NAV per share as at 31 December 2021	2.2624	
Difference	0.6593	
%	29.14%	

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, while the remaining cash balance will be distributed to shareholders through a combination of share buybacks through daily repurchases and a Tender offer approved by FSA on 11 May 2022 (for details please see the subchapter below, in the *Buy-back Programmes* section).

Discount Objective – First reporting period (interim monitoring)

In the period between 1 January 2022 and 30 June 2022, the discount to NAV was below 15% in 29 trading days (47.5% of the period) while in the remaining 32 days was above 15% (52.5% of the period).

Discount (%) Evolution¹

	Discount at the Start of the Reporting Period – 3 January 2022	Discount at the End of the Reporting Period – 30 June 2022	Average Discount for the Reporting Period 3 January – 30 June 2022	Discount Range for the Reporting Period 3 January – 30 June 2022
Share price	(3.83)%	(20.32)%	(13.30)%	(24.58)% – (2.14)%
GDR	(4.22)%	(22.36)%	(14.60)%	(26.64)% – (1.67)%

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.

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 June 2022, each GDR representing 50 shares. As at 30 June 2022, 1,048,753,250 of the Fund's issued shares were held by The Bank of New York Mellon, the GDR depository bank, accounting for 20,975,065 GDRs, representing 49.07 % of the GDR facility.

2022 Annual Dividend Distribution

On 20 April 2022, the shareholders approved the distribution of a gross dividend of RON 0.1250 per share, with Ex-date on 2 June 2022 and Registration date on 3 June 2022. The Fund started the payment of dividends on 27 June 2022. The payment of the distributions to shareholders are performed through the Romanian Central Depository, according to the legislation in force, as follows:

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

- 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 Société Générale (acting as Payment Agent), for bank transfers when the supporting documentation required by the Central Depository, along with a payment request, have been submitted;
 - (ii) by the Payment Agent for cash payments at any of its agencies, or by bank transfer (when the supporting documentation required by the Payment Agent and a payment request were submitted to the Payment Agent).

Also, as an important notice to shareholders, this dividend payment is subject to the general statute of limitation. As such, shareholders may request the payments only within a three-year term starting with the Payment Date, namely by 27 June 2025.

Investor Relations

In the first six months 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 met with 22 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.

During the first six months of the year, we also participated to three online and one in person investor conferences, during which we discussed with 44 portfolio managers and analysts.

On 2 February we organized a conference call for institutional investors and financial analysts to inform them about the latest developments regarding Fondul's share capital and the payment made by the Romanian Ministry of Finance on 1 February for all unpaid shares owned by the Romanian State in Fondul Proprietatea. 28 investors and analysts participated to the call.

On 28 February and 15 May, we organized the 2021 Annual Results Conference Call and the Q1 2022 Results Conference Call with institutional investors and financial analysts, with around 28 professionals participating at each call.

Furthermore, during this six-month period, 33 conference calls and 3 in person 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

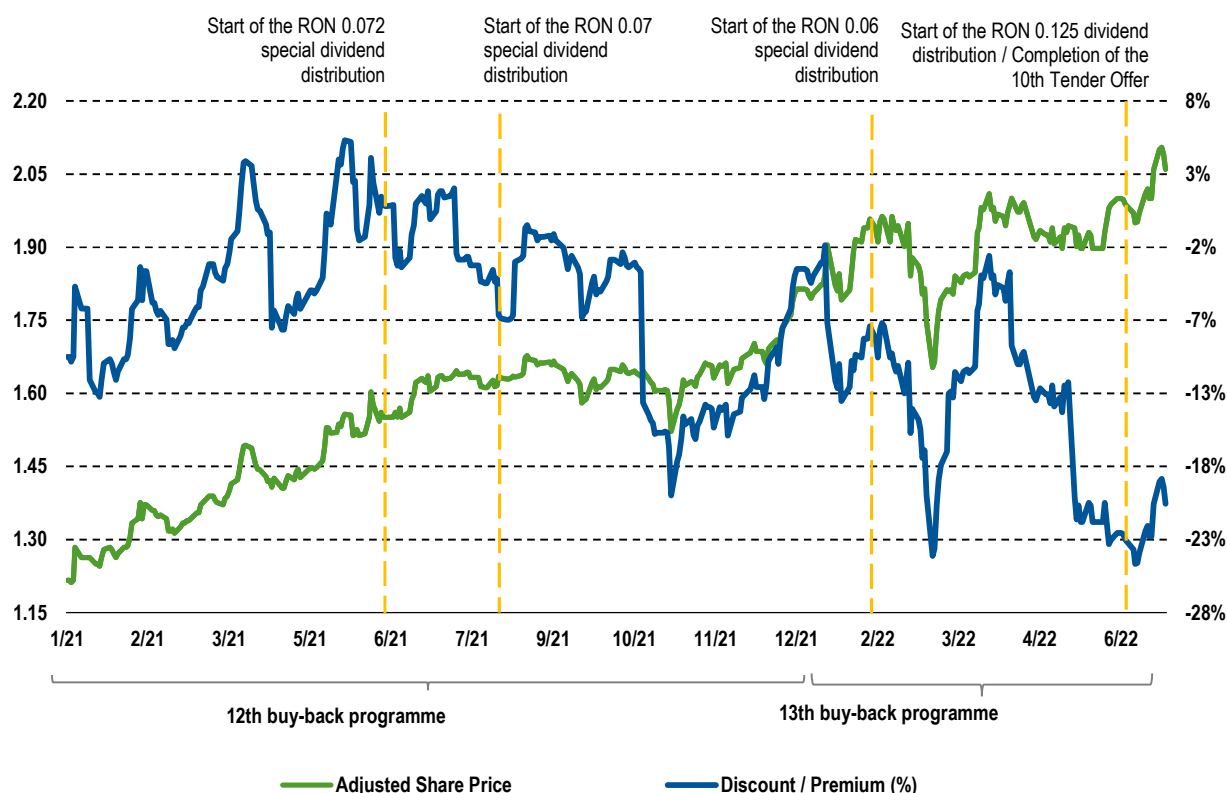
Programme	Period	No. of shares repurchased (mn shares)	Tender offer	Cancellation of shares
First	May – Sep 2011	240.3	N/A	Completed
Second	Apr – Dec 2013	1,100.9	Oct – Nov 2013	Completed
Third	Mar – Jul 2014	252.9	N/A	Completed
Fourth	Oct 2014 – Feb 2015	990.8	Nov – Dec 2014	Completed
Fifth	Feb – Jul 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 / July – Sep 2020 / Oct – Dec 2020	Completed
Twelfth	Jan - Dec 2021	194.4	N/A	Last trade date on 31 December 2021. Cancellation of shares was approved during the 20 April 2022 GSM and will be implemented after FSA approval.

Programme	Period	No. of shares repurchased (mn shares)	Tender offer	Cancellation of shares
Thirteenth	Jan – Dec 2022	348.5	May – Jun 2022	The programme was approved during the 15 December 2021 GSM and started on 31 January 2022. Suspended on 14 March 2022 for the Tender Offer approved by FSA on 11 May 2022 and resumed on 4 July 2022.
TOTAL		7,908.9		

Source: Fondul Proprietatea

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

The chart below presents the evolutions 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 half year period ended 30 June 2022, the Fund bought back a total number of 348,498,224 own shares within the thirteenth buy-back programme (out of which 287,234,824 ordinary shares and 61,263,400 ordinary shares corresponding to GDRs), representing 5.43% of the total issued shares as at 30 June 2022, for a total acquisition value of RON 758,666,017.79, excluding transaction costs. The total number of own shares (including shares corresponding to GDRs) held by the Fund as at 30 June 2022 is 542,869,978 own shares, having a total nominal value of RON 282,292,388.56 (RON 0.52 per share). During H1 2022, the Fund converted 16,386 GDRs into 819,300 ordinary shares. Fondul Proprietatea held 1,208,882 GDRs (60,444,100 shares equivalent) as at 30 June 2022. The conversion of these GDR's into shares was finalised on 4 July 2022.

The table below shows a summary of the buy-back programmes conducted during the first 6 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 June 2022	194,371,754	-	194,371,754	3.03%
	Weighted average price (RON per share; USD per GDR)**	1.7017	20.1058	1.6878	
13th	Opening balance as at 1 January 2022	-	-	-	
	Acquisitions	287,234,824	61,263,400	348,498,224	
	Conversions	819,300	(819,300)	-	
	Closing balance as at 30 June 2022	288,054,124	60,444,100	348,498,224	5.43%
	Weighted average price (RON per share; USD per GDR)**	2.1760	23.3545	2.1770	
All	Total balance of treasury shares as at 30 June 2022	482,425,878	60,444,100	542,869,978	8.47%

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 Extraordinary General Shareholders' Meeting, 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. The Fund will undertake all the required legal and regulatory steps for the cancellation of shares.

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 417.851% 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 cancellation of the shares acquired in a buy-back programme, where the acquisition price is higher than the nominal value, but this does not generate an additional shareholder's equity decrease. At the cancellation date, only a reallocation between the equity accounts is booked, without any impact on profit or loss and without generating additional shareholders' equity decrease (the decrease is recorded at share acquisition date).

Article 75 from Norm no. 39/2015 mentions that the negative balance arising on the cancellation of equity instruments may be covered from the retained earnings and other equity elements, in accordance with the resolution of the General Shareholders Meeting. As at 30 June 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 six 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 June 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 June 2022:

Negative reserve that would arise on cancelation of the treasury shares in balance as at 30 June 2022		Buy-back programme 12	Buy-back programme 13
Number of shares to be cancelled	(1)	194,371,754	348,498,224
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	785,725,857
Correspondent nominal value (NV = RON 0.52 per share) (RON)	(3)=(1)*NV	101,073,312	181,219,076
Estimated negative reserve to be booked on cancelation (RON)	(4)=(3)-(2)	(230,576,693)	(604,506,781)

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), will be recorded only after all legal and regulatory steps related to the cancellation of shares, are completed (e.g., FSA endorsement, registration to the Trade Registry). The coverage of this negative reserve will be subject to shareholders' approval during the annual shareholders' meeting subsequent to the completion of all cancellation steps.

General Shareholders Meeting Resolutions in the first six months of 2022

During the 20 April 2022 Annual GSM of the Fund the shareholders approved:

- The decrease of the subscribed and paid-up share capital of Fondul Proprietatea 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;
- The continuation of the current mandate of FTIS as AIFM and Sole Director of FP;
- The approval of the Annual Activity Report of the Sole Director of Fondul Proprietatea for the financial year 2021 and the financial statements for the year ended on 31 December 2021;
- The approval of the Remuneration Report of Fondul Proprietatea;
- The appointment of Mr. Martin Bernstein as member of the Board of Nominees following the resignation of Mr. Mark Gitenstein on 18 December 2021; the mandate of the new member is valid for a period of three (3) years and produces its effects starting with the acceptance date;
- The coverage of the negative reserves of RON 671,941,938 arising out of the cancellation, on 28 October 2021, of the treasury shares acquired during 2020 through the eleventh buy-back programme;
- 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;
- The approval of the additional fees amounting to EUR 17,550 charged by Deloitte Audit S.R.L., as financial auditor of Fondul Proprietatea;
- The distribution of a gross dividend of RON 0.1250 per share from the 2021 net accounting profit (Payment Date 27 June 2022).

Outlook for 2022

Overview

Despite the economic recovery experienced in 2021, the outlook for 2022 has changed markedly as several risks have begun to materialize during the first half of the year. Performance exceeded expectations in the first quarter of the year, but world real GDP is estimated to have shrunk in the second quarter, the first contraction since 2020, primarily as a result of economic downturns in China and Russia.

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 considering 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.

Economic impact

During the first half of the year, the IMF attributed the economic deceleration on Russia's invasion of Ukraine. The war in Ukraine, in addition to the tragic human cost, has a significant impact on economic growth especially for the Euro area through higher energy and commodity prices and disruption of international commerce.

Even though the growth rate had an upward trend during January and February 2022, the impact of the war and the gradual withdrawal of the political incentives have led to a downwards revised global economic projection compared with December 2021, mainly for 2022 and 2023. In March 2022, The Central European Bank anticipated a moderation of global real **GDP** growth to 4.1% in 2022 and 3.6% in both 2023 and 2024^[1]. Real GDP for emerging and developing Europe is expected to shrink by 1.5 percentage points less in 2022 than predicted in the April 2022 WEO but grow by 0.4 percentage point less in 2023, on the back of stronger Russian export growth in 2022 and the recently announced additional sanctions on Russia in 2023.

In April 2022, according to the IMF, **global growth** was projected to slow from an estimate of 4.4% in the forecast issued in January to a revised figure of 3.6% in 2022 and 2023^[2] (growth in 2021 was about 6.1%). Based on the

[1] <https://www.ecb.europa.eu/pub/economic-bulletin/html/eb202202.en.html>

[2] [World Economic Outlook, April 2022 \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2022/04/01/world-economic-outlook-april-2022)

WEO from July^[3], **global growth** is expected to be 3.2% in 2022 and moderating to 2.9% in 2023, lower than projected in the April 2022 WEO.

For Romania, according with April 2022 WEO, the real **GDP** growth for 2021 was 5.9% and is expected to moderate to 2.2% in 2022 and 3.4% to 2023².

From IMF projections from July 2022³, **global inflation** has been revised up mainly due to rapidly rising food and energy prices and it is anticipated to reach this year 6.6% in advanced economies and 9.5% in emerging market and developing economies— upward revisions of 0.9% and 0.8%, respectively. Although long-term inflation expectations have been stable in most major economies, they have started to rise according to some measures. Central banks of major advanced economies are withdrawing monetary support more assertively and raising policy interest rates faster than expected in the April 2022 WEO.

In June, in the **euro area**, inflation reached 8.6% and in emerging market and developing economies, second-quarter inflation is estimated to have been 9.8%³. For 2022, is estimated to be 7.3% and 3.9% in 2023.

For **Romania**, according with INS^[5] the **annual inflation rate** in June 2022 compared with June 2021 is 15.1%, the main factors being increase in consumer prices of some energy products, which in this second quarter have increased by 87.2% for gas and 38.5% for fuels^[6].

According with the monthly report of BVB, the **Romania Capital market**^[7] fully recovered from the declines caused by the war in Ukraine by the end of the first half of this year, but other external risks are still present and can significantly influence the activity in the capital markets. The BET-TR index, which also includes dividends, increased by 0.8% in the first 6 months, reaching 23,305.43 points. In the last trading session from June, the BET index had a decrease of 5.9%, reaching a level of 12,294.26 points. The total trading value of all types of financial instruments exceeded RON 13.5 billion in the first half of this year. The investors operating on BVB became much more active in January-June this year and introduced 56.8% more sell-buy orders than in the same period last year.

On 5 August 2022, the Board of the National Bank of Romania raised its key **monetary policy** rate by 0,75% to 5.5%^[8], the seventh consecutive rate hike, pushing the borrowing costs to the highest since February 2012.

Regulatory Updates

Updates regarding the Fund's application to FSA for registering as an AIF

On 28 January 2022, FSA authorized Fondul Proprietatea as an Alternative Investment Fund closed-end type (authorization no. 25/28.01.2022), addressed to retail investors ("closed-end type AIFRI"), with BRD Groupe Société Générale as depositary.

