

Fondul Proprietatea

October 2020



Fund Information



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The Fund – Key Facts



Fund Details¹

	RON	USD
NAV	10.42 bn	2.56 bn²
NAV/Share	1.6061	0.3953²
Price/Share	1.2350	0.3040²
Price/GDR	60.13²	14.80
Market Capitalization as at 30 September 2020 ³	8.08 bn	1.94 bn³
Discount/Share as at 30 September 2020	19.37%	
Discount/GDR as at 30 September 2020	19.67%	
Number of Paid Shares less Treasury Shares ⁴	6,239,607,020	

Investment Objective

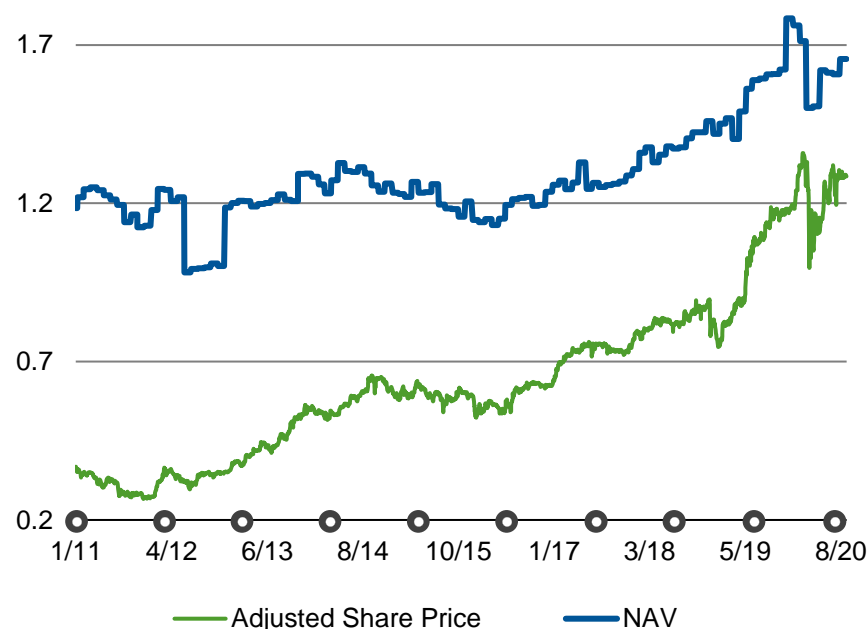
2019 FY Dividend /Share⁵ **RON 0.0642**

Dividend Yield for 2019 FY⁵ **5.42%**

Maximization of returns to shareholders and increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities



FP Share Price⁶ and NAV (RON)



Source: BVB, FP August 2020 Factsheet.

1. As at 31 August 2020. Based on local regulator methodology.

2. Computed using the NBR USD/RON FX rate as at 31 August 2020.

3. Excluding Treasury shares and the equivalent number of shares corresponding to the GDRs, repurchased as at 30 September 2020. Computed using the NBR USD/RON FX rate as at 30 September 2020.

4. As at 30 September 2020.

5. As at 10 June 2020, the Registration date for the 2019 dividend distribution.

6. Source: Fund manager NAV reports, Bloomberg, and BVB, until 31 August 2020.

Investment strategy and performance objectives



Investment Objective

- FP'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.



Investment Strategy

- No new investments until the discount narrows significantly
- Active management and engagement with current portfolio companies to increase their value
- Continuing with buy-back programs of own shares (share repurchases and/ or public tender offers) and cash distributions to shareholders (annual dividend income from portfolio companies, except special cash distributions, plus interest on cash less operating expenses and taxation, and less compulsory allocation to reserves, in accordance with regulations in force)



Performance Objectives (IPS)¹

- Discount of 15% or less for at least two thirds of the trading days between 1 January – 31 December 2020
- Higher adjusted NAV per share than the NAV per share reported as at the end of the previous Reporting period, i.e. NAV per share as at 31 December 2019² (RON 1.7339 per share)

1. For the Reporting period 1 January – 31 December 2020.

2. The adjusted NAV for a given date is calculated as the sum of: (1) the reported NAV as at the end of the reporting period, (2) any distributions to shareholders, being either dividend or non-dividend ones (i.e. in this case following reductions of the par value of the shares and distribution of the decreasing amount to shareholders) implemented after the end of the previous reporting period, and (3) any distribution fees (as defined in the IMA), and any transaction costs and / or distribution costs relating to either dividend or non-dividend distributions including buy-backs of shares and/or GDRs, and/or depository 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 treasury shares (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.

Key terms of the Management Agreement in force

Management Agreement – Starting 1 April 2020



Base Fee per Year

0.60%

- Discount 15% – 20%, + 0.05%, i.e. Base Fee Rate = 0.65%
- Discount <15%, + additional 0.05%, i.e. Base Fee Rate = 0.70%



Distribution Fees for Cash Distribution

- 1.00%: 1 April 2020 – 31 March 2022



Duration

- 2 years



Consideration for Base Fee

- Weighted average market cap of the Fund



Consideration for Cash Distribution Fee

- Share buy-backs, GDR buy-backs, share capital returns, dividends

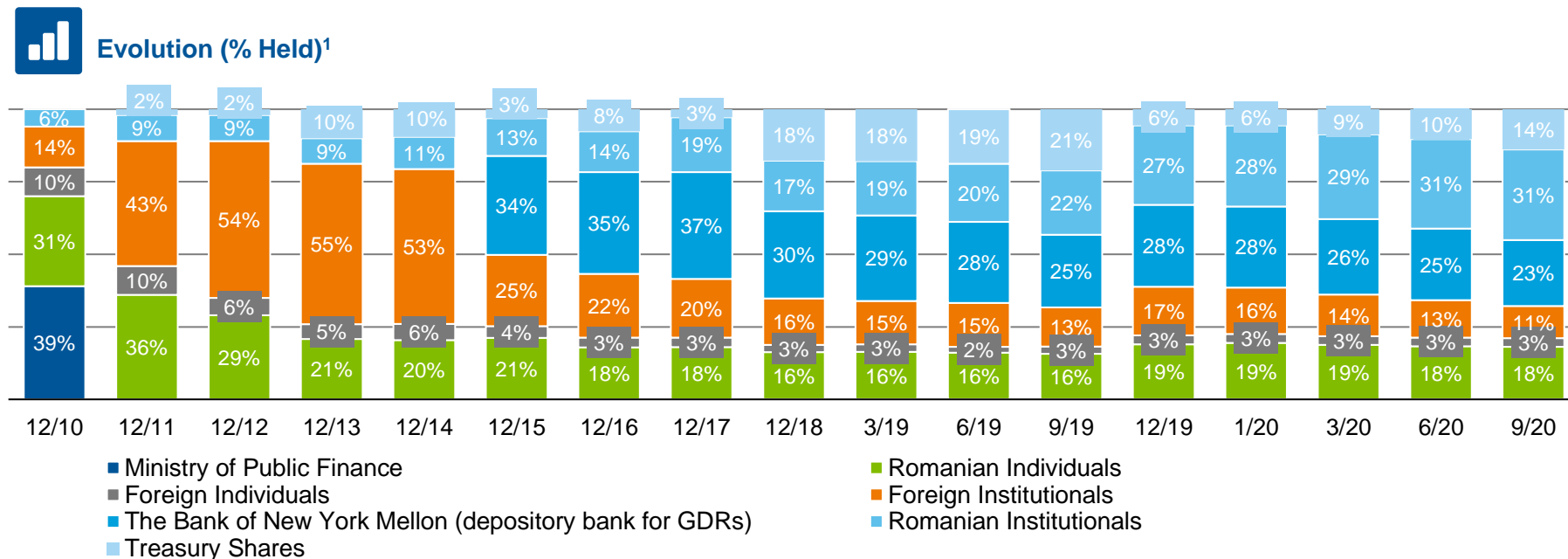


Continuation Vote

- Annually, each April

Source: Fondul Proprietatea GSMs documentation.