FSA also authorized the amendments to the Fund's Constitutive Act, as approved by the Fund's Extraordinary General Shareholders' Meeting Resolution no. 1 of 14 January 2021 and the simplified Prospectus of Fondul Proprietatea.

The documentation regarding the operation of the Fund as a closed-end type AIFRI, established as an investment company, managed by FTIS, including the Constitutive Act in force, can be consulted on the Fund's website, www.fondulproprietatea.ro, in the *About Fondul Proprietatea* section.

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

^[3] [World Economic Outlook July 2022](#)

^[5] [INS July report](#)

^[6] [Prognostic pe termen mediu 2022-2026 - varianta de vara 2022 - SINTEZA.pdf \(cnp.ro\)](#)

^[7] https://bvb.ro/press/2022/BVB_Monthly%20report%20June%202022.pdf

^[8] <https://www.bnr.ro/page.aspx?prid=21297>

draft law is still in Parliament for other legislative procedure. There is no estimation as to when this law will enter into force and if this will be before 16 August 2022 when Law 173/2020 ends its effects. 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 August 13, 2024) and for repealing the GEO no. 166 / 2020.

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. Considering the current legislative status, we don't expect any changes to occur until this report is published.

Windfall Tax

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

Regulation for amending the FSA Regulation governing the GDRs

On 30 March 2022, FSA published on its website, for public consultation until 9 April 2022, the draft Regulation for amending the FSA Regulation governing the GDRs. The amendments were approved by the FSA on 27 April 2022 and entered into force on 10 May 2022, the date when it was published in the Official Gazette.

The draft regulation reduces the limit of the number of shares subject to an offer for which GDRs can be issued "at most 1/10 of the number of shares object of the offer, but not exceeding 1/3 of the total shares issued by the issuing company". At the same time, the regulation removes the provisions stating that the FSA may derogate from the provisions which set the limits for which GDRs may be issued and adds provisions for delisting the GDRs. A response letter expressing the Fund's disagreement to the amendments and the reasons for keeping the existing rules was submitted to the FSA, during the consultation period, on 8 April 2022.

New legal provisions regarding the composition of the audit committees

The recent enacted 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 Authority for the Public Supervision of the Statutory Audit Activity (ASPAAS) Order no. 123/28 April 2022 on the composition of the audit committee, published in the Official Gazette on 4 May 2022, provides 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. The Fund should comply with the above rules no later than 31 December 2022.

Government Ordinance no. 16/2022

Amendments enacted to the Romanian Fiscal Code

Government Ordinance no. 16/2022, published in the Official Gazette no. 716/15.07.2022 on 15 July 2022, entails important amendments to the Romanian Fiscal Code. The Government Ordinance 16/2022 includes among others, amendments on the dividend withholding tax regime, which will be impacting FP’s distributions. Moreover, 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).

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

The Government Ordinance 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 European Union 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 Journal no. 654/30.06.2022 on 30 June 2022, entails amendments to the FATCA and CRS reporting. The Government Extraordinary Ordinance 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.

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.

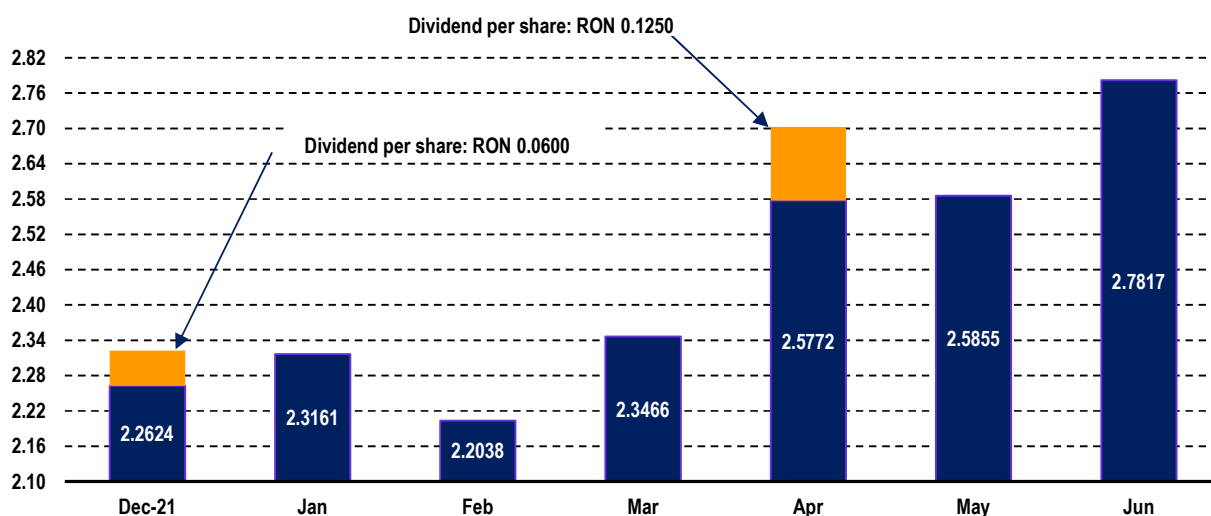
Starting with 28 January 2022, the date when the Fund's registration process as an alternative investment fund with the FSA was finalised, the Fund started to apply the Romanian AIF Law (Law 243/2019) and AIF Regulation (Regulation 7/2020).

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 June 2022:



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

During the **first quarter of 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 name	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 SA	9,924.4	9,040.9	8,528.0	1,396.4	16.4%	883.50	9.77%

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/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 dividends recorded from portfolio companies (impact on the Fund's NAV of RON 856.0 million), to 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), net off by the thirteen-buyback programme carried out by the Fund during this period, including the Tender Offer settlement.

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 name	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	13.33%

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 financials data 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:

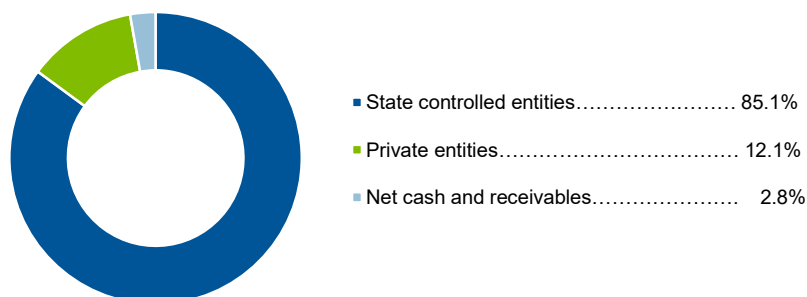
Portfolio company name	Value in 30 Jun 2022 NAV	Value in 30 Apr 2022 NAV	Value in 31 Mar 2022 NAV	Value in 31 Jan 2022 NAV	Value in 31 Dec 2021 NAV	30 Jun 2022 NAV vs. 31 Dec 2021 NAV	% of 31 Dec 2021 NAV
	RON million	RON million	RON million	RON million	RON million	RON million	%
Hidroelectrica SA	12,559.8	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%

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 97.2% of the Fund's NAV as at 30 June 2022. As at that date, the portfolio was composed of holdings in 32 companies (6 listed and 26 unlisted), a combination of privately held and state-controlled entities.

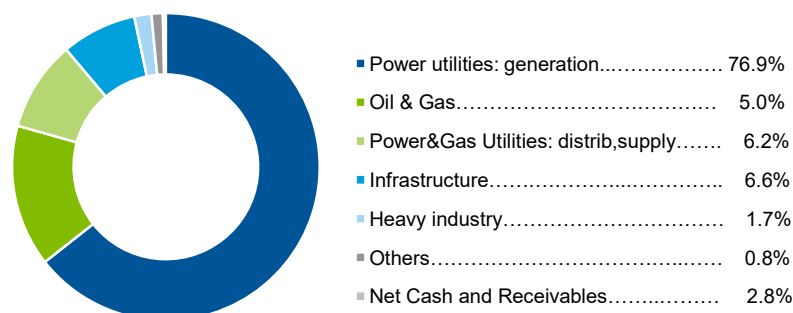
Portfolio Structure – by Controlling Ownership



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

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

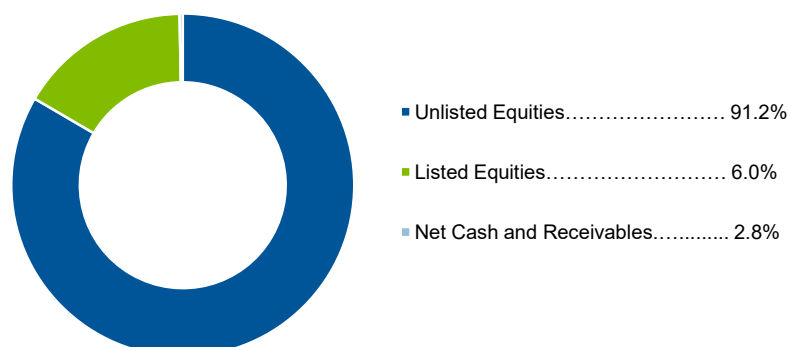
Portfolio Structure – by Sector



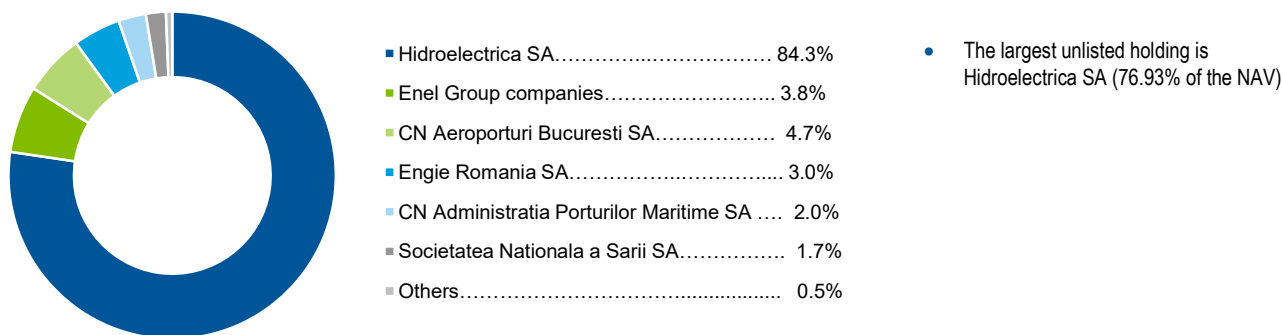
Source: Fondul Proprietatea, data as at 30 June 2022, % in total NAV.

- The portfolio remains heavily weighted in the power, oil and gas sectors (approx.88.1% of the NAV), through several listed and unlisted Romanian companies

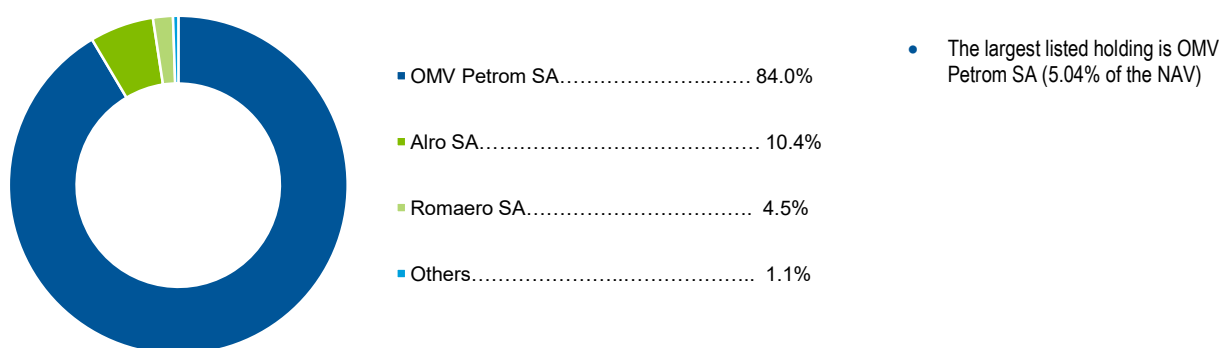
Portfolio Structure – by Asset Type



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

Portfolio Structure – Unlisted holdings

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

Portfolio Structure – Listed holdings

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

Key portfolio developments**Dividends and Special Dividends from Portfolio Companies**

During the first half 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 six-month period ended 30 June 2022 is RON 858.9 million, and the most significant amounts relate to Hidroelectrica SA and OMV Petrom SA.

Out of the companies that declared dividends, 2 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	30-Sep-22 ²
Alcom SA	0.4	22-Jun-22	7-Jul-22 ¹
Total	199.8		

Note:

- Dividends already collected at the publication of this report.
- Estimated collection date according with the GSM decision.

For more details regarding the dividend income, please refer to the *Financial Statements Analysis* and *Subsequent events* sections.

Participation in share capital increases / decreases

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.

Accelerated bookbuild of ordinary shares held in OMV Petrom S.A.

On 20 January 2022, the Fund announced the agreement to sell 2,275,000,000 ordinary shares including a 50% exercise of the upside option, held by the Fund in OMV Petrom S.A., following the completion of an accelerated bookbuild offering. The shares' selling price was RON 0.43 /share. The gross proceeds of the transaction amount to RON 978,250,000 and will be used to implement the Fund's Discount Control Mechanism, by funding the buyback programme as approved by the Fund's shareholders, and the payment of potential dividends to the Fund's shareholders, in the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations and to shareholders' approval.

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

After the settlement, the Fund's remaining participation in OMV Petrom is of 1,688,548,078 shares, representing 2.98% of OMV Petrom's share capital.

Share capital increase process at CN Aeroporturi Bucuresti

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 that took place on 25 October 2021, for the approval of a share capital increase with the land inside the Baneasa airport, brought as Romanian state's contribution in kind to the company's capital. The proposed value for the share capital increase was initially RON 3,814,809,171. This is the third time the process to increase the share capital 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 will 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 will not subscribe, the unsubscribed shares will 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 CNAB EGSM 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 booked in the valuation 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 to 8 September 2022.

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 CE Oltenia as of 31 December 2020, proportionally by all shareholders of the company. The accounting losses in amount of RON 1 billion will 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 will also lead 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, FP'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.

Considering its current investment strategy, Fondul Proprietatea does not intend to participate in these capital increases.

Presumably, as a result of the capital increases, the participation of Fondul Proprietatea in CE Oltenia will be diluted at around 5% according to Fondul's current estimates.

In order 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 evaluations of all the lands with which the capital increase would be carried out can be realized at fair value.

CN Administratia Porturilor Maritime

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.

Hidroelectrica S.A. listing

On 31 March 2022, the general shareholders meeting of Hidroelectrica S.A. approved the initiation of the listing of the company's shares on the 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.

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

The next steps will be the appointment by Fondul Proprietatea of the syndicate banks (selection is currently ongoing). Regarding the timing of the transaction, the Fund aims to finalize the IPO as soon as possible targeting the end of November 2022 as the first window of opportunity and, if not possible, the end of Q1 2023. The Romanian State committed in PNRR to the listing of Hidroelectrica by the end of H1 2023.

S.N. a Sarii Salrom Listing

On 5 July 2021, the general shareholders meeting 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 of the company.

The next steps will be the appointment of additional consultants (auditor, counsel of Salrom, mineral resources advisor) as well as due diligence / prospectus drafting expected throughout 2022 and first part of 2023. Regarding the timing, the Fund aims to finalize the IPO by H1 2023.

OMV Petrom S.A. share capital increase

During the 27 April 2022 EGM, the company's shareholders approved the initiation of the share capital increase of OMV Petrom by 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 expert valuator to evaluate the land plots for the in-kind contribution.