Shareholders Structure



- All treasury shares repurchased by the Fund are being cancelled on a regularly basis.

Largest Shareholders²

NN Group	10.01%
Anchorage Capital Group	6.70%
Allianz-Tiriac Private Pension Funds	5.05%
Total Number of Shareholders ³	7,318

1. Note: Based on the paid share capital starting December 2011. Source: FP shareholder structure reports.

2. Note: Based on the total voting rights. Source: Ownership disclosures submitted by NN Group on 6 March 2020, Anchorage Capital Group on 20 September 2018, and Allianz-Tiriac Private Pension Funds on 1 July 2019.

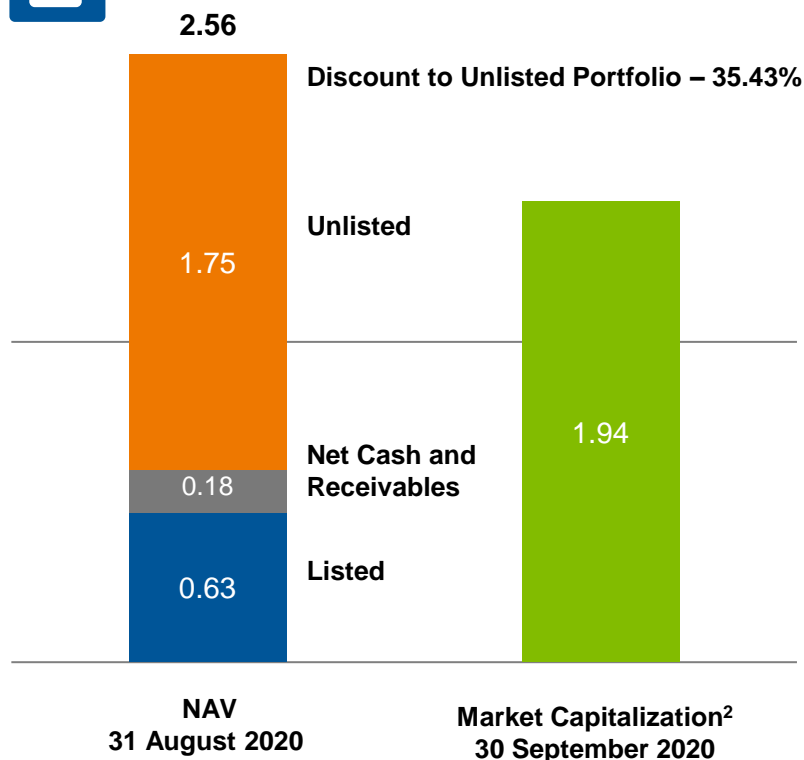
3. Source: FP shareholder structure as at 30 September 2020.

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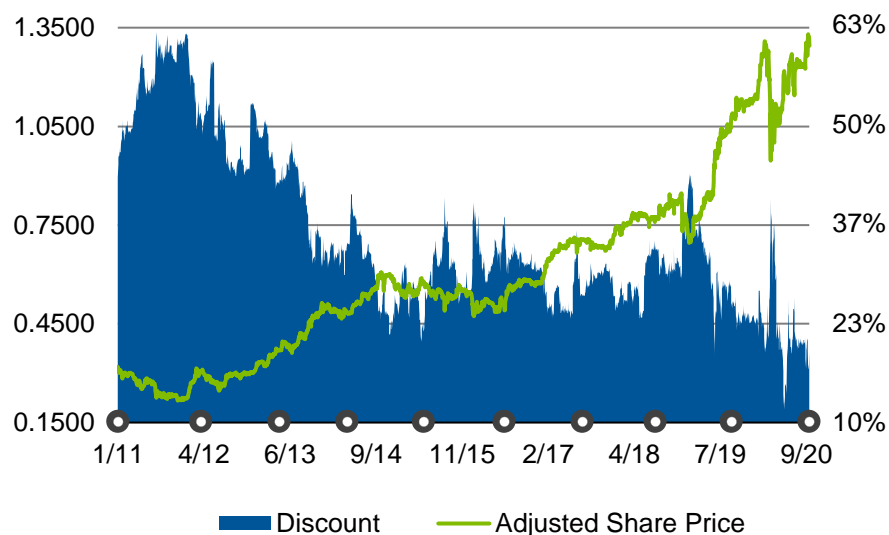
FP Market valuation/performance



NAV vs. Market Capitalization (USD bn)¹



FP Share Price³ (RON) and Discount (%)



	Share price	GDR
Discount ⁴	19.37%	19.67%
Average Daily Turnover (USD) ⁵	1.96 mn	0.81 mn

1. Source: BVB, FP NAV as at 31 August 2020.

2. Based on the BVB share price – excluding treasury shares repurchased as at 30 September 2020.

3. Source: BVB, Bloomberg, for the period 25 January 2011 – 30 September 2020.

4. As at 30 September 2020. Note: The discount is calculated based on the latest published NAV available for the day of the calculation.

5. Source: BVB, for the period 3 January – 30 September 2020 for Share price, and based on the NBR USD/RON FX rate as at 30 September 2020. LSE and Bloomberg for the period 2 January – 30 September 2020 for GDR estimations.

NAV, Share price and GDR Performance



Cumulative Performance

	2011	2012	2013	2014	2015	2016	2017	2018	2019	H1 '20	YTD ¹	Since Performance Inception ¹
NAV (RON)	(0.47)%	8.91%	13.29%	1.39%	(0.60)%	7.33%	13.10%	19.94%	31.23%	(5.93)%	(3.29)%	128.70%
Ordinary Share Price (RON)	(30.32)%	38.30%	61.34%	14.53%	(4.06)%	4.90%	21.46%	9.90%	49.05%	9.87%	7.69%	283.99%
GDR (USD)	N/A	N/A	N/A	N/A	N/A	1.15%	35.88%	(1.94)%	41.41%	10.42%	13.49%	97.91%



Average Annual Discount

	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD ²	Current Share Price Discount ³	Current GDR Price Discount ³
	55.67%	50.09%	40.74%	30.87%	29.12%	32.08%	28.05%	29.54%	29.38%	22.55%	19.37%	19.67%

Source: BVB, LSE, Bloomberg, FP NAV reports.

Note: The discount is calculated based on the latest published NAV available for the day of the calculation.

The Performance Inception date for the NAV is 31 December 2010, for the Share Price is 25 January 2011, and for the GDRs is 29 April 2015.

1. As at 31 August 2020.

2. For the period 3 January – 30 September 2020.

3. As at 30 September 2020.

Portfolio

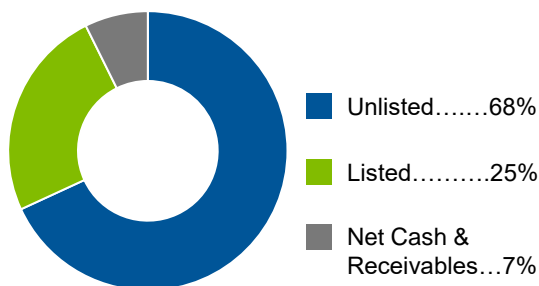


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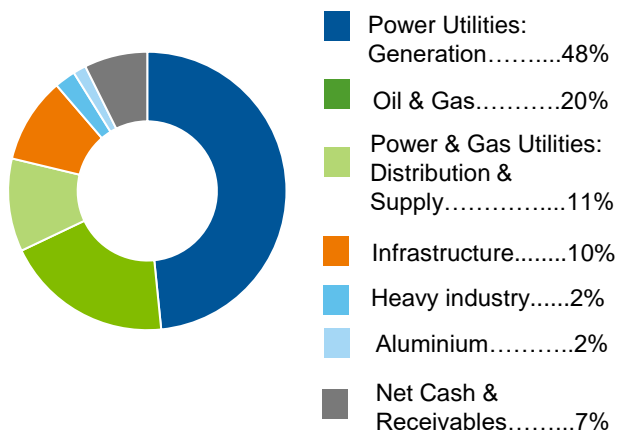
Portfolio Structure



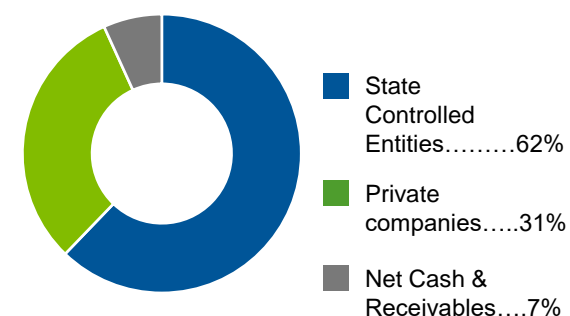
Listed vs Unlisted
as at 31 August 2020 (% NAV)¹



By Sector
as at 31 August 2020 (% NAV)¹



By Controlling Ownership
as at 30 June 2020²



- As at 31 August 2020, the portfolio included stakes in 33 companies (7 listed and 26 unlisted)
- The net cash and receivables as at 31 August 2020 was USD 188.1 million³.

1. Source: FP August 2020 Factsheet.

2. Source: FP H1 2020 Results report.

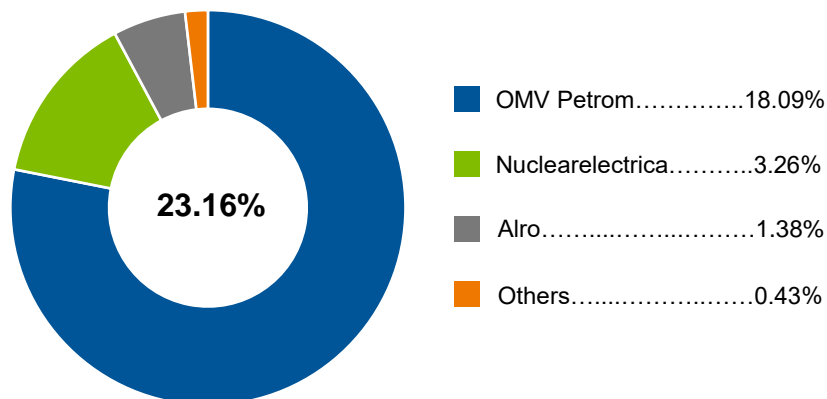
3. Source: 31 August 2020 NAV report, based on the NBR RON/USD FX rate as at 31 August 2020.

Portfolio Structure – Listed vs. Unlisted



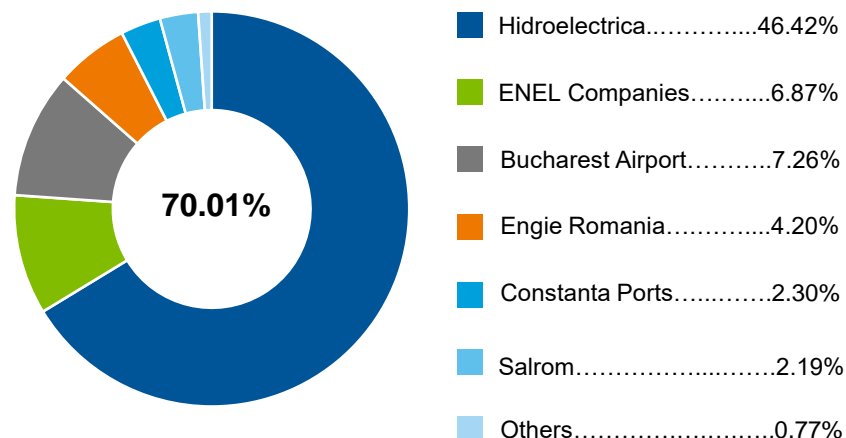
Listed Companies

(% of NAV as at 30 June 2020)



Unlisted Companies

(% of NAV as at 30 June 2020)



Source: FP 30 June 2020 Detailed Statement of Investments.

Largest Holdings by NAV

Portfolio Company	Status	Majority Shareholder	% Stake ¹	NAV as at 31 August 2020 (USD mn)	% in NAV as at 31 August 2020
Hidroelectrica	Unlisted	Romanian State	19.9%	1,158.6	45.2%
OMV Petrom	Listed	OMV	9.9%	500.4	19.5%
Bucharest Airports	Unlisted	Romanian State	20.0%	181.1	7.1%
Engie Romania	Unlisted	Engie	12.0%	104.9	4.1%
Nuclearelectrica	Listed	Romanian State	7.0%	80.3	3.1%
E-Distributie Banat	Unlisted	Enel Group	24.1%	62.2	2.4%
Constanta Ports	Unlisted	Romanian State	20.0%	57.4	2.2%
Salrom	Unlisted	Romanian State	49.0%	54.7	2.1%
E-Distributie Muntenia	Unlisted	Enel Group	12.0%	52.3	2.0%
E-Distributie Dobrogea	Unlisted	Enel Group	24.1%	40.5	1.6%
Top 10 Portfolio Holdings				2,292.5	89.4%
NAV				2,564.9	100.0%
NAV Per Share (USD)				0.3953	

Source: FP August 2020 Factsheet. Note: Values in USD calculated using the NBR USD/RON FX rate as at 31 August 2020.

1. Based on the FP 30 June 2020 Detailed Statement of Investments.

Top Portfolio Holdings – H1 2020 financials

Company	EBITDA (RON mn)			Net profit (RON mn)		
	H1 2019	H1 2020	%yoy	H1 2019	H1 2020	%yoy
Hydroelectrica	1,690.6	1,251.2	(26.0)%	901.5	805.5	(10.6)%
OMV Petrom	3,863.7	2,650.3	(31.4)%	1,974.5	867.0	(56.1)%
Bucharest Airports	305.8	28.0	(90.8)%	193.6	(27.4)	(114.2)%
Nuclearelectrica	639.1	666.9	4.3	290.6	343.2	18.1
Constanta Port	91.9	114.3	24.4	72.7	90.5	24.5
Salrom	68.1	13.6	(80.0)%	48.8	4.1	(91.6)%
Alro	235.1	430.3	83.0	79.7	253.7	218.3
Total	6,894.3	5,154.5	(25.2)%	3,561.4	2,336.6	(34.4)%
Weighted Total¹	903.0	638.1	(29.3)%	481.9	310.8	(35.5)%

Source: Companies H1 2020 unaudited financial statements.

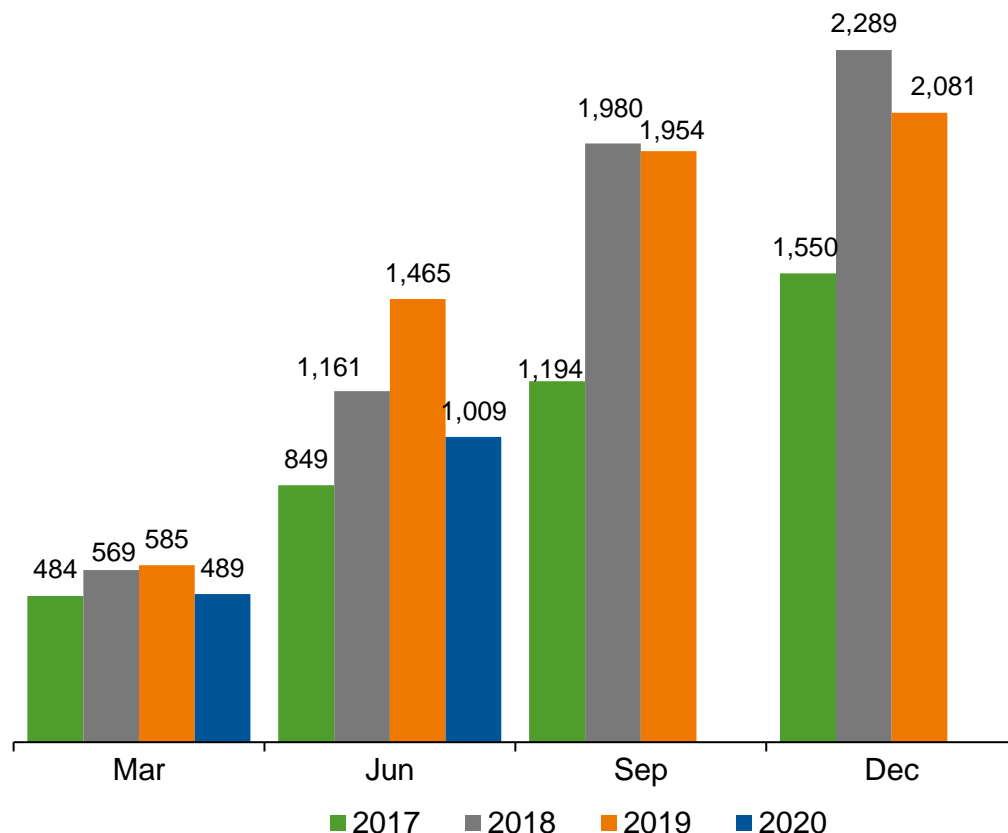
Note: EBITDA is calculated as Operational result + Depreciation and Amortization.