Fondul will continue to monitor the share capital increase process as it progresses and will decide to participate or not by taking into consideration the best interest of our shareholders.

Enel Energie and Enel Energie Muntenia

Starting with the second semester of 2021, the companies are struggling with a crisis situation 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.

Zirom capital decrease

During the 21 June 2022 EGSM, 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 75,420,830 Lei (amount at the date of the shareholder's meeting). As such, the cumulated losses will decrease by 15,420,830 RON. At the time of the publication of this report, the process is ongoing.

Energy Sector Updates

Updates on the regulatory requirements in the energy sector

Government issued EGO no. 108/2022 related to the decarbonisation of the energy market, which entered into force on 1 July 2022. The legislation 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 Government Emergency Ordinance 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, as well as for amending and supplementing certain regulatory acts in the field of energy was published in the Official Gazette and entered into force on 14 July 2022. The new legislation provides further clarifications of deadlines and requirements for energy market participants.

Windfall tax

EGO no. 27/18.03.2022 extends the timeline for the windfall tax (80% of the monthly additional revenues) until 31 March 2023. The monthly additional revenues are determined 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 Law 259 / 2021's provisions. Also, under the initial form of EGO no 27/ 18.03.2022 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 Government Emergency Ordinance no. 112/2022 which entered into force on 18 July 2022.

Energy suppliers

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

Electricity supply	Invoice price (VAT included)
Households (consumption less 100KWh per month)	0.68 RON / KWh
Households (consumption less then 300KWh/ month)	0.8 RON / KWh
Non-households (excluding energy intensive users)	1.0 RON / KWh

Gas supply	Invoice price (VAT included)
Households	0.31 RON / KWh
Non - households (consumption of 50 GWh/annum or heating producers)	0.37 RON / KWh

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.

According to the Ordinance, suppliers would be reimbursed from the State's Budget and settlement of the subsidies paid by the State for the cold season will begin after 31 March 2022.

Also, Law no. 206/2022 for approving the Government Emergency Ordinance no. 27/2022 and subsequently Government Emergency Ordinance 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

Natural gas producers are required to sell gas to suppliers to cover household consumption, at RON 150 / MWh, and at RON 250 / MWh to cover consumption of heating producers until 31 March 2023. Natural gas producers are exempted from the payment of the windfall tax. Additionally, the reference price for royalties mentioned in the ordinance applies for quantities covering household consumption.

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).

Regulated transport and distribution tariffs

Grid losses generated by the increase of power prices above the previous threshold set by the National Authority for Energy Regulations (ANRE) in 2021 will be corrected through the new distribution tariffs, according to the methodology.

The additional costs with grid losses recorded until 31 March 2023 will be recovered through tariffs over a period of up to 5 years.

Additional financial costs generated with the loans contracted to finance the purchase of electricity / gas for grid losses will be capitalized for a period of up to 5 years and recognized in the regulated tariffs at a new regulated rate of return (RRR) equal to 50% of RRR established for the 4th regulatory period.

EGO no. 42/2022 for amending and supplementing the Government Emergency Ordinance 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, as well as for amending and supplementing certain regulatory acts in the field of energy was published in the Official Gazette and entered into force on 11 April 2022. The new legislation provides further clarifications of deadlines and requirements for energy market participants and also adds new model annexes to the settlement procedure provided by the applicable legal provisions.

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 one company in Fondul Proprietatea's portfolio (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's Order no. 1/ 20 January 2021 and Order no. 3/ 20 January 2021, effective starting with 1 February 2021, the regulator allows, until the 4th regulatory period ends (2019 - 2023), for electricity and gas distribution companies the following:

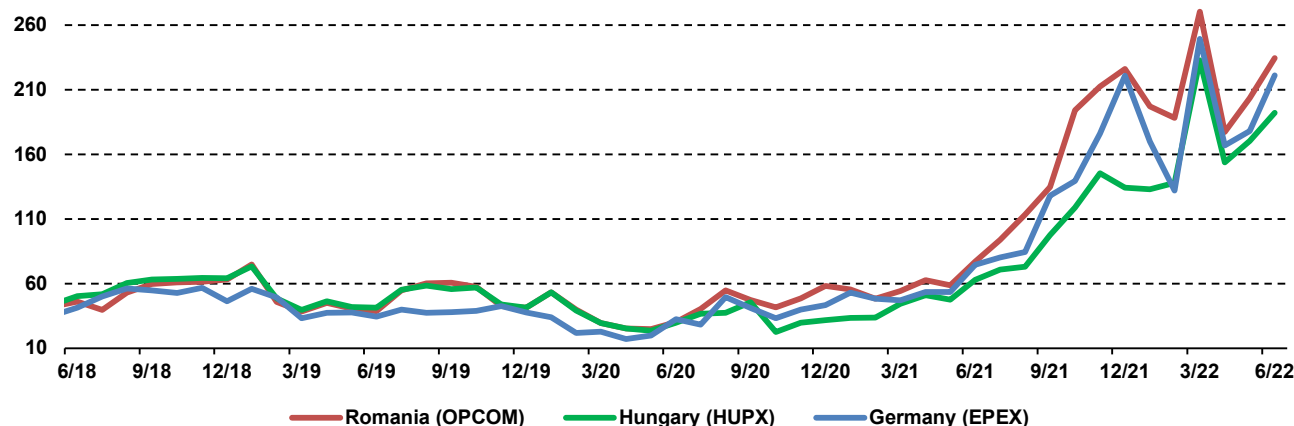
- to add 1% incentive above the current level of RRR for newly employed assets;
- to add an incentive of 2% to the current level of RRR for investments fully or partially financed through EU grants.

Latest market developments

As per currently available information from the grid operator, national electricity consumption decreased by 6% in Q2 2022 compared to the same quarter of 2021, while national production decreased by 10%. Romania was a net power importer in Q2 2022, compared to a net power exporter in Q2 2021.

As per OMV Petrom's estimates, national gas consumption decreased by approximately 19% compared to Q2 2021, as some end user's consumption was impacted by high energy prices. In addition, the decrease is also due to the higher base effect, with consumption in Q2 2021 at unusually high level due to cold weather. On the Romanian centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products concluded in Q2 2022 irrespective of delivery period (5.2 TWh) was RON 471/MWh (Q2 2021: RON 120/MWh). The average price for the quantities delivered during the quarter was RON 406/MWh (Q2 2021: RON 80/MWh). Regarding short-term deliveries, on BRM day-ahead market, the average price in Q2 2022 was RON 506/MWh (Q2 2021: RON 116/MWh).

Electricity prices (EUR/ MWh)



Source: Bloomberg

Energy resources (thousand tonnes barrels of oil equivalent)

	January – June 2022			January – June 2021			% change		
	Total	Production	Import	Total	Production	Import	Total	Production	Import
Net coal	1,740.5	1,459.0	281.5	1,675.2	1,444.9	230.3	3.9%	1.0%	22.2%
Crude oil	5,415.2	1,464.6	3,950.6	5,461.9	1,561.7	3,900.2	-0.9%	-6.2%	1.3%
Usable natural gas	4,569.5	3,502.2	1,067.3	4,994.0	3,706.0	1,288.0	-8.5%	-5.5%	-17.1%
Hidro. nuclear. and import energy	2,693.4	2,362.7	330.7	2,869.3	2,575.0	294.3	-6.1%	-8.2%	12.4%
Import oil products	1,578.1	0.0	1,578.1	1,346.2	0.0	1,346.2	17.2%	0.0%	17.2%
Others	286.9	0.0	286.9	271.1	0.0	271.1	5.8%	0.0%	5.8%
Total resources	16,283.6	8,788.5	7,495.1	16,617.7	9,287.6	7,330.1	-2.0%	-5.4%	2.3%

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 June 2022 ¹ (RON million)	% of NAV as at 30 June 2022 ¹
1	Hidroelectrica SA	19.94%	12,559.8	76.9%
2	OMV Petrom SA	2.98%	823.2	5.0%
3	CN Aeroporturi Bucuresti SA	20.00%	695.6	4.3%
4	Engie Romania SA	12.00%	440.3	2.7%
5	CN Administratia Porturilor Maritime SA	20.00%	298.9	1.8%
6	Societatea Nationala a Sarii SA	49.00%	253.4	1.6%
7	E-Distributie Banat SA	24.13%	175.2	1.1%
8	E-Distributie Muntenia SA	12.00%	162.5	1.0%
9	E-Distributie Dobrogea SA	24.09%	140.3	0.9%
10	Alro SA	10.21%	102.0	0.6%
Top 10 equity holdings			15,651.2	95.9%
Total equity holdings			15,873.0	97.2%
Net cash and receivables			454.3	2.8%
Total NAV			16,327.3	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	%	H1 2021	H1 2022	%
Revenues	3,850.4	6,501.3	68.8%	3,206.0	4,734.0	47.7%
Operating profit	1,673.4	3,478.0	107.8%	2,108.7	3,153.6	49.5%
EBITDA	2,711.0	4,669.0	72.2%	2,442.3	3,455.5	41.5%
Net profit	1,451.6	3,019.5	108.0%	1,687.4	2,637.8	56.3%
Dividends*	1,286.4	2,830.9		-	-	

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.

Over the six-month period ending 30 June 2022, Hidroelectrica SA paid a windfall tax of RON 351.0 million and registered a cost with turbinated water of RON 243.3 million down 24.9% y.o.y driven by lower electricity production volume. At the end of June 2022, the company's cash and equivalents position stood at RON 3.35 billion.

	2020	2021	%	H1 2021	H1 2022	%
Total electricity sold (TWh)	15.96	17.11	7.2%	10.48	7.48	-28.7%
Electricity sold out of own production (TWh)	14.58	16.51	13.2%	10.11	7.18	-29.1%
Average realized electricity selling price (RON / MWh)	214.3	339.2	58.6%	283.4	577.7	103.8%

Source: 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 Bucharest Stock Exchange 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 of the annual dividend is 27 June 2022, while the deadline for the payment of the special dividend is 30 September 2022;
- the merger project for the absorption by Hidroelectrica of its fully owned subsidiaries Crucea Wind Farm S.A. 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

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 over 10 April 2019 – 4 June 2019 period, for the selection of the 5 members of the Directorate of Hidroelectrica. 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 Global Reporting Initiative (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/UE and the Romanian Ministry of Finance Order no. 1938/ 2016 and 2844/ 2016. The latest non -financial statements have been published by Hidroelectrica in June 2022 for the year 2021.

OMV Petrom SA

Financial / Operating Results

RON million	2020	2021	H1 2021	H1 2022	Budget 2021	Budget 2022
Sales	19,717.0	26,011.1	10,213.1	25,689.8	15,875.0	21,301.0
Operating profit	1,467.1	3,708.9	1,237.5	5,717.5	2,133.0	3,444.0
Net profit	1,291.0	2,864.4	979.6	4,646.2	1,824.0	2,841.0
Dividends*	1,756.0	1,932.0	-	-	-	-

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 favored 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.

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. The subscription period is expected in September-October. 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, for which the payments will begin in early September.

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: <https://www.omvpetrom.com/ro/sustenabilitate/rapoarte-de-sustenabilitate>).

Outlook for full year 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 95/bbl in April). 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 7% y.o.y., in line with previous guidance. 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.

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	181.5	444.1	538.6	750.1
Operating profit / (loss)	(175.3)	40.8	(52.4)	160.0	1.7	59.3
Net profit / (loss)	(146.4)	34.0	(53.6)	137.6	0.2	56.5
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 period of 2022 the financial results improved significantly on the back of traffic recovery. Net profit reached RON 137.6 million, compared to a significant net loss in H1 2021. Number of passengers transiting the terminals reached 5.44 million, 2.8x higher y.o.y., and 21% below pre-Covid levels.

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.

Engie Romania SA

Financial / Operating Results

RON million	2020	2021	%	Budget 2021	Budget 2022
Turnover	6,228.9	6,683.5	7%	6,116.8	10,268.8
Operating profit	557.4	85.9	-85%	351.8	(150.6)
Net profit	492.8	69.9	-86%	315.9	(127.8)
Dividends*	149.5	-	-	-	-

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

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

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 the energy authority.

ESG

Engie Romania SA published its first sustainability report on July 2021, in accordance with Global Reporting Initiative, while Engie Group reports frequently on ESG issues and has a sustainability plan at parent company level (see annual report regarding sustainability: <https://www.engieimpact.com/our-sustainability-strategy>).

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	215.6	250.2	411.8	489.2
Operating profit	145.9	140.6	108.4	106.8	77.7	84.2
Net profit	130.3	130.5	100.9	97.8	78.3	88.2
Dividends	33.5	31.9	-	-	21.2	23.8

*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.

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 Fondul.

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	161.2	195.4	345.1	425.8
Operating profit	15.8	70.1	26.0	41.7	27.4	74.2
Net profit	11.5	60.2	22.3	35.9	24.8	66.2
Dividends	11.5	59.9	-	-	-	-

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

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.

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 general shareholders meeting 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.

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 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. Source: <https://www.salrom.ro/doc/public/Raport%20non-financiar%20SNS%202020-gdpr.pdf>.

E-Distributie Banat SA

Financial / Operating Results

RON million	2020	2021	Budget 2021	Budget 2022
Operating revenue	556.8	593.5	546.5	893.0
Operating profit before depreciation and amortization (EBITDA)	151.7	58.2	163.4	107.0
Net profit / (Loss)	38.6	(33.3)	36.0	(13.0)
Dividends	77.3*	-	-	-

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

Enel S.p.A. published H1 2022 financial results for the global group on 28 July, reporting for the infrastructure and networks' segment (distribution) in Romania an EBITDA of EUR -51 million from EUR 51 million registered in the same period of 2021. For the retail segment (supply), EBITDA decreased from EUR 43 million in H1 2021 to EUR -115 million in H1 2022. During the first half of 2022, the quantity of electricity distributed by Enel's subsidiaries was flat at 7.8 TWh, reaching 3.1 million end users in Romania, up by 3.3% compared to H1 2021 level.

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: <https://www.enel.com/investors/sustainability>).

E-Distribuție Muntenia SA

Financial / Operating Results

RON million	2020	2021	Budget 2021	Budget 2022
Operating revenue	968.2	1,038.7	939.4	1,463.0
Operating profit before depreciation and amortization (EBITDA)	250.9	168.1	328.7	264.0
Net profit	111.8	55.8	115.9	48.0
Dividends	167.7*	-	-	-

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

Enel S.p.A. published H1 2022 financial results for the global group on July 28, reporting for the infrastructure and networks' segment (distribution) in Romania an EBITDA of EUR -51 million from EUR 51 million registered in the same period of 2021. For the retail segment (supply), EBITDA decreased from EUR 43 million in H1 2021 to EUR -115 million in H1 2022. During the first half of 2022, the quantity of electricity distributed by Enel's subsidiaries was flat at 7.8 TWh, reaching 3.1 million end users in Romania, up by 3.3% compared to H1 2021 level.

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: <https://www.enel.com/investors/sustainability>).

E-Distribuție Dobrogea SA

Financial / Operating Results

RON million	2020	2021	Budget 2021	Budget 2022
Operating revenue	530.1	554.8	525.8	846.0
Operating profit before depreciation and amortization (EBITDA)	166.2	86.9	183.1	119.0
Net profit	53.7	11.5	58.4	15.0
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

Enel S.p.A. published H1 2022 financial results for the global group on July 28, reporting for the infrastructure and networks' segment (distribution) in Romania an EBITDA of EUR -51 million from EUR 51 million registered in the same period of 2021. For the retail segment (supply), EBITDA decreased from EUR 43 million in H1 2021 to EUR -115 million in H1 2022. During the first half of 2022, the quantity of electricity distributed by Enel's

subsidiaries was flat at 7.8 TWh, reaching 3.1 million end users in Romania, up by 3.3% compared to H1 2021 level.

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 <https://www.alro.ro/en/sustainability-reports>).

Alro SA

Financial / Operating Results

RON million	H1 2021	H1 2022	%	2020	2021	%	Budget 2021*	Budget 2021**
Operating revenue	1,537.9	2,136.3	38.9%	2,514.7	3,499.9	39.2%	2,766.7	4,046.3
Operating profit	63.4	147.2	132.2%	399.5	228.1	-42.9%	357.8	152.7
Net profit/ (loss)	-47.6	15.3	-132.1%	334.8	26.3	-92.1%	287.1	22.5
Dividends				-	-		-	

Source: Interim and 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.

For Q1 2022 the increase in Alro reported operating revenues was mainly supported by 56.5% y.o.y. surge in LME aluminum average price at USD 3,280.0 per tonne.

ESG

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

Key Financial Highlights

Evolution of liquid assets

RON million	30 Jun 2022	31 Mar 2022	31 Dec 2021
Current accounts*	137.6	87.7	68.2
Bank deposits	121.1	636.2	347.4
Treasury bills and government bonds	178.5	321.7	77.1
Dividend receivables	229.8	-	-
Total liabilities	(217.7)	(115.6)	(448.4)
Liquid assets less liabilities	449.3	930.0	44.3
Net Assets Value	16,327.3	14,535.9	13,244.6
% Liquid assets less liabilities in NAV	2.80%	6.40%	0.30%

*Current accounts include also the cash blocked for distributions to shareholders

The table above shows the change in the net liquid assets of the Fund as a percentage of the NAV.

The **total liabilities** position as at 31 December 2021 is higher due to the recording of the February 2022 dividend payable amount following the shareholders' approval in the 15 December 2021 GSM of a RON 0.0600 gross dividend distribution per share from the remaining unallocated 2019 profit.

The **bank deposits and treasury bills and government bonds** decreased mainly due to the cash outflows related to the payment of 13th Buyback Tender Offer (RON 711.5 million) and the payment of June 2022 dividend distribution (RON 682.4 million) net of the cash inflows from the collection of dividend receivables (RON 626.1 million) and the collection of Buyback Tender Offer guarantee back from the broker (RON 215.3 million).

For more details regarding the liquid asset evolution during the first half of 2022 please see section *Financial Statements Analysis*.

Cost Ratios of the Fund

The Fund elected to use Ongoing Charge Ratio and Total Expense Ratio as alternative performance measures because applying industry standards to the calculation of expense charges creates consistent and comparable data across the sector.

Ongoing Charge Ratio

The Ongoing Charge Ratio of the Fund represents the annual percentage impact in shareholder returns of the recurring operational expenses, and it is calculated as the total ongoing charges for the last 12 months divided by the average monthly net asset value of the Fund during the same period.

For the purpose of this calculation, expenses do not include foreign exchange losses, value of equity investments disposed of, impairment adjustments, fair value adjustments, expenses with provisions and income tax expenses.

The Fund elected to use this alternative performance measure due to the fact that applying an industry standard approach to the calculation of ongoing charges creates consistent and comparable data across the sector. Although the OCR figure is based on historical information, it provides shareholders with an indication of the likely level of costs that will be incurred in managing the Fund in the future.

The OCR of the Fund as at 30 June 2022 was 1.01% and including transaction related expenses this was 1.07% (30 June 2021: 0.85% and including transaction related expenses this was 0.90%).

Total Expense Ratio

The Total Expense Ratio for the first six months of 2022 represents the annualised expenses of the Fund divided by the period average NAV. For the purpose of this calculation, expenses do not include foreign exchange losses, value of equity investments disposed of, impairment adjustments, fair value adjustments, expenses with provisions and income tax expenses.

The TER of the Fund as at 30 June 2022 was 0.74% and including transaction related expenses this was 0.84% (30 June 2021: 0.87% and including transaction related expenses this was 0.87%).

The TER of the Fund is lower compared to the OCR as the 6 months average NAV used in TER calculation is higher than the 12 months average NAV used on OCR calculation.

Performance fees

During the H1 2022, according to the Management Agreements in force the Base fee payable by the Fund to the AIFM was calculated as Base Fee Rate multiplied by the notional amount, multiplied by the number of calendar days during the calculation period, divided by 365. The standard Base Fee Rate was:

- Until 31 March 2022: 60 basis points per year, and
- Starting with 1 April 2022: 45 basis points per year.

Until 31 March 2022, in certain conditions detailed below an additional Base Fee, representing a Performance fee, become payable.

- For each day in a calculation period when the share price discount¹ to NAV was below or equal to 20%, but above 15%, an additional Base Fee Rate of 5 basis points per year become payable (i.e. the Base Fee Rate becomes 65 basis points per year for the applicable days in the relevant period);

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.

- For each day in a calculation period when the share price discount¹ to NAV was equal to or below 15%, a further additional Base Fee Rate of 5 basis points per year become payable (i.e. the Base Fee Rate become 70 basis points per year for the applicable days in the relevant period).

The Performance fees recorded by the Fund because of the Fund's share price discount to NAV lowering below 20%/ 15% in certain trading days are detailed in the table below:

<i>All amounts in RON</i>	H1 2022	H1 2021
Total Performance fee during the period	2,714,634	4,934,648
Total NAV at the end of the period	16,327,273,801	11,428,655,133
% Total Performance fee in NAV	0.0166%	0.0432%

Source: Fondul Proprietatea

Starting with the new MA, from 1 April 2022, there is no performance fee applies.

Income from operating activity

The income from operating activity mainly comprises the gross dividend income, the changes in fair value of financial instruments at fair value through profit or loss, interest income and the net realised gains/ losses from transactions with financial instruments. The changes in fair value of the equity investments of the Fund are recognised in profit or loss.

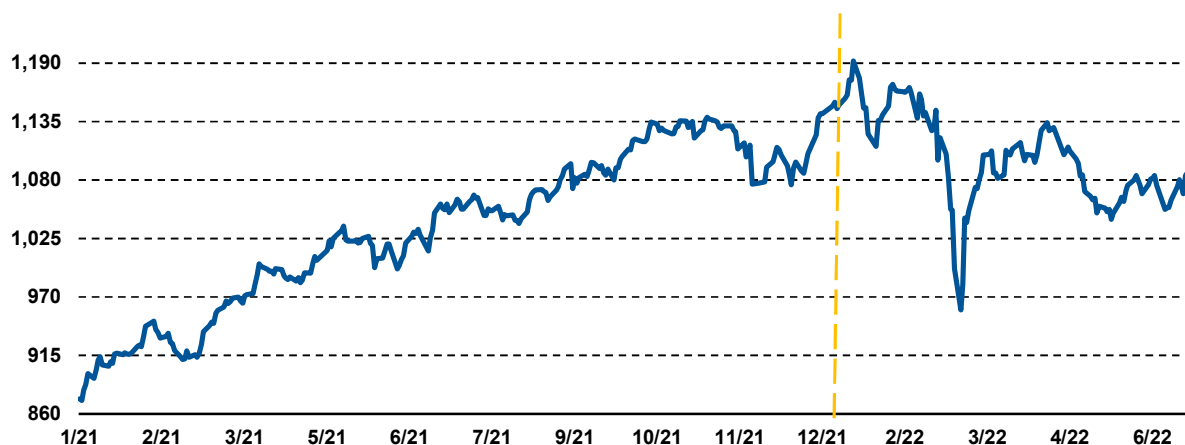
The income from operating activity is significantly influenced by the changes in the share price of listed portfolio companies, the performance of the portfolio companies and their resolutions on dividend distributions, as well as by money market performance.

As at 30 June 2022 the Fund's exposure to Romanian equities accounted for 97.2% of the NAV, the difference of 2.8% being represented by the net cash and receivables.

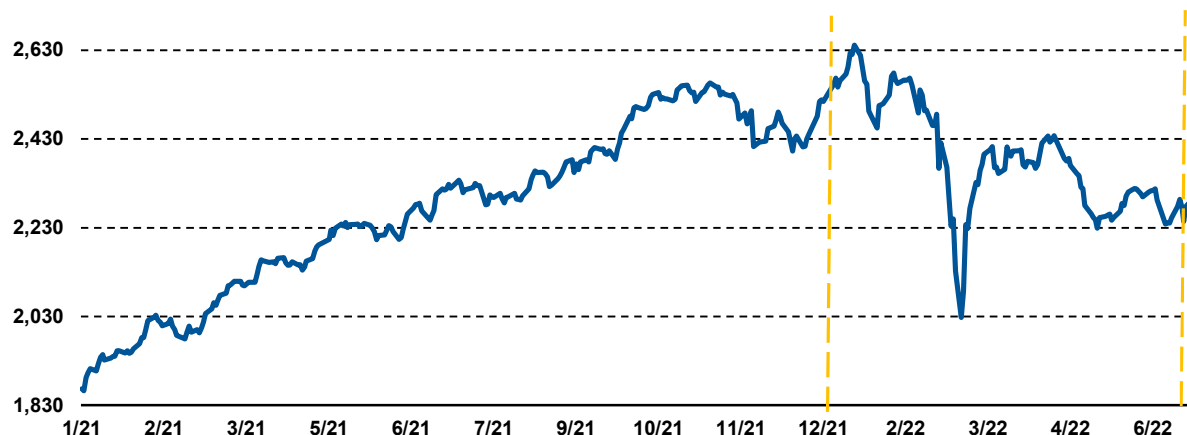
The BET-XT index, which reflects the performance of the top 25 most traded companies listed on BVB's Regulated Market, including the financial investment companies (SIFs), decreased by 6.05% during the first six months of 2022 compared to the end of 2021.

BET-BK index is a free float market capitalisation weighted index of the Romanian and foreign stocks listed on BVB's regulated market with the highest free-float market capitalisation adjusted with liquidity factors. BET-BK was designed to be used as a benchmark by asset managers and other institutional investors. The calculation methodology reflects on legal requirements and investment limits applying to investment funds. BET-BK decreased by 10.5% during the first six months of 2022 compared to the end of 2021.

BET-XT index evolution



Source: BVB

BET-BK index evolution

Source: BVB

Further information on the Fund's financial results can be found in the *Financial Statements Analysis* section.

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 of the maximum amounts thereof which are directly or indirectly borne by investors. Please find below the classification of such categories, as recommended in the latest 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 Bucharest Stock Exchange, London Stock Exchange and any other exchange on which the financial instruments of the Fund or global depositary receipts 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 doesn't support any expenses related to distribution or advertising within the meaning of art. 49 of the FSA Regulation 7/2020.

Unless otherwise provided in the Management Agreement, the AIFM will incur all the costs and expenses occasioned by the performance of its duties. Save as expressly provided in this Management Agreement, 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.

Save as otherwise provided in the Management Agreement, the AIFM shall be liable for the following out of pocket expenses incurred by it when performing its duties thereunder, 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 (and shall procure that any associated company who acts as a delegate in accordance with the provisions of the Management Agreement will 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.

Please see section *Key Financial Highlights* for more details regarding the ongoing charge ratio of the Fund.

Risks and Uncertainties

The following section presents details of the main risks and uncertainties that might affect the activity of the Fund and its liquidity during the next six months:

Description of risk	Mitigating action
<p><i>Risks related to global events</i></p> <p>The widespread nature of global events such as military conflicts, pandemic outbreaks and the measures taken to contain them have a significant impact on global economic and local Romanian activity and are likely to reverberate for several quarters.</p> <p>The evolution of such global events and the accompanying governmental actions will have a continuing impact on the Fund's companies and their financial situation and will impact the overall performance of the Fund, possibly leading to increased price volatility.</p> <p>Since most holdings of the Fund are not listed and do not have observable market prices, the risk of estimation uncertainty regarding valuation also increased.</p> <p>There are also amplified risks with respect to the Fund's operations including increased risks connected to cyber security, as well as increased uncertainty with respect to legal and regulatory implications driven by governmental actions to limit economic impact for the wider population.</p>	<p>The risks associated with global events affect all areas of the Fund's investments as well as operations.</p> <p>Fund Management and Board of Nominees are reviewing and discussing the situation regularly, including a review of the portfolio, risk management and business continuity. The AIFM regularly reports on the status of operations.</p> <p>The Fund ensures ongoing communication with investors including current reports, investor calls, and updates on the website.</p> <p>Company valuations are thoroughly tested with respect to relevance and impact from the event.</p> <p>Mitigation strategies apply as detailed within the specific areas of risk.</p>
<p><i>Market risk</i></p> <p>Changes in market prices and rates, such as security prices, changes in interest rates or foreign exchange rates will affect the Fund's income or the value of its holdings.</p>	<p>The Fund implements market risk management techniques to manage and control market risk exposures, keeping them within acceptable levels, while optimising return. The AIFM has an ongoing risk management framework in compliance with requirements of the AIFM Directive.</p>
<p><i>Security price risk and valuation risk</i></p> <p>Fluctuations in the value of a security instrument as a result of changes in market prices, whether caused by factors specific to the issuer or factors affecting all instruments traded in the market, can negatively affect the Fund's income or value of its holdings.</p> <p>Securities without a readily available market price, such as the Fund's unlisted holdings, are exposed to uncertainties coming from the valuation of the securities prices, from factors such as the choice of valuation model, parameter uncertainty and timeliness of parameter estimates.</p>	<p>Diversification across securities and industries is the primary technique for mitigating equity price risk. All potential investments undergo a thorough due diligence process. Portfolio management reviews the risk/ return profiles of portfolio assets on a regular basis. A detailed pricing policy ensures adequate valuation of the unlisted holdings. Independent valuations are reviewed by Franklin Templeton's Fair Valuation Committee.</p>
<p><i>Sector concentration risk</i></p> <p>Large portfolio exposure to a specific industry sector or group of companies exposes the Fund to</p>	<p>Diversification and concentration limits are set and monitored periodically. The companies in which the Fund holds equity instruments operate in different industries, however the Fund has concentrated</p>