1. Weighted for the Fund's stake in the companies.

H1 2020 preliminary results:

- According to Hidroelectrica's management, in H1, the company's performance was as follows:
 - Revenues** of RON 1,823.9 mn, down 22.9% y.o.y,
 - EBITDA** of RON 1,251.2 mn, down 25.9% y.o.y ,
 - Operating profit** of RON 965.0 mn, down 31.6% y.o.y,
 - Net profit** of RON 805.5 mn, down 10.6% y.o.y.
- Electricity sold** in H1 was 7.87 TWh, down 18.3% compared to H1 2019, out of which electricity sold out of its own production reached 6.94 TWh compared to 8.98 TWh in H1 2019.
- The **average realized electricity selling price** was RON 200.8/ MWh, down 7.4% compared to H1 2019, due to the current regulations forcing the company to sell over the period 1.84 TWh at the regulated price of RON 102.54 / MWh, compared to 1.23 TWh sold at the regulated price of RON 111.61/ MWh in H1 2019.
- The company's **net cash position** was RON 2.76 bn as at 30 June 2020.

Pre-tax Cumulated Profit (RON mn)



Source: Hidroelectrica 2016 – 2019 Annual reports and financial statements, press articles, company presentations, management estimations.

Hidroelectrica – Valuation

Current Market Cap: USD 5,810 mn¹

Hidroelectrica vs. Peer Companies ²	P/E					P/B					EV/EBITDA				
	2016	2017	2018	2019	2020e	2016	2017	2018	2019	2020e	2016	2017	2018	2019	2020e
Hidroelectrica	13.82	13.79	11.06	17.67	18.29	0.95	1.17	1.29	1.62	1.70	6.94	7.24	6.07	7.71	8.36
RusHydro	8.90	11.66	6.57	45.76	7.46	0.69	0.54	0.35	0.41	0.56	6.86	5.72	3.78	9.58	3.81
Verbund	12.42	23.22	29.87	28.02	29.98	0.95	1.23	2.18	2.37	5.48	8.16	10.80	16.04	14.54	15.82
Aes Tiete	15.36	16.81	13.69	21.37	15.44	3.49	3.22	2.59	4.42	3.89	7.92	8.79	6.96	9.04	7.82
Enel Generacion Chile	7.67	10.91	11.09	15.62	(142.69)	2.10	2.30	1.72	1.55	1.41	7.73	8.88	7.12	10.10	n.a.
NHPC	11.25	11.06	10.61	9.27	6.99	0.84	1.03	0.81	0.71	0.61	9.02	10.77	10.54	8.58	6.65
Fortum	26.10	16.93	20.13	13.19	11.01	0.96	1.10	1.40	1.48	1.17	12.38	9.55	13.32	14.90	8.43
Iberdrola	14.23	14.35	14.53	16.69	18.80	0.95	0.94	1.00	1.20	1.69	8.83	10.27	9.29	10.52	10.94
A2A	16.48	16.36	14.21	13.36	12.90	1.17	1.59	1.39	1.42	1.15	8.66	7.29	7.91	7.34	6.68
Mean	14.03	15.01	14.64	20.10	15.11	1.34	1.46	1.41	1.69	1.96	8.50	8.81	9.00	10.26	8.56
Median	13.82	14.35	13.69	16.69	14.17	0.95	1.17	1.39	1.48	1.41	8.16	8.88	7.91	9.58	8.09

Hidroelectrica Value³ (mn RON)

31 May 12	30 Jun 12	31 Dec 12	31 Dec 13	31 Dec 14	31 Dec 15	30 Dec 16	29 Dec 17	29 Jun 18	31 Dec 18	31 Jan 19	28 Feb 19	28 Jun 19	31 Dec 19	29 Mar 20	30 Jun 20
3,288.7	0.0	2,001.0	2,239.4	2,178.1	2,654.1	3,384.0	3,566.0	3,531.0	4,276.0	3,885.0	3,955.0	4,144.0	4,886.5	4,536.8	4,707.5

Note: From June 2012 to June 2013, and February 2014 to June 2016, the company was in insolvency procedure.

1. Source: FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

2. Source: Bloomberg, as at 30 September 2020, Hidroelectrica financial statements, Investment Manager calculations.

Note 1: 2020 estimates for Hidroelectrica were calculated based on FP 31 August 2020 NAV and Hidroelectrica H1 2020 unaudited financial statements.

Note 2: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

3. Source: FP NAV reports.

- In **H1 2020**:
 - **Sales to external costumers** decreased by 11% compared to H1 2019, due to low oil prices environment, but supported by higher volumes of natural gas
 - **Operating result** was 57% lower due mainly to the drop in retail sales volume, on the back of lockdown measures in Q2
- **Management main assumptions** for 2020:
 - **Average Brent oil** price of USD 40/bbl (from USD 60/bbl guidance before COVID-19 pandemic)
 - **Refining margins** to be below USD 4/bbl (from above USD 5/bbl guidance before COVID-19 pandemic)
 - **Gas demand** expected to be similar to the 2019 level
 - **Costs** are expected to be reduced by RON 1.8 bn, out of which RON 600 mn have been already realized
 - **Dividend progressive policy** remains unchanged
- **Impact** of low **oil price market** environment in 2020, according to the management:
 - A decrease of 1 USD/bbl in Brent price is impacting the company by **EUR 20 million**
 - A decrease of 1 USD/bbl in refining margin is impacting the company by **EUR 25 million**
 - A 5 cents depreciation of EUR/USD exchange rate is impacting the company by **EUR 50 million**
 - A decrease of 1 EUR/MWh in gas price is impacting the company by **EUR 18 million**
- **ANRE** issued **orders** requiring gas producers with an annual output higher than 3 TWh to sell 30% (later raised through law to 40%) of their gas production on centralized market through a gas release program between July 2020 – December 2022 following the full liberalization of the gas market beginning with 1st of July 2020.

Financial and Operational highlights	H1 19	H1 20	%YoY
Sales to external costumers (mn RON)	11,320	10,069	(11.1)%
• Downstream Oil	8,540	6,551	(23.3)%
• Downstream Gas	2,530	3,353	32.5%
Clean CCS Operating Result	2,224	1,250	(43.8)%
Operating Result (mn RON)	2,258	972	(57.0)%
• Upstream	1,582	12	(99.2)%
• Downstream	925	753	(18.6)%
• Corporate and consolidation	(250)	207	(182.8)%
Clean CCS net income	1,901	1,077	(43.4)%
Net income (mn RON)	1,975	867	(56.1)%
Hydrocarbon production (mn boe)	27.56	27.09	(1.7)%
Average Group realized crude price (\$/bbl)	57.98	32.39	(44.1)%
OPEX (\$/boe)	11.43	10.45	(8.6)%
Refining margin (USD/bbl)	3.74	4.36	16.6%
Refinery utilisation (%)	95	92	(3.2)%
Refined product sales (mn tons)	2.57	2.34	(9.0)%
Gas sales volume (TWh)	21.63	31.67	46.4%
Net electrical output (TWh)	1.13	1.68	48.7%

Source: Group's quarterly historical IFRS figures spreadsheet from OMV Petrom 's website.