Description of risk	Mitigating action
concentration risk and can cause overall Fund performance to be negatively affected by the performance of a specific sector.	exposures to the Energy sector (“Oil and gas” and “Power utilities”). Regular review is performed assessing sector by sector risk and return contribution.
<p>Corporate governance risk</p> <p>Poorly managed companies in the Fund’s portfolio can negatively affect the Fund’s performance due to missing professional skills and missing experience in the industry the company operates in.</p>	The portfolio management team is actively involved with portfolio companies, promoting and enhancing high standards of good corporate governance.
<p>Share price discount to NAV risk</p> <p>Shares of the Fund are traded on the Bucharest and London stock exchanges. Market participants expectations may cause the shares of the Fund to trade at a premium or discount to the NAV per share of the Fund. Investor returns may be positively or negatively affected by such market factors.</p>	The Fund has implemented several measures to reduce the discount to NAV, including an attractive dividend yield, ongoing buy-back programs as well as transparency, disclosure, and proactive investor relation efforts. A discount objective and related DCM are part of the IPS.
<p>Credit and Counterparty risk</p> <p>There is a risk of financial loss to the Fund if counterparties to financial instruments fail to meet their contractual obligations; it arises principally from cash and deposits with banks, treasury bills, government bonds and other receivables.</p>	Cash and short-term money market instruments are diversified across counterparties. An internal Credit Counterparty Committee oversees the selection and approval of authorised counterparties. The committee meets periodically and reviews current exposure, credit limits and ratings for counterparties. The committee has the power to assign a counterparty to a “watch list” or “restricted list” thereby limiting or preventing further trades with it.
<p>Liquidity risk</p> <p>The Fund might not be able to meet its financial obligations as they fall due.</p> <p>The Fund’s equity investments include unlisted instruments issued by companies domiciled in Romania, which are not traded on a regulated market and generally may be considered illiquid. As a result, the Fund may not be able to sell certain investments within the time constraints imposed by its own liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of a particular issuer.</p>	As a closed end investment fund, liquidity risk of the Fund is less significant than for an open-end fund, as shareholders do not have the option to redeem their holdings. The Fund’s approach to managing liquidity is to ensure that it has sufficient liquid assets to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund’s reputation. The Fund’s assets are periodically monitored for their liquidity levels under both normal and stressed market conditions.
<p>Operational and Cyber risk</p> <p>The Fund might incur direct or indirect loss arising from a wide variety of causes associated with the Fund’s processes, service providers, technology and infrastructure, and from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Failure or breach of information technology systems and security may entail risk of financial loss, disruption to operations or damage to the reputation of</p>	The Fund’s objective in managing operational risk is to maintain a proper balance between limitation of financial losses and damage to the Fund’s reputation with the overall cost effectiveness, avoiding control procedures that restrict initiative and creativity. The Fund has in place an operational monitoring system, documented through policies and procedures, which ensures escalation and remediation of potential operational issues. The information technology framework is designed to mitigate the risk of a cyber security breach. A dedicated Cyber Security Program aims to monitor, identify and respond to cyber-attacks

Description of risk	Mitigating action
the Fund. Operational risks arise from all the Fund's operations.	and external threats. The operational monitoring system covers all teams involved with the operations of the Fund.
<p>Legal and Regulatory risk</p> <p>The existence, operation and the initial set-up of the Fund are regulated by local and European regulations. Such regulations may be subject to change or subject of some local interpretations and may directly affect the Fund and its shareholders.</p> <p>This risk is sustained by the legislative history of the past years that reveals a series of laws which have also changed the Fund's portfolio composition.</p>	<p>Representatives of the Fund consult with external agencies and law firms with the aim to anticipate potential regulatory changes and interpretations and assess their impact on the Fund. In doing so the Fund strives to optimise its operational efficiency under current and upcoming regulations.</p> <p>Franklin Templeton has internal policies promoting compliance with best practices and regulations.</p>
<p>Sustainability risk</p> <p>Sustainability risk means an environmental, social, or governance event or condition, that, if it occurs, could potentially or actually cause a material negative impact on the value of the Fund's investments.</p>	<p>The monitoring of sustainability risks is performed according to a three-lines of defense model whereby portfolio management teams integrate sustainability risks into their investment management process, second line functions such as investment compliance and risk monitor the impact of sustainability risks on the portfolio where relevant, and the third line of defense functions, such as internal audit, ensure that the control framework is carried-out according to policies and procedures in place.</p>

Source: Fondul Proprietatea

Financial Statements Analysis

The unaudited IFRS financial statements for the six months ended 30 June 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 semi-annual 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 six months ended 30 June 2022.

Statement of Financial Position

RON million	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Jun 2021	30 Jun 2022 vs. 31 Dec 2021 (%)
	Unaudited	Unaudited	Audited	Unaudited	
Cash and current accounts	137.6	87.7	68.2	65.6	
Deposits with banks	121.1	636.2	347.4	415.3	
Treasury bills	-	93.4	-	-	
Government bonds	178.5	228.3	77.1	77.6	
Dividend receivables	229.8	-	-	525.3	
Equity investments	15,873.0	13,398.9	12,577.7	10,446.8	
Non-current assets held for sale	-	-	1,135.20	-	
Other assets	4.7	207.1	0.3	4.1	
Total assets	16,544.7	14,651.6	14,205.9	11,534.7	16%
Payables	79.5	26.5	38.8	36.6	
Other liabilities	137.9	89.2	409.6	69.2	
Total liabilities	217.4	115.7	448.4	106	-52%
Total equity	16,327.3	14,535.9	13,757.5	11,428.7	19%
Total liabilities and equity	16,544.7	14,651.6	14,205.9	11,534.7	16%

Source: IFRS financial statements

Overview

The **cash and cash equivalents** (liquid assets) of the Fund during the first six months of 2022 included term deposits with banks and government bonds issued by the Romanian Ministry of Finance. All instruments are denominated in RON and have maturities of up to one year.

The decrease in liquid assets by 11.3% during the six-month period ended 30 June 2022 was mainly due to the amounts paid for the acquisition of treasury shares (RON 760.1 million), dividends paid, net of withholding tax (RON 1,021.8 million), partially offset by proceeds from disposal of equity investments following the sale of the participation in OMV Petrom (RON 978.3 million) and dividends received, net of withholding tax (RON 626.2 million).

Payables have increased by 104.9% compared to 31 December 2021 mainly due to the increase in administration fee payables due to the distribution fees chargeable following the buy-back tender offer performed by the Fund.

Other liabilities have decreased by 66.3% compared to 31 December 2021 due to the fact that at 31 December 2021, the payable due to the dividend distribution with payment date on 18 February 2022 was fully booked.

The net increase in **equity investments** of RON 3,295.3.8 million during the first six months of 2022 was mainly generated by the increase in the fair value of the unlisted portfolio holding Hidroelectrica SA (RON 3,518.8 million increase) partially offset by the decrease in the fair value of the unlisted portfolio holdings Engie Romania SA (RON 82.4 million), E- Distributie companies (RON 157.8 million).

Equity investments

Classification and measurement of equity investments

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

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

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

Valuation

As at 30 June 2022, all the equity investments of the Fund were carried at fair value.

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

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

The holdings in companies in liquidation, dissolution, bankruptcy or with negative shareholders' equity, companies in insolvency or reorganisation are valued at nil.

Capital Expenditure

Capital expenditure comprises the costs for the acquisition and upgrade of the intangible assets of the Fund, which include the value of the licenses, the implementation costs and the updates of the Fund's accounting and reporting software, net of the accumulated amortisation. During the first six months of 2022 the Fund incurred RON 53.7 thousand capital expenditure for the improvement of the investment reporting system.

Statement of Comprehensive Income

RON million	Q1 2022 Unaudited	Q2 2022 Unaudited	H1 2022 Unaudited	H1 2021 Unaudited
Unrealised loss from equity investments at fair value through profit or loss	(62.3)	(226.5)	(288.8)	(103.5)
Unrealised gain from equity investments at fair value through profit or loss	883.5	2,700.6	3,584.1	1,293.1
Gross dividend income	-	858.9	858.9	655.1
Net gain / (loss) from other financial assets at fair value through profit or loss	188.7	(0.4)	188.3	(3.9)
Net realised loss from non-current assets held for sale	(157.0)	-	(157.0)	-
Interest income	6.9	11.2	18.1	10.0
Other income, net*	-	3.4	3.4	5.1
Net operating (loss)/ income	859.8	3,347.2	4,207.0	1,855.9
Administration fees recognised in profit and loss	(20.8)	(33.6)	(54.4)	(38.8)
Other operating expenses	(12.9)	(7.1)	(20.0)	(9.9)
Operating expenses	(33.7)	(40.7)	(74.4)	(48.7)
Finance costs	-	-	-	-
(Loss)/ Profit before income tax	826.1	3,306.5	4,132.6	1,807.2
Income tax	-	(2.9)	(2.9)	(6.1)
(Loss)/ Profit for the period	826.1	3,303.6	4,129.7	1,801.1
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	826.1	3,303.6	4,129.7	1,801.1

Source: IFRS financial statements

* Other income, net included mainly the net gain/ (loss) from fair value changes related to government securities, net foreign exchange gain/ (loss) and other operating income/ (expenses).

The **net unrealised gain from equity investments at fair value through profit or loss** for the first six months of 2022 of RON 3,295.3 million was mainly generated by the increase in the fair value of the unlisted portfolio holding Hidroelectrica SA (RON 3,518.8 million increase) partially offset by the decrease in the fair value of the unlisted portfolio holdings Engie Romania SA (RON 82.4 million), E- Distributie companies (RON 157.8 million).

Net gain from other financial assets at fair value through profit or loss is related to the collection of all unpaid shares owned by the Romanian State (Ministry of Finance). At 31 December 2021, the fair value of the receivable was zero.

Gross dividend income for the six-month period ended 30 June 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 57.6 million).

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

Net realised loss from non-current assets held for sale was generated by the partial disposal of OMV Petrom SA holding.

Details regarding the **administration fees** for the six-month period ended 30 June 2022 are presented in the table below:

RON million	Q1 2022 Unaudited	Q2 2022 Unaudited	H1 2022 Unaudited	H1 2021 Unaudited
Recognised in profit or loss	20.8	33.6	54.4	38.8
Base fee	18	14.3	32.3	29.6
Distribution fee for dividend distribution	-	19.4	19.4	4.3
Performance fee	2.7	-	2.7	4.9
Recognised in other comprehensive income	0.5	17.8	18.3	2.1
Distribution fee for buy-back programmes	0.5	17.8	18.3	2.1
Total administration fees	21.2	51.5	72.7	40.9

Source: IFRS financial statements

The increase in the **administration fees** in H1 2022 compared with H1 2021 was mainly due to:

- the increase of FP paid shares following the collection of all unpaid shares owned by the Romanian State in the Fund starting with 1 February 2022,
- the lower 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);
- the increase in distribution fee for buy-back programmes is due to the tender offer organized by the Fund which implied the acquisition of 325 million shares and generated a distribution fee chargeable of RON 17.8 million and due to the increased distribution fee to 2.5%, as per the new Management Agreement starting with 1 April 2022 (1% under the previous Management Agreement);
- the increase in distribution fee for dividend distribution is due to the dividend which was approved by the Fund's shareholders on 20 April 2022 – Total gross distributed amount of RON 774.3 million which generated a distribution fee chargeable of RON 19.4 million (new distribution fee as per the new Management Agreement starting with 1 April 2022: 2.5%).

The new Management Agreement in force starting with 1 April 2022 does not include any Performance fee. The performance recorded in the first three months of 2022, was calculated according with the Management Agreement in force until 31 March 2022. The Fund's share price discount to NAV was: higher than 20% in 3 trading days, between <20% and >15% in 8 trading days and lower than 15% in 52 trading days.

Other operating expenses

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

RON million	Q1 2022 Unaudited	Q2 2022 Unaudited	H1 2022 Unaudited	H1 2021 Unaudited
FSA monthly fees	3.3	3.8	7.1	5
Transactions costs	7.3	0.2	7.5	0.3
Depository fees	0.1	0.1	0.2	0
Other expenses	2.2	3	5.2	4.6
Total other operating expenses	12.9	7.1	20.0	9.9

Source: IFRS financial statements

The transaction costs in amount of RON 7.5 million are related to the partial disposal of Fund's holding in OMV Petrom SA (mainly brokerage fees, BVB fee).

As at 30 June 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, investor relations expenses and tax compliance and tax advisory expenses.

Statement of Cash Flows

RON million	H1 2022 Unaudited	H1 2021 Unaudited
Cash flows from operating activities		
Proceeds from disposal of equity investments	978.3	
Dividends received (net of withholding tax)	626.2	123.7
Amounts received from Romanian State for the unpaid share capital	189.2	
Proceeds from transactions with treasury bills and bonds	127.5	419.7
Interest received	15.8	11.2
Acquisition of treasury bills and bonds	(227.8)	(122.3)
Suppliers and other taxes and fees paid	(83.6)	(45.9)
Subscriptions to share capital increase of portfolio companies	-	(10.1)
Other payments, net	(0.6)	0.3
Net cash flows from operating activities	1,625.0	376.6
Cash flows from financing activities		
Acquisition cost of treasury shares	(760.1)	(209.8)
Dividends paid (net of withholding tax)	(1,021.8)	(380.4)
Payment of fees related to the short-term bank loans	-	-
Net cash flows used in financing activities	(1,781.9)	(590.2)
Net increase in cash and cash equivalents	(156.9)	(213.6)
Cash and cash equivalents at the beginning of the period	415.5	694.3
Cash and cash equivalents at the end of the period	258.7	480.7
Cash and cash equivalents		
Cash and current accounts	0.1	0.1
Distributions bank accounts	137.6	65.4
Bank deposits with original maturities of less than three months	121.0	415.2
Cash and cash equivalents at the end of the period	258.7	480.7

Source: IFRS financial statements

Dividends received has significantly increased compared to the previous period mainly due to the dividend collected from Hidroelectrica SA (RON 564.6 million) with another RON 199.4 million being due from the company as special dividend.

Proceeds from disposal of equity investments is related to the partial disposal of Fund's holding in OMV Petrom SA.

Amounts received from Romanian State for the unpaid share capital represents the amount received from the Romanian State, represented by the Ministry of Finance, on 1 February 2022, as payment for all unpaid shares owned by the Romanian State in the Fund (as at 31 Dec 2021, the Romanian State held 363,812,350 unpaid shares, each share having a nominal value of RON 0.52).

Acquisition of treasury shares represent the acquisition cost and the brokerage fees related to the acquisition of own shares bought back by the Fund within the buy-back programmes carried during each period, through buying ordinary shares and GDRs. The significant increase which can be seen is related to the tender offer which was mentioned above.

Dividends paid show a significant increase as during 2022 two dividend distributions were paid to the Fund's shareholders: dividend of RON 0.06 per share with Ex-date on 27 January 2022, Registration date on 28 January 2022 and Payment date on 18 February 2022 and dividend 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.

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 half of 2022. For more details, please see *Annex 1 "Condensed Interim Financial Statements"*.

Subsequent Events

OMV Petrom SA 2022 Special dividend

According with the OGSM held on 26 July 2022, OMV Petrom SA shareholders approved the distribution of a special gross dividend of RON 0.0450 per share, equivalent to a gross return of 10%. The record date is 11 August 2022 and payment date is 2 September 2022.

Signatures:

30 August 2022

Johan Meyer

Permanent Representative

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

Prepared by

Catalin Cadaru

Financial Reporting Manager

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

Annex 1

FONDUL PROPRIETATEA SA

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 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 (“Norm 39/2015”)

This is a translation from the official Romanian version.