OMV Petrom – Valuation

Current Market Cap: USD 4,560 mn¹

Petrom vs. Peer Companies ²	P/E					P/B					EV/EBITDA				
	2016	2017	2018	2019	2020e	2016	2017	2018	2019	2020e	2016	2017	2018	2019	2020e
Petrom	14.17	6.50	4.15	6.97	13.53	0.55	0.57	0.54	0.76	0.56	3.20	2.16	1.50	2.50	2.43
Romgaz	9.40	6.69	7.84	13.12	9.23	1.00	1.35	1.40	1.99	1.32	3.81	3.78	4.31	7.22	4.94
OMV	(27.19)	39.65	8.69	9.76	11.10	0.79	1.20	0.81	0.97	0.61	3.91	7.66	3.85	5.10	5.54
MOL	6.25	6.21	6.48	8.37	33.74	0.91	0.93	0.85	0.76	0.87	4.07	3.88	3.60	4.09	5.25
PGNIG	13.84	12.43	12.43	18.24	4.84	1.02	1.08	1.09	0.66	0.65	5.64	5.48	5.59	5.20	2.65
Hellenic Petroleum	4.10	6.10	10.66	16.67	64.64	0.63	0.98	0.94	1.15	0.81	3.83	4.93	5.29	7.76	9.03
Repsol YPF	11.33	10.62	9.19	(5.58)	20.08	0.63	0.75	0.70	0.84	0.38	6.85	6.23	6.32	(40.53)	4.50
Statoil	(175.31)	126.42	81.16	316.97	281.23	14.59	14.55	14.23	14.19	11.69	7.22	3.83	2.75	4.28	4.67
Mean	4.56	12.60	8.49	9.65	22.45	0.79	0.98	0.90	1.02	0.65	4.82	4.74	4.15	5.31	4.87
Median	9.40	6.69	8.69	9.76	13.53	0.79	0.98	0.85	0.84	0.63	3.99	4.40	4.08	5.10	4.67

Note: e-estimate, Bloomberg consensus.

1. Source: BVB, as at 30 September 2020, NBR RON/USD FX rate as at 30 September 2020.

2. Source: Bloomberg as at 30 September 2020.

Note: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

C.N. Aeroporturi Bucuresti – Update

Financials ¹	2016	2017	2018	2019	H1 2019	H1 2020	%y.o.y.
Operating revenues (mn RON)	754.7	890.9	982.1	1,058.5	509.3	220.9	(56.6)%
Operating result (mn RON)	263.6	337.6	445.3	402.5	226.2	(30.8)	(113.6)%
Net Income / Loss (mn RON)	224.7	290.7	371.8	359.6	193.6	(27.4)	(114.2)%
Number of passengers (mn)	10.99	12.84	13.84	14.73	6.86	N/A	-

COVID-19 considerations

- The company has been heavily impacted by the current crisis: the number of passengers and flights have seen a significant decline since the beginning of the COVID-19 pandemic.
- ACI Europe, the airport industry trade body, reveals in a report from August 2020² :
 - passenger traffic decreased by 64.2% during the first half of 2020 and almost coming to a complete standstill in the second quarter with a drop of 96.4% compared to the same period in 2019
 - following the tentative coordination of the lifting of travel restrictions at EU level as of mid-June, the traffic recovery has been slower than expected. As a result, passenger traffic across the European airport network still decline by 78% in July compared to the same month of last year.

1. Source: CN Aeroporturi Bucuresti IFRS financial statements and H1 unaudited financial statements, company press releases.

2. Source: ACI Europe website.

C.N. Aeroporturi Bucuresti – Valuation

Current Market Cap: USD 910 mn¹

Bucharest Airports vs. Peer Companies ²	P/E					P/B					EV/EBITDA				
	2016	2017	2018	2019	2020e	2016	2017	2018	2019	2020e	2016	2017	2018	2019	2020e
Bucharest Airports	16.93	13.31	11.58	14.22	26.54	0.90	0.95	1.05	1.21	0.87	9.02	7.17	7.43	8.75	12.77
Fraport	13.82	25.70	12.18	16.64	(7.57)	1.35	2.11	1.32	1.51	0.75	7.59	12.41	8.64	10.11	59.05
Aeroports de Paris	23.16	27.47	26.85	29.64	(11.66)	2.35	2.89	2.82	2.90	1.84	10.45	14.34	12.13	12.84	109.69
Vienna Airport	19.15	24.63	21.11	19.95	(23.17)	1.72	2.33	2.23	2.30	1.52	7.95	10.11	9.50	9.15	62.61
TAV Airports	11.63	11.36	5.97	4.48	(9.61)	1.65	2.03	1.40	1.22	0.57	5.51	5.45	7.14	6.50	10.58
Airports of Thailand	29.43	46.97	36.47	42.38	195.05	4.73	7.38	6.36	6.86	5.43	17.31	25.65	24.24	27.45	69.84
Copenhagen Airport	38.65	34.62	38.63	44.00	n.a.	16.02	14.12	13.83	13.78	n.a.	21.71	19.31	19.79	22.47	n.a.
ASUR Mexico	24.69	18.41	17.82	19.43	37.68	3.94	3.19	2.42	2.74	2.44	16.58	17.39	11.15	11.76	19.35
Mean	22.18	25.31	21.32	23.84	2.04	2.38	2.98	2.52	2.68	1.92	12.02	13.98	12.50	13.63	32.87
Median	21.15	25.17	19.47	19.69	(8.59)	1.72	2.33	2.23	2.30	1.52	9.73	13.38	10.32	10.94	19.35

1. Source: FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

2. Source: Bloomberg as at 30 September 2020, Bucharest Airport financial statements, Investment Manager calculations.

Note 1: 2020 estimates for Bucharest Airports were calculated based on FP 31 August 2020 NAV and Bucharest Airports H1 2020 unaudited financial statements.

Note 2: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

ENEL subsidiaries – Special dividends

- The General Shareholders Meeting of the companies E-Distribuție Banat, E-Distribuție Dobrogea and E-Distribuție Muntenia approved on 14 February 2020 the granting of dividends worth 2.96 billion RON (approximately 618 million euros), from retained earnings.
- Out of the RON 522.5 million in dividends, RON 498.3 million have been received by the Fund in February and the rest (RON 24.2 million) were received in August 2020.

Mn RON	Enel Group	FP	SAPE	Total
E-Distributie Banat	452	214	220	886
E-Distributie Dobrogea	256	121	125	503
E-Distributie Muntenia	1,211	188	157	1,566
Total	1,919	523	502	2,955

Constanta Ports – Update

Financial performance	2012	2013	2014	2015	2016	2017	2018	2019	H1 '19	H1 '20	% y.o.y.
Operating revenues (RON mn)	269.6	285.9	294.3	309.2	314.0	330.5	345.2	369.0	177.0	208.5	17.8%
Operating profit (RON mn)	46.3	76.6	83.8	114.0	54.8	93.8	95.8	117.0	75.5	97.4	29.0%
Net Income (RON mn)	35.6	65.0	70.3	97.4	36.8	79.7	75.7	108.2	72.6	90.5	24.7%
Total traffic (thousands tons)	50.6	55.1	55.6	56.3	59.4	58.4	61.3	66.6	30.7	n.a.	-

Current environment

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

H1 2020 financials

- The company reported operating revenues of RON 208.5 million, up 18% y.o.y, operating profit of RON 97.4 million, up 29% y.o.y and a net profit of RON 90.5 million, up 25% y.o.y.
- The company's reported EBITDA reached RON 114.3 million, up 24% y.o.y.
- At the end of June 2020, the company had a cash position of RON 600 million.

Source: Constanta Port financial statements, annual reports, and H1 2020 unaudited financial statements.