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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2022**

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	6 months ended 30 June 2022	6 months ended 30 June 2021
Net gain from equity investments at fair value through profit or loss	5	3,295,329,845	1,189,630,743
Gross dividend income	6	858,861,443	655,136,481
Net gain/(loss) from other financial instruments at fair value through profit or loss	7	188,301,210	(3,907,235)
Interest income		18,146,609	9,966,818
Net realised (loss) from non-current assets held for sale	8	(156,975,000)	-
Net foreign exchange (loss)		(332,537)	(164,388)
Other income, net		3,702,557	5,256,951
Net operating income		4,207,034,127	1,855,919,370
Operating expenses	9	(74,370,725)	(48,676,184)
Finance costs	10	(37,250)	(45,250)
Profit before income tax		4,132,626,152	1,807,197,936
Withholding tax on the dividend income	11	(2,878,974)	(6,143,500)
Profit for the period		4,129,747,178	1,801,054,436
Other comprehensive income		-	-
Total comprehensive income for the period		4,129,747,178	1,801,054,436
Basic and diluted earnings per share	12	0.6731	0.3015

These condensed interim financial statements were authorised for issue on 30 August 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 JUNE 2022

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	30 June 2022	31 December 2021
Assets			
Cash and current accounts	<i>13</i>	73,111	76,632
Distributions bank accounts	<i>13</i>	137,560,493	68,148,338
Deposits with banks	<i>13</i>	121,051,172	347,387,604
Government bonds		178,533,512	77,106,529
Dividends receivable	<i>14</i>	229,766,931	-
Equity investments	<i>16</i>	15,873,032,422	12,577,678,606
Non-current assets held for sale		-	1,135,225,000
Other assets	<i>17</i>	4,680,538	298,725
Total assets		16,544,698,179	14,205,921,434
Liabilities			
Payable to shareholders	<i>18 (a)</i>	137,881,193	408,245,702
Other liabilities and provisions	<i>18 (b)</i>	79,538,650	40,127,825
Total liabilities		217,419,843	448,373,527
Equity			
Share capital	<i>19 (a)</i>	3,334,342,423	3,145,160,001
Reserves related to the unpaid share capital	<i>19 (b)</i>	-	189,182,422
Other reserves	<i>19 (c)</i>	897,568,459	666,991,766
Treasury shares	<i>19 (d)</i>	(1,117,375,862)	(331,650,005)
Retained earnings		13,212,743,316	10,087,863,723
Total equity		16,327,278,336	13,757,547,907
Total liabilities and equity		16,544,698,179	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 SIX MONTH PERIOD ENDED 30 JUNE 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	-	-	-	-	4,129,747,178	4,129,747,178
Profit appropriation to other reserves	-	-	230,576,693	-	(230,576,693)	-
Total comprehensive income for the period	-	-	230,576,693	-	3,899,170,485	4,129,747,178
Transactions with owners, recorded directly in equity						
Dividends declared	-	-	-	-	(774,290,892)	(774,290,892)
Acquisition of treasury shares	-	-	-	(785,725,857)	-	(785,725,857)
Collection of the unpaid share capital	189,182,422	(189,182,422)	-	-	-	-
Total transactions with owners recorded directly in equity	189,182,422	(189,182,422)	-	(785,725,857)	(774,290,892)	(1,560,016,749)
Balance as at 30 June 2022	3,334,342,423	-	897,568,459	(1,117,375,862)	13,212,743,316	16,327,278,336

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 SIX MONTH PERIOD ENDED 30 JUNE 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	-	-	-	-	1,801,054,436	1,801,054,436
Profit appropriation to other reserves	-	-	666,368,661	-	(666,368,661)	-
Total comprehensive income for the period	-	-	666,368,661	-	1,134,685,775	1,801,054,436
Transactions with owners, recorded directly in equity						
Dividends declared	-	-	-	-	(427,147,747)	(427,147,747)
Acquisition of treasury shares	-	-	-	(214,001,984)	-	(214,001,984)
Distributions for which the statute of limitation occurred	-	-	-	-	1,842,992	1,842,992
Total transactions with owners recorded directly in equity	-	-	-	(214,001,984)	(425,304,755)	(639,306,739)
Balance as at 30 June 2021	3,560,099,870	189,182,422	1,205,768,885	(1,300,445,193)	7,774,061,139	11,428,667,123

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

CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED**30 JUNE 2022**

(all amounts are in RON unless otherwise stated)

	6 months ended 30 June 2022	6 months ended 30 June 2021
Cash flows from operating activities		
Proceeds from disposal of equity investments	978,250,000	-
Dividends received (net of withholding tax)	626,237,540	123,712,126
Amounts received from Romanian State for the unpaid share capital	189,182,422	-
Proceeds from transactions with treasury bills and bonds	127,519,777	419,739,079
Interest received	15,804,491	11,181,105
Acquisition of treasury bills and bonds	(227,774,993)	(122,297,124)
Suppliers and other taxes and fees paid	(83,572,191)	(45,939,561)
Other (payments performed)/amounts received, net	(575,337)	290,877
Subscriptions to share capital increase of portfolio companies	-	(10,055,720)
Net cash flows from operating activities	1,625,071,709	376,630,782
Cash flows from financing activities		
Dividends paid (net of withholding tax)	(1,021,797,617)	(380,387,190)
Acquisition cost of treasury shares	(760,096,835)	(209,778,981)
Payment of fees related to the short term bank loans	(45,000)	(45,500)
Net cash flows used in financing activities	(1,781,939,452)	(590,211,671)
Net (decrease) in cash and cash equivalents	(156,867,743)	(213,580,889)
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	258,660,268	480,763,666
Reconciliation of Statement of Cash Flows with the equivalent items reported in the Statement of Financial Position		
	30 June 2022	30 June 2021
Cash and current accounts (see Note 13)	73,111	144,125
Distributions bank accounts (see Note 13)	137,560,493	65,417,412
Bank deposits with original maturities of less than three months (see Note 13)	121,026,664	415,202,129
	258,660,268	480,763,666
Interest accrued on bank deposits (see Note 13)	24,508	75,014
Government bonds with original maturities of more than three months and less than one year	178,533,512	77,636,287
Total cash and current accounts, deposits with banks, treasury bills and government bonds as per Statement of Financial Position	437,218,288	558,474,967

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 SIX MONTH PERIOD ENDED 30 JUNE 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 and is operating as an undertaking for collective investment, in the form of a closed end investment company, established in accordance with Law no. 247/2005 on the reform in the field of property and justice and other adjacent measures, as subsequently amended (“Law 247/2005”) and registered in Bucharest on 28 December 2005. The address of the Fund’s registered office is 76 - 80, Buzești Street, 7th Floor, District 1, Bucharest.

Starting 1 April 2016, Fondul Proprietatea is an alternative investment fund as defined by the Alternative Investment Fund Managers Directive and by the Romanian legislation. 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. Until 2013, FSA (the financial market supervisory authority) was known as the National Securities Commission. In accordance with its Constitutive Act, the main activity of the Fund is the management and administration of its portfolio.

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

Starting with 1 April 2016 the Fund is managed by Franklin Templeton International Services S.à r.l. (“FTIS”) as its Sole Director and Alternative Investment Fund Manager (“AIFM”) under the Directive 2011/61/EU on Alternative Investment Fund Managers and local implementation regulations. The FTIS mandate is for a period of two years and 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 (renamed as of 5 January 2015 as Premium Tier shares), under ISIN number ROFPTAACNOR5 with the market symbol “FP”.

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

These condensed interim financial statements for the six month period ended 30 June 2022 are not audited.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

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

These condensed interim financial statements for the six month period ended 30 June 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 31 August 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 six month period ended 30 June 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 SIX MONTH PERIOD ENDED 30 JUNE 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 June 2022 were as follows: 4.9454 RON/EUR, 4.7424 RON/USD and 5.7525 RON/GBP (30 June 2021: 4.9267 RON/EUR, 4.1425 RON/USD and 5.7374 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 15 – Deferred tax;
- Note 16 – Equity investments;
- Note 20 – 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 six month period ended 30 June 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 5 for further details on fair value adjustments).

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

(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 SIX MONTH PERIOD ENDED 30 JUNE 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 June 2022					
Cash and current accounts	73,111	-	-	73,111	73,111
Distributions bank accounts	137,560,493	-	-	137,560,493	137,560,493
Deposits with banks	121,051,172	-	-	121,051,172	121,051,172
Government bonds	-	178,533,512	-	178,533,512	178,533,512
Dividends receivable	229,766,931	-	-	229,766,931	229,766,931
Equity investments	-	15,873,032,422	-	15,873,032,422	15,873,032,422
Other financial assets	4,135,523	-	-	4,135,523	4,135,523
Other financial liabilities	-	-	(192,077,158)	(192,077,158)	(192,077,158)
	492,587,230	16,051,565,934	(192,077,158)	16,352,076,006	16,352,076,006
	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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

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

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

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

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

30 June 2022	Level 1	Level 2	Level 3	Total
Government bonds	178,533,512	-	-	178,533,512
Equity investments:	925,205,788	-	14,947,826,634	15,873,032,422
<i>Power utilities: generation</i>	-	-	12,559,800,000	12,559,800,000
<i>Oil and gas</i>	823,167,188	-	-	823,167,188
<i>Power and gas utilities: distribution, supply</i>	-	-	1,012,500,000	1,012,500,000
<i>Infrastructure</i>	-	-	1,069,380,136	1,069,380,136
<i>Heavy industry</i>	-	-	279,556,500	279,556,500
<i>Aluminum</i>	102,038,600	-	-	102,038,600
<i>Postal services</i>	-	-	13,900,000	13,900,000
<i>Others</i>	-	-	12,689,999	12,689,999
Total	1,103,739,300	-	14,947,826,634	16,051,565,934

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

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

	6 months ended 30 June 2022	6 months ended 30 June 2021
Unrealised gain from equity investments at fair value through profit or loss	3,584,102,034	1,293,127,760
Unrealised loss from equity investments at fair value through profit or loss	(288,772,189)	(103,497,017)
Total	3,295,329,845	1,189,630,743

The unrealised gain from equity investments at fair value through profit or loss for the six month period ended 30 June 2022 was mainly generated by the change in fair value for the holding in Hidroelectrica SA (unrealised gain of RON 3,518,876,030), 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 six month period ended 30 June 2021 was mainly generated by the change in fair value for the holding in Hidroelectrica SA (unrealised gain of RON 909,684,890) and OMV Petrom SA (unrealised gain of RON 243,758,207), 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 six month period ended 30 June 2022 was generated by the negative change in fair value for the holding in Engie Romania SA (unrealised loss of RON 82,400,000), in E-Distributie Banat SA (unrealised loss of RON 69,900,000), E-Distributie Muntenia SA (unrealised loss of RON 44,200,000) and also in E-Distributie Dobrogea SA (unrealised loss of RON 43,700,000). The unrealised loss from equity investments at fair value through profit or loss the six month period ended 30 June 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

	6 months ended 30 June 2022	6 months ended 30 June 2021
Hidroelectrica SA	764,040,020	455,991,604
OMV Petrom SA	57,579,489	122,869,990
Societatea Nationala a Sarii SA	29,345,509	5,626,066
CN Administratia Porturilor Maritime SA	6,660,439	6,691,538
Alcom SA	824,054	233,725
CN Administratia Porturilor Dunarii Maritime SA	143,629	
CN Administratia Porturilor Dunarii Fluviale SA	158,364	-
CN Administratia Canalelor Navigabile SA	109,939	-
E-Distributie Muntenia SA	-	20,119,813
E-Distributie Banat SA	-	18,652,284
Engie Romania SA	-	17,941,285
ENEL Energie Muntenia SA	-	4,800,019
ENEL Energie SA	-	1,800,000
Others	-	410,157
	858,861,443	655,136,481

The dividend income was subject to 5% Romanian withholding tax during the six month periods ended 30 June 2022 and 30 June 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

6. Gross dividend income (continued)

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 six month period ended 30 June 2022 a total amount of RON 199,798,481 represented special cash distributions (six month period ended 30 June 2021: RON 252,329,768).

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 six month period ended 30 June 2022 mainly comprised 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 due to the failure of Solely Payments of Principal and Interest (SPPI) test requested by IFRS 9. The fair value of this receivable as at 31 December 2021 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, consequently the value of the receivable related to the unpaid share capital from the Romanian State was updated accordingly, and the resulted difference was recorded as realised gain through profit or loss.

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 six month periods ended 30 June 2022 and 30 June 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 representing approximately 57% of Fund's holding in OMV Petrom SA 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 six month period ended 30 June 2021.

9. Operating expenses

	6 months ended 30 June 2022	6 months ended 30 June 2021
FTIS administration fees (i)	54,409,595	38,814,681
Intermediaries and other fees related to disposal of portfolio holdings (ii)	7,544,385	9,702
FSA monthly fees (iii)	7,087,775	4,989,784
Third party services (iv)	3,952,896	3,300,527
BON remunerations and related taxes (v)	631,007	721,392
Depository bank fee	217,842	279,718
Other operating expenses	527,225	560,380
	74,370,725	48,676,184

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

9. Operating expenses (continued)*(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 six month period ended 30 June 2022 and the six month period ended 30 June 2021 are presented in the table below:

	6 months ended 30 June 2022	6 months ended 30 June 2021
Base fee	32,340,529	29,608,556
Distribution fee related to dividend distributions to shareholders	19,354,432	4,271,477
Performance fee	2,714,634	4,934,648
Administration fees recognised in profit or loss	54,409,595	38,814,681
Distribution fees related to buy-backs recognised in equity	18,277,786	2,096,558
Total administration fees	72,687,381	40,911,238

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

(ii) Intermediaries and other fees related to disposal of portfolio holdings

These fees are related to the sale of 2,275,000,000 OMV Petrom stocks and consist mainly in brokerage fees, market fees and legal fees linked to the sale.

(iii) FSA monthly fees

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

(iv) Third party services

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

	6 months ended 30 June 2022	6 months ended 30 June 2021
Legal consultancy and litigation assistance	1,080,741	1,161,166
Portfolio valuation services	725,445	572,852
Financial auditor's fees	482,185	389,542
Board of Nominees accommodation, transport and insurance costs	324,626	231,135
Public relations services	228,754	158,038
Tax compliance and advisory services	221,305	219,057
Investors' relations expenses	218,478	29,733
Other services	671,362	539,004
	3,952,896	3,300,527

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

9. Operating expenses (continued)

(v) *BON remunerations and related taxes*

Remunerations and related taxes include 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 21 (a) for further details).

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 credit facility is for general corporate and operational use and has a committed amount of RON 45,000,000. The Fund may access, subject to bank's approval and in accordance with the provisions of the credit facility agreement, additional financing in excess of the said committed amount, without exceeding a total amount of RON 100,000,000 at any given time. The Fund decided not to extend the credit facility.

The finance costs for the six month period ended 30 June 2022 of RON 37,250 (six month period ended 30 June 2021: RON 45,250) 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 six month periods ended 30 June 2022 and 30 June 2021.

	6 months ended 30 June 2022	6 months ended 30 June 2021
Reconciliation of effective tax rate		
Net profit for the period	4,129,747,178	1,801,054,436
Withholding tax on the dividend income	(2,878,974)	(6,143,500)
Profit excluding income tax	4,132,626,152	1,807,197,936
Income tax (expense)/ benefit using the standard tax rate (16%)	(661,220,184)	(289,151,670)
<i>Impact on the income tax of:</i>		
Non-taxable income (other than dividend income)	653,587,476	199,012,389
Taxation applied on dividend income	134,538,857	98,678,337
Non-deductible expenses	(100,872,389)	(52,349,247)
Elements similar to revenues (taxable equity items)	-	(294,879)
Fiscal result impact in the current period	(28,912,733)	37,961,570
Tax on income (i.e. withholding tax on the dividend income)	(2,878,974)	(6,143,500)

The fiscal result impact as at 30 June 2022 of RON 28,912,733 included in the table above represents the unrecognised deferred tax asset for the tax losses recorded for the six month period ended 30 June 2022.