Constanta Ports – Valuation

Current Market Cap: USD 287 mn¹

Constanta Ports vs. Peer Companies ²	P/E					P/B					EV/EBITDA				
	2016	2017	2018	2019	2020e	2016	2017	2018	2019	2020e	2016	2017	2018	2019	2020e
Constanta Ports	29.37	14.44	16.12	11.50	9.26	2.35	2.03	1.98	1.76	1.52	8.84	5.92	5.66	4.59	4.14
Hamburger Hafen und Logistik	17.63	21.24	11.23	17.29	47.79	2.26	2.86	2.05	3.08	2.05	5.42	6.53	4.95	6.12	6.95
Luka Koper	7.89	12.17	6.09	7.83	n.a.	1.05	1.21	0.92	0.75	n.a.	5.87	7.84	3.79	4.61	n.a.
Piraeus Port Authority	49.64	34.32	13.14	15.41	12.61	1.87	2.08	1.75	2.34	n.a.	14.24	11.09	6.14	8.35	n.a.
Salalah Ports	19.85	20.85	20.40	19.02	n.a.	2.10	1.94	1.84	1.75	n.a.	7.66	5.86	7.69	4.62	n.a.
Thessaloniki Port Authority	12.56	34.37	15.61	16.91	n.a.	1.31	1.81	1.71	1.73	n.a.	5.38	8.92	7.28	7.57	n.a.
Mean	22.82	22.90	13.77	14.66	23.22	1.82	1.99	1.71	1.90	1.79	7.90	7.69	5.92	5.98	5.55
Median	18.74	21.05	14.38	16.16	12.61	1.99	1.99	1.80	1.76	1.79	6.77	7.19	5.90	5.37	5.55

Note: e- estimate.

1. Source: FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

2. Source: Bloomberg as at 30 September 2020, Constanta Port financial statements, Investment Manager calculations.

Note 1: 2020 estimates for Constanta Ports were calculated based on FP 31 August 2020 NAV and Constanta Ports H1 2020 unaudited financial statements.

Note 2: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

Top 10 portfolio holdings – Key financials

Top 10 Holdings ¹	EBITDA (RON mn)				Net Profit (RON mn)			
	2016	2017	2018	2019	2016	2017	2018	2019
Hidroelectrica	2,249.9	2,250.5	3,127.0	2,934.0	1,227.7	1,296.5	1,939.3	1,386.5
OMV Petrom	4,949.7	6,615.7	7,854.7	7,293.1	1,037.7	2,489.3	4,078.1	3,634.6
Bucharest Airports	384.8	497.1	539.2	542.2	224.7	290.7	371.8	359.6
Engie Romania	645.8	606.0	676.7	623.7	384.9	342.6	428.7	385.2
Nuclearelectrica	629.6	923.8	1,089.5	1,185.0	111.5	306.5	410.6	535.6
E-Distributie Banat	238.7	221.2	207.8	133.5	93.6	82.8	(211.9)	167.7
Constanta Port	84.7	127.2	132.1	150.0	36.8	79.7	75.7	108.2
Salrom	72.1	128.0	119.7	101.5	30.1	81.1	73.6	81.7
E-Distributie Muntenia	396.6	297.5	354.1	333.7	151.7	85.9	(114.9)	96.7
E-Distributie Dobrogea	195.1	169.4	190.3	131.5	73.5	49.5	(143.3)	87.6
Total	9,847.1	11,836.4	14,291.1	13,428.3	3,372.2	5,104.6	6,907.7	6,843.4
Weighted Total²	1,487.0	1,569.9	1,897.6	1,764.2	557.1	727.6	900.6	930.3
Weighted Total Listed Companies²	679.4	730.9	861.5	812.1	140.6	271.9	436.3	400.9
Weighted Total Unlisted Companies²	807.6	838.9	1,053.9	966.7	416.5	455.7	449.0	528.5

Note: EBITDA = Operational result + Depreciation.

Source: Companies' consolidated annual financial statements, Hidroelectrica Judicial Administrator's reports, Bucharest Airport IFRS financial statements.

1. As at 31 August 2020. Source: FP August 2020 Factsheet.

2. Weighted for the Fund's stake in the companies.

Top 10 portfolio holdings – Key financial ratios

Top 10 Holdings ¹	Status	% NAV ¹	Net Debt/Equity	P/BV	EV/EBITDA	P/E	2019 Dividend Yield (%)
Hidroelectrica	Unlisted	45.17%	(0.20)	1.70	8.36	18.29	5.31
OMV Petrom	Listed	19.51%	(0.18)	0.56	2.43	13.53	9.30
Bucharest Airports	Unlisted	7.06%	(0.07)	0.87	12.77	26.54	4.99
Engie Romania	Unlisted	4.09%	(0.18)	0.71	4.23	9.23	2.36
Nuclearelectrica	Listed	3.13%	(0.17)	0.70	3.10	8.51	9.96
E-Distributie Banat	Unlisted	2.42%	(0.16)	0.42	6.34	6.25	0.00
Constanta Ports	Unlisted	2.24%	(0.59)	1.52	4.14	9.26	2.36
Salrom	Unlisted	2.13%	(0.52)	1.16	5.33	12.24	8.91
E-Distributie Muntenia	Unlisted	2.04%	(0.04)	0.41	6.62	7.81	0.00
E-Distributie Dobrogea	Unlisted	1.58%	(0.20)	0.41	5.00	18.34	0.00
Top 10 Weighted Average²			(0.20)	1.20	6.71	16.21	5.84
Weighted Average Listed²			(0.18)	0.58	2.52	12.84	9.39
Weighted Average Unlisted²			(0.20)	1.41	8.13	17.36	4.63

Source: Bloomberg as at 30 September 2020 for the OMV Petrom, companies' H1 2020 unaudited financial statements for Hidroelectrica, Bucharest Airports, Nuclearelectrica, Constanta Ports and Salrom, 2019 financial statements adjusted for the special dividends paid in 2020 for the Enel companies, Fund Manager calculations.

1. As at 31 August 2020. Source: FP August 2020 Factsheet.

2. Weighted for the companies' weight in the Fund's NAV.

State controlled companies – Key financials

Company	EBITDA (RON mn)					Net Profit (RON mn)				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Hidroelectrica ¹	2,100.2	2,249.9	2,250.5	3,127.0	2,934.0	899.4	1,227.7	1,296.5	1,939.3	1,386.5
Bucharest Airports	331.7	384.8	497.1	539.2	542.2	178.8	224.7	290.7	371.8	359.6
Nuclearelectrica	652.9	629.6	923.8	1,089.5	1,185.0	147.4	111.5	306.5	410.6	535.6
Salrom	47.6	72.1	128.0	119.7	101.5	15.8	30.1	81.1	73.6	81.7
Constanta Port	150.1	84.7	127.2	132.1	150.0	97.4	36.8	79.7	75.7	108.2
CE Oltenia	(133.7)	645.0	918.8	(299.2)	(48.0)	(960.9)	(139.8)	187.1	(1,133.5)	(863.4)
Posta Romana	6.5	53.6	65.5	82.1	75.0	(33.0)	10.5	12.7	41.6	24.3
Romaero	(8.3)	(37.0)	(27.3)	(19.0)	(33.7)	(34.1)	(60.3)	(39.4)	(35.3)	(51.4)
Administratia Canalelor Navigabile	12.9	14.4	27.9	26.3	27.0	1.5	1.6	2.5	2.3	2.1
Timisoara Airport – Traian Vuia	5.5	10.5	16.0	9.2	8.8	0.8	5.0	8.5	3.8	2.7
Administratia Porturilor Dunarii Fluviale	1.1	8.0	5.3	5.1	6.0	0.2	5.1	1.3	0.9	1.6
Constanta Airport – M. Kogalniceanu	3.6	4.4	5.4	5.6	4.1	0.0	(0.3)	(0.2)	(0.6)	(2.0)
Plafar	0.4	(0.1)	0.3	1.6	0.8	0.0	(0.4)	0.0	1.3	0.4
Administratia Porturilor Dunarii Maritime	2.4 ²	5.0	5.0	5.9	7.4	1.3	1.6	1.8	2.0	3.8
Total	3,173.0	4,124.9	4,943.5	4,825.1	4,960.1	314.6	1,453.7	2,228.8	1,753.5	1,589.8
Weighted Total³	574.2	788.1	941.4	841.7	856.0	34.0	284.2	438.6	295.2	255.4
Weighted Total Listed Companies³	44.8	37.6	78.5	76.8	83.5	6.2	(2.5)	20.0	28.9	37.6
Weighted Total Unlisted Companies³	529.4	750.5	862.9	764.9	772.5	27.8	286.7	418.6	266.3	217.8

Note: EBITDA = Operational result + Depreciation. Source: Companies' annual financial statements, Judicial Administrator's reports. For Bucharest Airports IFRS starting 2016.