The fiscal result impact as at 30 June 2021 of RON 37,961,570 included in the table above represents the current tax on profit for the first six months of 2021 which was offset by the Fund's tax losses carried forward.

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

See Note 15 *Deferred tax* for details regarding the deferred tax computation and recognition.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

12. Basic and diluted earnings per share

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

	6 months ended 30 June 2022	6 months ended 30 June 2021
Profit for the period	4,129,747,178	1,801,054,436
Weighted average number of ordinary shares	6,135,157,702	5,974,299,981
Basic and diluted earnings per share	0.6731	0.3015

13. Cash and current accounts and deposits with banks

	30 June 2022	31 December 2021
Petty cash	415	536
Current accounts with banks	72,696	76,096
Distributions bank accounts	137,560,493	68,148,338
Cash and current accounts	137,633,604	68,224,970

	30 June 2022	31 December 2021
Bank deposits with original maturities of less than three months	121,026,664	347,303,041
Interest accrued on bank deposits	24,508	84,563
Deposits with banks	121,051,172	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. Dividends receivable

	30 June 2022	31 December 2021
Dividends receivable		
Hidroelectrica SA	199,439,004	-
Societatea Nationala a Sarii SA	29,345,509	-
Alcom SA	824,054	-
CN Administratia Porturilor Dunarii Fluviale SA	158,364	-
Other dividends receivable	-	22,002
	229,766,931	22,002
Impairment loss allowance	-	(22,002)
Total	229,766,931	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

15. Deferred tax

As at 30 June 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 June 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 June 2022 the unused fiscal loss carried forward amounts to RON RON 3,000,035,282 out of which RON 2,499,510,496 will expire on 31 December 2022 and RON 500,524,785 will expire on 31 December 2027.

As at 30 June 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 six month periods ended 30 June 2022 and 30 June 2021. The deferred tax balances during both these periods were zero.

16. 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 six month periods ended 30 June 2022 and 30 June 2021 is presented below:

	6 months ended 30 June 2022	6 months ended 30 June 2021
	12,577,678,606	9,246,709,268
Net gain/(loss) from equity investments at fair value through profit or loss	3,295,329,846	1,189,630,744
Subscriptions to share capital increase of portfolio companies	23,970	10,415,110
	15,873,032,422	10,446,755,122

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

16. Equity investments (continued)
Portfolio

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

	30 June 2022	31 December 2021
Hidroelectrica SA	12,559,800,000	9,040,900,000
OMV Petrom SA	823,167,188	842,585,491
CN Aeroporturi Bucuresti SA	695,600,000	674,200,000
Engie Romania SA	440,300,000	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	175,200,000	245,100,000
E-Distributie Muntenia SA	162,500,000	206,700,000
E-Distributie Dobrogea SA	140,300,000	184,000,000
Alro SA	102,038,600	131,192,485
Enel Energie SA	61,100,000	61,100,000
Romaero SA	44,072,818	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	41,566,077	41,563,454
Total equity investments	15,873,032,422	12,577,678,606

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

As at 30 June 2022, the classification of the fair value of equity investments of RON 15,873,032,422 by fair value hierarchy level (see *Note 4* for more details) is as follows: RON 925,205,788 under Level 1 (31 December 2021: RON 973,777,976) and RON 14,947,826,634 under Level 3 (31 December 2021: RON 11,603,900,630).

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

	6 months ended 30 June 2022	6 months ended 30 June 2021
Opening balance	11,603,900,630	7,642,697,782
Net unrealised gain recognised in profit or loss	3,343,902,034	910,887,875
Subscriptions to share capital increase of portfolio companies	23,970	10,415,110
Disposals	-	-
Transfers in/(out) of Level 3	-	-
Closing balance	14,947,826,634	8,564,000,767

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

16. Equity investments (continued)

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 June 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 almost 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 was no significant change in the valuation technique used for the valuation of the holdings as at 30 June 2022 compared with that used as at 31 December 2021.

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

- 84.0% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the independent valuer as at 31 May 2022 incorporating the impact of any significant corporate action that took place until 30 June 2022 based on financials as at 30 April 2022;
- 14.5% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the independent valuer as at 31 May 2022 incorporating the impact of any significant corporate action that took place until 30 June 2022 based on financials as at 31 March 2022;
- 1.2% of the fair value of Level 3 equity investments was determined based on the valuation reports prepared with the assistance of an independent valuer as at 31 October 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 June 2021 was prepared as follows:

- 97.3% of the fair value of Level 3 equity investments was determined based on the valuation reports updated with the assistance of the independent valuer as at 31 May 2021 incorporating the impact of any significant corporate action that took place until 30 June 2021;
- 2.1% of the fair value of Level 3 equity investments was determined based on the valuation reports prepared with the assistance of an independent valuer as at 31 October 2020;
- 0.7% of the fair value of Level 3 equity investments representing listed but illiquid holdings was determined based on the last available Bucharest Stock Exchange reference price;
- the holdings in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity were valued at nil.

The Fund's 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

16. Equity investments (continued)

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 June 2022 and 31 December 2021 in measuring equity instruments classified as Level 3 in the fair value hierarchy:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

16. Equity investments (continued)

Financial assets	Fair value as at 30 June 2022	Valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
Total	14,947,826,634			
Unlisted equity instruments	13,595,827,618	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 4.02 - 12.18 (11.74) Discount for lack of marketability: 7.69% or 16.20% (8.34%)	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	45,136,385	Bucharest Stock Exchange reference price	These shares are traded infrequently and have little price transparency. Fair values for these equity instruments were considered to be those used in the calculation of the net asset value of the Fund, in accordance with the regulations issued by the Financial Supervisory Authority.	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

16. 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 June 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.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

16. Equity investments (continued)

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).

17. Other assets

	30 June 2022	31 December 2021
Bank of New York annual fee	3,767,568	-
Prepaid expenses	545,014	189,896
Subscriptions to share capital increase of portfolio companies	30,030	54,000
Other assets	337,926	54,829
	4,680,538	298,725

18. Liabilities
(a) Payable to shareholders

	30 June 2022	31 December 2021
Dividends payable, net of withholding tax	137,852,529	408,217,038
Payable to shareholders related to the return of capital	28,664	28,664
	137,881,193	408,245,702

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

18. Liabilities (continued)

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

	30 June 2022	30 June 2021(*)	31 December 2021
Opening balance	408,245,702	34,380,437	34,380,437
Gross distributions approved during the period, <i>out of which</i> :			
<i>Net distributions payable to shareholders</i>	774,290,893	427,147,747	1,191,868,702
<i>Dividend WHT due to State Budget</i>	751,136,491	413,407,805	
<i>Budget</i>	23,154,402	13,739,942	(38,120,648)
Payments of net distributions performed from the dedicated bank accounts	(1,021,797,617)	(380,387,191)	(777,941,710)
Withholding tax paid/payable to state budget	(22,857,785)	(11,804,417)	
Distributions for which the statute of limitation occurred	-	(1,842,992)	(1,941,079)
Closing balance	137,881,193	67,493,584	408,245,702

(*) 30th of June 2021 amounts were not restated to present withholding liability at full amount (currently presents only withholding amount afferent to dividend paid)

(b) Other liabilities and provisions

	30 June 2022	31 December 2021
FTIS Administration fees	51,478,142	22,780,953
Tax on dividends due to State Budget	24,012,375	13,433,093
Intermediaries and other transactions fees related to disposal of portfolio holdings	1,371,877	-
Financial Supervisory Authority fees	1,249,218	946,208
Payables related to treasury shares under settlement	-	1,372,217
Other liabilities	1,427,038	1,595,354
	79,538,650	40,127,825

The tax on dividends due to State Budget includes the accrual of RON 4,616,208 for the estimated withholding tax payable to State Budget during 2022 in relation with the dividend distributions approved by the Fund's shareholders during the 15 December 2021 meeting for which the payment started on 18 February 2022 (RON 991,472) and with the dividend distributions approved by the Fund's shareholders during the 20 April 2022 meeting for which the payment started on 27 June 2022 (RON 3,624,736).

19. 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

19. Shareholders' equity (continued)

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 June 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

(a) Share capital (continued)

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

Shareholder categories	% of subscribed and paid share capital
Romanian institutional investors	35.58%
Romanian private individuals	20.09%
The Bank of New York Mellon (depository bank for the Fund's GDRs)	16.35%
Foreign institutional investors	11.73%
Romanian State	5.78%
Foreign private individuals	2.95%
Treasury shares	7.52%
Total	100.00%

Source: *Depozitarul Central SA (Central Depositary)*

(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 SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

19. Shareholders' equity (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 June 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 June 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 ("GSM") 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.

There was no negative reserve recorded during the six month periods ended 30 June 2022 and 30 June 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

19. Shareholders' equity (continued)
(d) Treasury shares

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

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

The thirteen buy-back programme refers to the acquisition by the Fund of a maximum number of 800,000,000 shares and/or equivalent global depository receipts corresponding to the Fund's shares. The movement in the number of treasury shares (including the equivalent shares of GDRs bought-back) during the first six months of 2022 and the first six 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 June 2022
12th buy-back	194,371,754	-	-	194,371,754
13th buy-back	-	348,498,224	-	348,498,224
	194,371,754	348,498,224	-	542,869,978

	Opening balance 1 January 2021	Acquisitions during the period	Cancellations during the period	Closing balance 30 June 2021
11th buy-back	797,961,287	-	-	797,961,287
12th buy-back	-	129,836,095	-	129,836,095
	797,961,287	129,836,095	-	927,797,382

The movement of treasury shares carrying amounts during the first six months of 2022 and the first six 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 June 2022
12th buy-back	331,650,005	-	-	331,650,005
13th buy-back	-	785,725,857	-	785,725,857
	331,650,005	785,725,857	-	1,117,375,862

	Opening balance 1 January 2021	Cost of treasury shares acquired	Cancellation of treasury shares	Closing balance 30 June 2021
11th buy-back	1,086,443,209	438,598	-	1,086,881,807
12th buy-back	-	213,563,386	-	213,563,386
	1,086,443,209	214,001,984	-	1,300,445,193

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

19. Shareholders' equity (continued)
(e) Dividend distribution

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

Registration date of the shareholders in the shareholders' registry kept by the Central Depository	Gross dividend per share (RON)	Source of distribution	Starting Payment Date	Payment expiration date*
10-Jun-19	0.0903	2018 profit	01-Jul-19	01-Jul-22
10-Jun-20	0.0642	2019 profit	01-Jul-20	01-Jul-23
28-May-21	0.0720	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

* 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.

20. Contingencies
(a) Litigations

At 30 June 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.

(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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

20. Contingencies (continued)

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. Consequently, the amounts mentioned above are to be recovered by the Fund from World Trade Center Bucuresti SA.

The Fund has initiated legal actions 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 to us) - will consider what other steps can be taken to recover the amount from the Romanian State, as payment for the shares which will be considered unpaid.

(b) Other contingencies (continue)

(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:
 - 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;
 - 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;
- 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 will not subscribe, the unsubscribed shares will 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

20. Contingencies (continued)

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.

21. Related parties

(a) Key management

(i) Board of Nominees ("BON")

	6 months ended 30 June 2022	6 months ended 30 June 2021
BON gross remunerations	631,007	721,392
Contributions to social security fund retained from gross remuneration	72,372	53,417
Contributions to health insurance fund retained from gross remuneration	28,944	21,364
Income tax	52,965	64,656
Net remunerations paid to BON members	476,726	581,955

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

	6 months ended 30 June 2022	6 months ended 30 June 2021
Professional insurance costs	258,516	226,176
Other costs (accommodation, transport, meals etc)	66,110	4,959
	324,626	231,135

During the first six 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.

There were no loans between the Fund and the members of the Board of Nominees neither in the first six months of 2022 nor in the first six 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 and Investment Manager

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:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

21. Related parties (continued)
(a) Key management (continued)

Transactions	6 months ended 30 June 2022	6 months ended 30 June 2021
Administration fees	72,687,381	40,911,238

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

Transactions	6 months ended 30 June 2022	6 months ended 30 June 2021
Rent expense charged to the Fund	42,032	41,553
Operating cost charged to the Fund	14,000	13,460
	56,031	55,012

During the first six months of 2022, the Fund recorded RON 218,506 representing expenses incurred by FTIS Bucharest Branch on its behalf.

During the first six months of 2021, the Fund recorded RON 80,216 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 June 2022	31 December 2021
FTIS Luxembourg	51,478,142	22,780,953
FTIS Bucharest Branch	215,806	251,935
	51,693,948	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 June 2022	31 December 2021
Ownership interest		
Zirom SA	100%	100%
Alcom SA	72%	72%
Comsig SA	70%	70%

(b) Subsidiaries (continued)

As at 30 June 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.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

(all amounts are in RON unless otherwise stated)

21. Related parties (continued)

	30 June 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 June 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

	6 months ended 30 June 2022	6 months ended 30 June 2021
Gross dividend income		
Alcom SA	824,054	233,725
	824,054	233,725

	30 June 2022	31 December 2021
Dividends receivable		
Alcom SA	824,054	-
	824,054	-

(c) Associates

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

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

	6 months ended 30 June 2022	6 months ended 30 June 2021
Gross dividend income		
Societatea Nationala a Sarii SA	29,345,509	5,626,066
Plafar SA	-	116,856
	29,345,509	5,742,921

	30 June 2022	31 December 2021
Dividends receivable		
Societatea Nationala a Sarii SA	29,345,509	-
Plafar SA	-	-
	29,345,509	-

As at 31 March 2022 there was a balance due by Societatea Nationala a Sarii SA to the Fund amounted RON 7,618 (31 December 2021: RON 7,519) which comprised the outstanding dividend receivable distributed in 2018 of RON 6,378 (31 December 2021: RON 6,378) and the penalties for delay payment of dividends of RON 1,240 (31 December 2021: RON 1,142). As at 31 March 2022 and 31 December 2021, this outstanding balance due by Societatea Nationala a Sarii SA to the Fund was fully impaired. In April 2022, Societatea Nationala a Sarii SA paid to the Fund the entire outstanding balance.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022(all amounts are in RON unless otherwise stated)

22. Subsequent events**Special dividends approved by OMV Petrom SA**

During the Ordinary General Meeting of Shareholders of OMV Petrom S.A held on 26 July 2022 the company's shareholders approved the distribution of a special dividend with a gross value amounting to RON 0.0450 per share with 10 August 2022 as Ex-Date, 11 August 2022 as Record Date and Payment date 2 September 2022.

Share capital increase for OMV Petrom SA

During the Extraordinary General Meeting of Shareholders of OMV Petrom S.A. held on 27 April 2022 the company's shareholders approved the initiation of the share capital increase operation of OMV Petrom by in kind contribution of the Romanian State, represented by the Ministry of Energy, as a result of obtaining a number of 1,944 land ownership certificates (total area of land plots to be included in the share capital being of 1,379.15 hectares). On 21 June 2022, the company's Executive Board, based on the GSM pre-approval, approved the share capital increase as follows:

- 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, which will be offered for subscription, within the exercise of their preference right, to the other shareholders (except the Romanian State), who are registered in OMV Petrom's shareholders' register held by Depozitarul Central S.A. on the record date 6 July 2022 ("Record Date"), thus granting them the possibility to maintain their quota held in the share capital of OMV Petrom;
- in accordance with the privatization legislation, the subscription price of a new share will be equal to the nominal value, respectively of RON 0.1 per share, without adding a share premium.