1. From June 2012 to June 2013, and February 2014 to June 2016 the company was in insolvency procedure.

2. EBITDA = Operational result + Depreciation and Amortization.

3. Weighted for the Fund's stake in the companies.

Update on the liberalization of the electricity / gas market

- The Government assumed responsibility on 26 December 2019 on the law liberalizing the electricity market starting 1 January 2021, and the gas market starting 1 July 2020. Also, on 6 January 2020, the Government repealed, through GEO 1/2020, the main provisions of the GEO 114/2018, eliminating the tax on banking assets, the 2% turnover tax in energy, as well as the additional capital for private pension fund managers. However, the Constitutional Court ruled against the law, considering the undertaking of the responsibility of the Government as unconstitutional, based on the rationale that in the Parliament there is a similar initiative from a content perspective, while the Senate voted against the GEO 1/2020.
- On 26 December 2019 ANRE issued an order setting the regulated prices and quantities of electricity for H1 2020:
 - Hidroelectrica is required to sell 1.84 TWh (approx. 7.8% of the estimated production for 2020) at regulated price of RON 102.54 /MWh (vs. previous regulated price in 2019 of RON 112 /MWh);
 - Nuclearelectrica is required to sell 1.08 TWh (approx. 10.5% of the estimated production for 2020) at regulated price of RON 188.47 /MWh (vs. previous regulated price in 2019 of RON 189.51/MWh);
 - In H2 2020 Hidroelectrica may be required to sell up to 1.31 TWh, while Nuclearelectrica be required to sell up to 1.09 TWh.
- On 29 June 2020, ANRE issued the decisions no. 1078/29.06.2020 and no. 1077/29.06.2020, respectively, which set the regulated prices and quantities of electricity for H2 2020, as follows:
 - Hidroelectrica is required to sell 1.3 TWh at regulated price of RON 115.99 /MWh (vs. previous regulated price in H1 2020 of RON 102.54 /MWh);
 - Nuclearelectrica is required to sell 1.1 TWh at regulated price of RON 182.63 /MWh (vs. previous level established in H1 2020 at RON 188.47 /MWh).
- ANRE issued orders requiring gas producers with an annual output higher than 3 TWh to sell 30% (later raised through law to 40%) of their gas production on centralized market through a gas release program between July 2020 – December 2022 following the full liberalization of the gas market beginning with 1 July 2020.

Corporate Actions

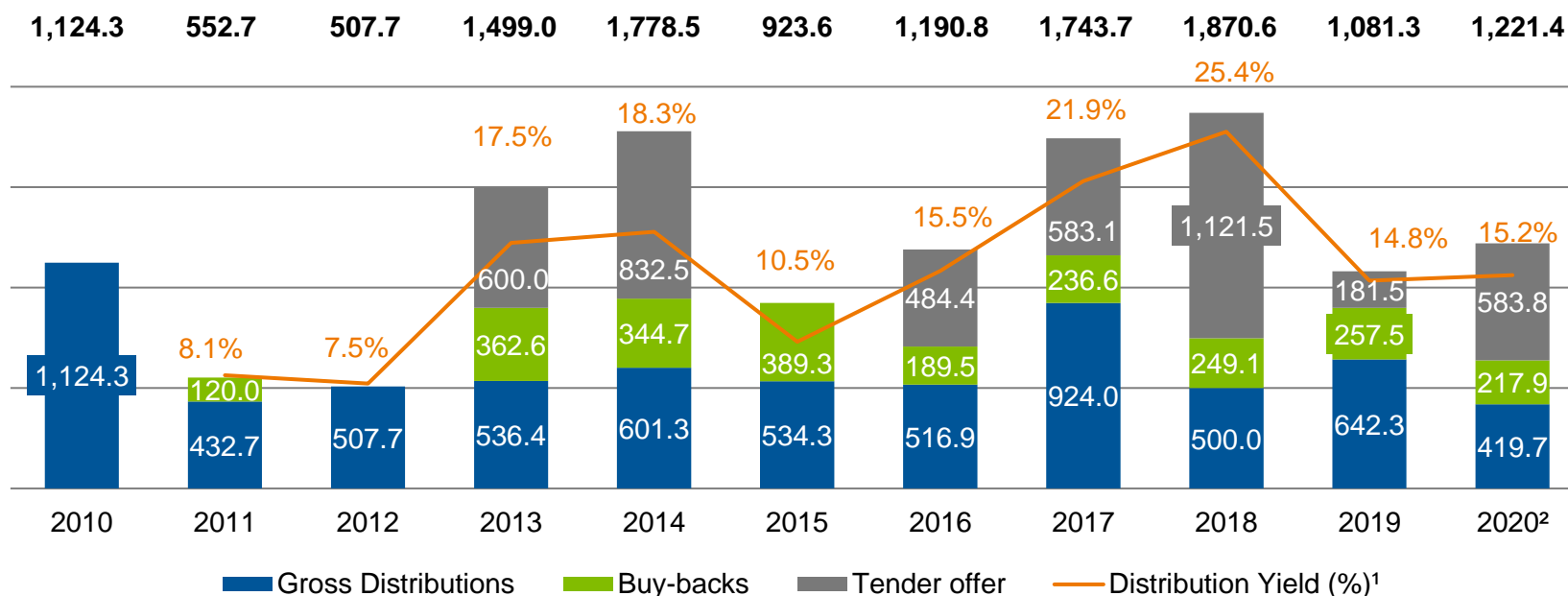


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Distributions to shareholders



Annual Distributions to Shareholders (RON mn)



The total distributions through buy-backs and cash would amount to RON 13.49 bn/USD 3.63 bn³

Source: Fund Manager calculations, Fund Manager annual results reports, Fund Manager current reports.

Note: Values exclude related acquisition fees. USD values based on the NBR average USD/RON FX for each year. For 2020, average USD/RON FX as at 30 September.

1. Based on the total annual distributions through buy-backs and cash, the average closing share price on BVB for the respective year, and the average number of paid shares, excluding Treasury shares. For 2020: average closing share price as at 30 September, average number of paid shares, excluding Treasury shares as at 30 September.

2. Buy-backs as at 30 September.

3. As at 30 September 2020.

Buy – back programs

Program	Period	Status	No. of shares to be repurchased/ % of the Fund's issued share capital	Average share price (RON/share)	Broker	Cancellation of shares ¹
Eleventh	1 Jan – 31 Dec 2020	Ongoing	800.0 mn/10.5%	1.3212 ²	Auerbach Grayson, Swiss Capital	The cancellation of shares will be subject to shareholders' approval in 2021

Source: Fund Manager current reports, Fund Manager calculations.

1. To be effective, the FSA endorsement is legally required, and the shareholders' resolution for the share capital decrease needs to be registered with the Trade Register.

2. As at 30 September 2020. Based on the 606,738,884 shares repurchased (430,947,784 ordinary shares and 175,791,100 equivalent shares of the GDRs repurchased).