This operation has 5 July 2022 as Ex-date, 6 July as Record date and 7 July as Payment date.

Annex 2

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

	Item	31 December 2021				30 June 2022				Differences
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	
I.	Total assets	103.3853%	100.0000%		13,693,013,395.43	101.3334%	100.0000%		16,544,988,570.03	2,851,975,174.60
1	Securities and money market instruments, out of which:	16.8980%	16.3445%		2,238,073,515.26	7.0945%	7.0009%		1,158,329,313.57	(1,079,744,201.69)
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	7.0945%	7.0009%		1,158,329,313.57	(1,079,744,201.69)
	1.1.1 listed shares traded in the last 30 trading days	16.2384%	15.7066%	-	2,150,714,639.02	5.9382%	5.8600%	-	969,543,454.80	(1,181,171,184.22)
	1.1.2 listed shares not traded in the last 30 trading days	0.0774%	0.0748%	-	10,252,347.13	0.0628%	0.0619%	-	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	1.0935%	1.0790%	-	178,533,511.64	101,426,982.53
	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	91.2169%	90.0166%		14,893,232,085.57	3,854,203,504.46
	- shares not admitted at trading	83.3471%	80.6180%	-	11,039,028,581.11	91.2169%	90.0166%	-	14,893,232,085.57	3,854,203,504.46
	- 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 June 2022				Differences
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	
4	Bank deposits, out of which:	2.6228%	2.5370%	-	347,387,604.24	0.7413%	0.7316%	-	121,051,172.12	(226,336,432.12)
4.1	bank deposits made with credit institutions from Romania	2.6228%	2.5370%	-	347,387,604.24	0.7413%	0.7316%	-	121,051,172.12	(226,336,432.12)
	- in RON	2.6228%	2.5370%	-	347,387,604.24	0.7413%	0.7316%	-	121,051,172.12	(226,336,432.12)
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	0.8429%	0.8318%		137,633,604.66	69,408,634.96
	- in RON	0.5150%	0.4982%	-	68,217,161.58	0.8429%	0.8318%	-	137,627,144.35	69,409,982.77
	- in EUR	0.0000%	0.0000%	EUR 728.90	3,606.67	0.0000%	0.0000%	EUR 547.39	2,707.06	(899.61)
	- in GBP	0.0000%	0.0000%	GBP 348.80	2,057.71	0.0000%	0.0000%	GBP 126.93	730.16	(1,327.55)
	- in USD	0.0000%	0.0000%	USD 490.48	2,143.74	0.0000%	0.0000%	USD 637.46	3,023.09	879.35
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%	-	-	1.4073%	1.3887%	-	229,766,930.66	229,766,930.66
	- in RON	0.0000%	0.0000%	-	0.00	1.4073%	1.3887%	-	229,766,930.66	229,766,930.66
	- 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	0.0306%	0.0304%	-	4,975,463.45	4,676,738.33
	- 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	0.0003%	0.0005%	-	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%	-	-	0.0018%	0.0018%	-	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	0.0251%	0.0248%	-	4,105,493.43	4,104,347.18
	- in RON	0.0000%	0.0000%	-	1,146.25	0.0021%	0.0020%	-	337,925.86	336,779.61
	- in EUR	0.0000%	0.0000%	-	-	0.0000%	0.0000%	EUR	-	-
	- in USD	0.0000%	0.0000%	-	-	0.0231%	0.0228%	USD 794,443.23	3,767,567.57	3,767,567.57
	- prepaid expenses	0.0014%	0.0014%	-	189,896.18	0.0033%	0.0033%	-	545,013.61	355,117.43

Fondul Proprietatea SA

	Item	31 December 2021				30 June 2022				Differences RON
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	
II	Total liabilities	3.3852%	3.2745%	-	448,373,527.12	1.3335%	1.3158%		217,714,768.93	(230,658,758.19)
1	Liabilities in relation with the payments of fees due to the A.F.I.A.	0.1739%	0.1682%	-	23,032,887.84	0.3153%	0.3111%	-	51,478,142.21	28,445,254.37
	- 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	0.3153%	0.3111%	EUR 10,409,297.98	51,478,142.21	28,697,188.89
2	Liabilities related to the fees payable to the depositary bank	0.0004%	0.0004%	-	48,030.20	0.0002%	0.0002%	-	37,947.18	(10,083.02)
3	Liabilities related to the fees payable to intermediaries	0.0020%	0.0019%	-	262,242.00	0.0088%	0.0087%	-	1,443,955.10	1,181,713.10
	- in RON	0.0000%	0.0000%		0.00	0.0084%	0.0083%		1,371,877.31	1,371,877.31
	- in USD	0.0020%	0.0019%	USD 60,000.00	262,242.00	0.0004%	0.0004%	USD 15,198.59	72,077.79	(190,164.21)
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	0.0077%	0.0076%	-	1,249,217.44	303,009.38
8	Audit fees	0.0006%	0.0006%	-	78,704.69	0.0009%	0.0009%	-	145,654.39	66,949.70
9	Other Liabilities, out of which:	3.1909%	3.0865%		422,633,236.90	1.0006%	0.9873%		163,359,852.61	(259,273,384.29)
	- 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	0.8726%	0.8611%	-	142,468,736.72	(276,917,286.18)
	- 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	0.0005%	0.0004%	-	74,108.00	47,946.00
	- VAT payable to State Budget	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	6,985.33	6,985.33
	- tax on dividends payable to State Budget	0.0170%	0.0165%	-	2,264,108.00	0.1206%	0.1190%	-	19,691,093.00	17,426,985.00
	- other liabilities out of which:	0.0070%	0.0068%	-	928,280.00	0.0067%	0.0066%	-	1,090,265.56	161,985.56
	- in RON	0.0070%	0.0068%	-	928,280.00	0.0065%	0.0065%	-	1,069,049.79	140,769.79
	- in EUR	0.0000%	0.0000%	-	-	0.0001%	0.0001%	EUR 4,290.00	21,215.77	21,215.77
	- 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	0.0000%	0.0000%	-	0.00	(1,372,217.43)
III	Net Asset Value (I - II)	100.0000%	96.7255%		13,244,639,868.31	100.0000%	98.6842%		16,327,273,801.10	3,082,633,932.79

Unitary Net Asset Value

Item	30 June 2022	30 June 2021	Differences
Net Asset Value	16,327,273,801.10	11,428,655,132.99	4,898,618,668.11
Number of outstanding shares	5,869,326,989	5,918,548,522	-49,221,533
Unitary net asset value	2.7817	1.9309	0.8508

DETAILED STATEMENT OF INVESTMENTS AS AT 30 JUNE 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-Jun-22	72,884,714	0.5	1.4000	102,038,599.60	10.21%	0.6167%	0.6250%	Closing price
IOR SA	IORB	29-Jun-22	2,622,273	0.1	0.1010	264,849.57	0.82%	0.0016%	0.0016%	Closing price
OMV Petrom SA	SNP	30-Jun-22	1,688,548,078	0.1	0.4875	823,167,188.03	2.98%	4.9753%	5.0417%	Closing price
Romaero SA	RORX	21-Jun-22	1,311,691	2.5	33.6000	44,072,817.60	18.87%	0.2664%	0.2699%	Closing price
Total						969,543,454.80		5.8600%	5.9382%	

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%	0.0571%	0.0579%	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%	0.0048%	0.0049%	Fair value (Last trading price)
Total						10,252,347.13		0.0619%	0.0628%	

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

ISIN code	Date of the last trading session	No. of instruments	Date of acquisition	Coupon date	Due Date	Initial Value	Daily interest	Cumulated interest	Cumulated discount/ premium	Market price / Reference composite price	Current value	Stake in total bonds issue	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset	Valuation method
ROGRXAE5BEO2	30-Jun-22	5,000	27-Jan-22	08-Aug-22	08-Aug-22	25,000,000.00	2,739.73	895,890.41	0.00	99.6150%	25,799,640.41	0.2294%	0.1559%	0.1580%	Fair value (reference composite price published by Markit, including the cumulated interest)
ROGRXAE5BEO2	30-Jun-22	20,000	02-Mar-22	08-Aug-22	08-Aug-22	100,000,000.00	10,958.90	3,583,561.64	0.00	99.6150%	103,198,561.64	0.9175%	0.6237%	0.6321%	
ROGRXAE5BEO2	30-Jun-22	9,600	04-Mar-22	08-Aug-22	08-Aug-22	48,000,000.00	5,260.27	1,720,109.59	0.00	99.6150%	49,535,309.59	0.4404%	0.2994%	0.3034%	
Total								6,199,561.64			178,533,511.64		1.0790%	1.0935%	

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%	0.0102%	0.0103%	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%	0.0338%	0.0343%	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%	0.0957%	0.0970%	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%	0.0221%	0.0224%	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%	0.0244%	0.0247%	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%	1.8066%	1.8307%	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%	4.2043%	4.2604%	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	5,828,033	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	19.0008	175,199,612.52	24.12%	1.0589%	1.0730%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
E-Distributie Dobrogea SA	6,753,127	10	20.7755	140,299,589.99	24.09%	0.8480%	0.8593%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
E-Distributie Muntenia SA	3,256,396	10	49.9017	162,499,696.27	12.00%	0.9822%	0.9953%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
Enel Energie Muntenia SA	444,054	10	74.5404	33,099,962.78	12.00%	0.2001%	0.2027%	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%	0.3693%	0.3742%	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	184.1721	440,299,871.13	11.99%	2.6612%	2.6967%	Unlisted companies, in function	Value based on the valuation report as at 31 May 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
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	140.4266	12,559,799,057.53	19.94%	75.9130%	76.9253%	Unlisted companies, in function	Value based on the valuation report as at 31 May 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%	0.0131%	0.0133%	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%	0.0840%	0.0851%	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 Nationala a Sarii SA	2,011,456	10	125.9783	253,399,807.40	48.99%	1.5316%	1.5520%	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	78.8	0.0000	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
Zirom SA	7,542,083	10	3.4680	26,155,943.84	100.00%	0.1581%	0.1602%	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				14,893,232,085.57		90.0166%	91.2169%		

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

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*	137,560,493.00	0.8314%	0.8425%
Banca Comerciala Romana	51,549.10	0.0003%	0.0003%
CITI Bank	961.64	0.0000%	0.0000%
ING BANK	12,350.02	0.0001%	0.0001%
Raiffeisen Bank	440.51	0.0000%	0.0000%
Unicredit Tiriac Bank	933.92	0.0000%	0.0000%
Petty cash	416.16	0.0000%	0.0000%
Total	137,627,144.35	0.8318%	0.8429%

*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.

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	547.39	4.9454	2,707.06	0.0000%	0.0000%
BRD Groupe Societe Generale	GBP	126.93	5.7525	730.16	0.0000%	0.0000%
BRD Groupe Societe Generale	USD	637.46	4.7424	3,023.09	0.0000%	0.0000%
Total				6,460.31	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	29-Jun-22	06-Jul-22	29,500,000.00	5,736.11	11,472.22	29,511,472.22	0.1784%	0.1807%	Bank deposit value cumulated with the daily related interest for the period from starting date
Banca Comerciala Romana	30-Jun-22	07-Jul-22	27,100,000.00	4,065.00	4,065.00	27,104,065.00	0.1638%	0.1660%	
BRD Groupe Societe Generale	30-Jun-22	01-Jul-22	10,026,664.16	1,114.07	1,114.07	10,027,778.23	0.0606%	0.0614%	
Unicredit Tiriac Bank	30-Jun-22	01-Jul-22	27,300,000.00	3,791.67	3,791.67	27,303,791.67	0.1650%	0.1672%	
CITI Bank	30-Jun-22	07-Jul-22	27,100,000.00	4,065.00	4,065.00	27,104,065.00	0.1638%	0.1660%	
Total			121,026,664.16		24,507.96	121,051,172.12	0.7316%	0.7413%	

11. Derivative financial instruments traded on a regulated market

11.1. Future contracts

Not the case

11.2. Options

Not the case

Fondul Proprietatea SA

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

Issuer	Symbol	Ex-dividend date	No. of shares held	Gross dividend	Net dividend to be received	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset
CN Administratia Porturilor Dunarii Fluviale SA	APDF	25-May-22	27,554	158,364.11	158,364.11	0.0010%	0.0010%
Hidroelectrica SA	HIDR	28-Apr-22	89,437,916	199,439,003.64	199,439,003.64	1.2054%	1.2215%
Alcom SA	ALCQ	22-Jun-22	89,249	824,053.86	824,053.86	0.0050%	0.0050%
Societatea Nationala a Sarii SA	SNS	23-May-22	2,011,456	29,345,509.05	29,345,509.05	0.1774%	0.1797%
Total				229,766,930.66	229,766,930.66	1.3888%	1.4072%

Fondul Proprietatea SA

15.2. Shares distributed without cash consideration

Not the case

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
IOR SA	ROOQMH7NPL65	20-Jun-22	2,622,273	0.00	0.00	0.0000%	0.0000%
Total				0.00	0.00	0.0000%	0.0000%

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

Item	31 December 2020	31 December 2021	30 June 2022
Net Asset	10,266,911,904.10	13,244,639,868.31	16,327,273,801.10
NAV/share	1.6974	2.2624	2.7817

Leverage of Fondul Proprietatea

Method type	Leverage level	Exposure amount
a) Gross method	97.22%	15,873,034,347.81
b) Commitment method	100.00%	16,327,273,801.10

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

Johan Meyer
Permanent representative

BRD Groupe Societe Generale

Victor Strâmbei
Manager Depositary Department

Annex 3

Statement of persons responsible

Provisions of Accounting Law no. 82/1991, Art.30 and
FSA Regulation no. 5/2018, Art.223, par. A (1), letter c

The semi-annual report for the six-month period ended 30 June 2022 prepared for:

Entity: Fondul Proprietatea SA

Address: Bucharest, District 1, 76–80, Buzești Street, 7th Floor

Trade Registry Number: J40/21901/28.12.2005

Form of property: 22 (joint ownership with public capital under 50%, domestic and foreign public and private capital companies)

CAEN code and name: 6430 “Trusts, funds and similar financial entities”

Sole Registration Code: 18253260

The undersigned, Johan Meyer, Permanent Representative with Franklin Templeton International Services S.à r.l as Sole Director of Fondul Proprietatea SA, and Cadaru Catalin, Financial reporting manager, undertake the responsibility for the preparation of the semi-annual financial reporting as at 30 June 2022 and confirm that:

- a) the accounting policies used for the preparation of the semi-annual financial statements are in compliance with the applicable accounting regulations;
- b) the semi-annual financial statements give a true and fair view of the financial position and performance (including the assets, liabilities and profit or loss) and of other information regarding the business conducted;
- c) the company is conducting its business on a going concern basis;
- d) the Semi-annual Report of Franklin Templeton International Services S.à r.l regarding the management and administration of Fondul Proprietatea SA for the six-month period ended as at 30 June 2022, includes an accurate overview of the developments and performance of Fondul Proprietatea SA, as well as a description of the main risks and uncertainties related to the business.

Johan Meyer

Permanent Representative

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

Catalin Cadaru

Financial Reporting Manager

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



FONDUL
PROPRIETATEA

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