Past buy – back programs

Program	No. of shares repurchased (mn shares)	% of the Fund's issued share capital ¹	Average share price (RON/share)	Broker
First	240.30	1.74%	0.4994	Wood & Co.
Second	1,100.95	7.99%	0.8743	Wood & Co., BCR
Third	252.86	1.84%	0.8123	Raiffeisen
Fourth	990.86	7.19%	1.0557	Raiffeisen
Fifth	227.57	1.65%	0.8501	Wood & Co.
Sixth	891.77	6.47%	0.8208	Wood & Co., Goldman Sachs Int.
Seventh	830.25	6.03%	0.8967	Wood & Co., Goldman Sachs Int.
Eighth	141.87	1.03%	0.8624	Wood & Co., Jefferies Internat.
Ninth	1,487.99	10.80%	0.9319	Wood & Co., Jefferies Internat.
Tenth	403.81	2.93%	0.9198	Auerbach Grayson, BCR
Total	6,568.23	47.67%	0.8523	

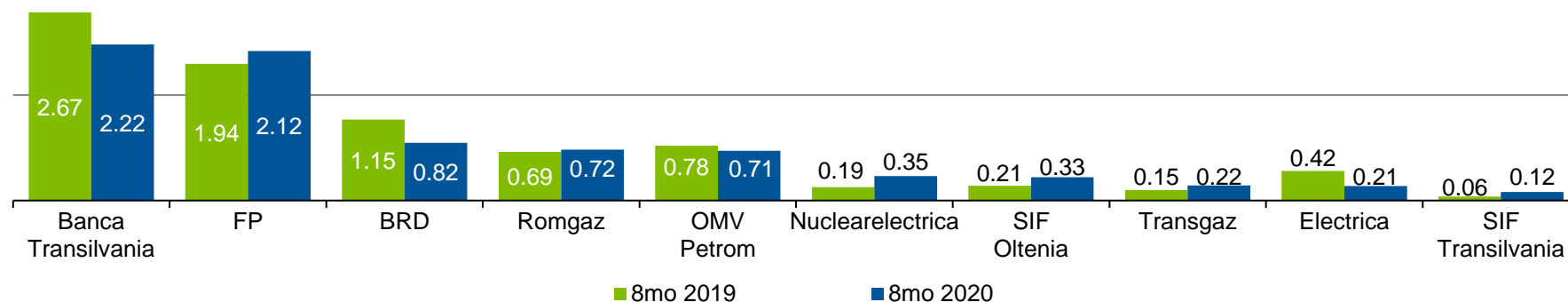
Source: Fund Manager current reports and annual results reports, Fund Manager calculations.

1. Based on the Fund's issued share capital as at 31 January 2011.

Buy-back programs – Average daily trading value



Average Daily Turnover (EUR mn)¹



11th Buy-Back Program

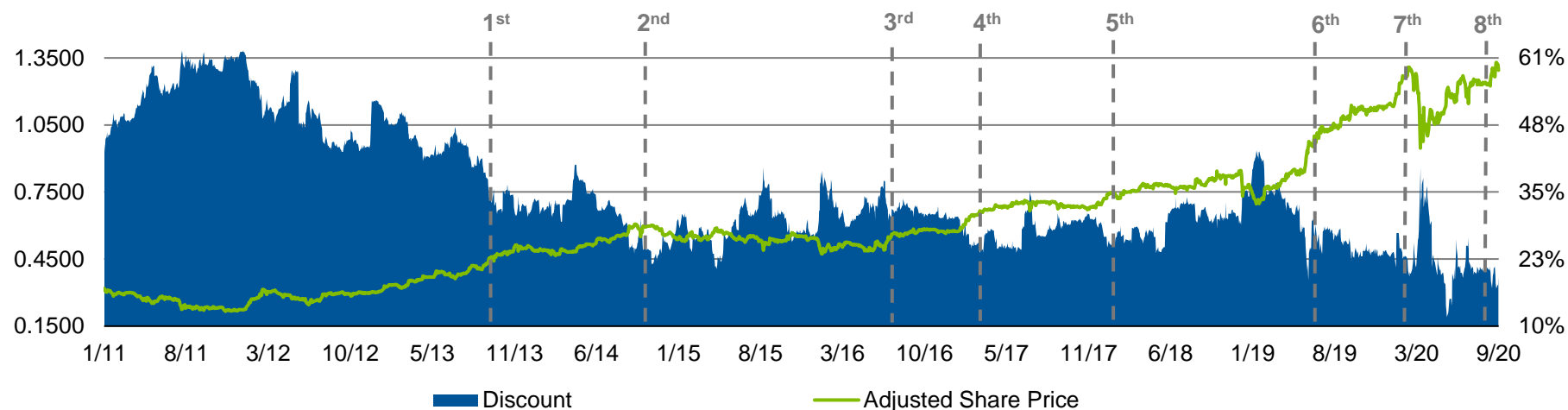
ADTV on the BVB (September 2020)	10.21 mn shares/EUR 2.84mn
25% of BVB ADTV	2.55 mn shares/EUR 0.71 mn
ADTV on the LSE (September 2020)	0.11 mn GDRs/EUR 1.46 mn
25% of LSE ADTV	0.03 mn GDRs/EUR 0.37 mn
Total cash & cash equivalents as at 31 August 2020	RON 522.32 mn/EUR 107.91 mn
Total number of shares to be repurchased in the 11 th buy-back program	800,000,000
Number of shares repurchased as at 30 September 2020, during the 11 th buyback program	606,738,884 shares (430,947,784 ordinary shares and 175,791,100 equivalent shares of the GDRs)
Average price for the shares repurchased as at 30 September 2020, during the 11 th buyback program	1.3212

Source: Bloomberg, Bucharest Stock Exchange, FP 31 August 2020 NAV report. Euro values calculated using the NBR EUR/RON FX as at the end of the month.
Note: Using the simplifying assumption that all available cash & cash equivalents as at 31 August 2020 can be used for buy-backs, so ignoring other possible cash outflows and inflows.

1. Includes trading on Bucharest Stock Exchange and London Stock Exchange, and Fondul's Tender offers.

Fondul Proprietatea Tender Offers

Tender Offer	Announcement date	Tender price (RON/share)	FP pre-announcement share price (RON/share)	Premium to pre-announcement share price (%)	Discount of offer price to NAV (%) ¹	Take-up rate (%)
First	10 Oct 2013	1.0000	0.7770	28.70%	15.12%	78.42%
Second	20 Oct 2014	1.1100	0.8965	23.81%	10.76%	83.74%
Third	5 Jul 2016	0.8420	0.7380	14.09%	26.43%	62.52%
Fourth	27 Jan 2017	0.9100	0.8640	5.32%	23.30%	63.13%
Fifth	15 Dec 2017	0.9350	0.8400	11.31%	22.84%	54.10%
Sixth	24 Jun 2019	1.2100	1.0550	14.69%	16.00%	53.47%
Seventh	7 Jan 2020	1.3900	1.1950	16.32%	13.13%	46.51%
Eighth	17 July 2020	1.3900	1.1450	17.63%	11.02%	46.26%



Source: Investment Manager current reports and Tender offer documentation, BVB as at 30 September 2020.

1. Latest NAV available at the date of the Tender offer announcement: 31 August 2013 for the First Offer, 30 September 2014 for the Second Offer, 30 June 2016 NAV for the Third Offer, 30 December 2016 NAV for the Fourth Tender, 31 October 2017 NAV for the Fifth Tender, 31 May 2019 for the Sixth Tender, 29 November 2019 for the Seventh Tender, and 30 June 2020 for the Eighth Tender.

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Annual dividend income – Top 10 portfolio companies

Top 10 Holdings ¹	Dividend Payout (%)					FP Net Dividend (RON mn)				
	2015	2016	2017	2018	2019	2016	2017	2018	2019	2020
Hidroelectrica	80	90	90	90	90	134.6	206.6	226.2	358.7	250.0
OMV Petrom	- ²	94	46	38	48	- ²	106.8	107.6	145.3	166.8
Bucharest Airports	75	90	90	90	N/A	27.4	41.2	61.2	68.0	36.7
Engie Romania	- ²	30	50	30	30	- ²	13.3	20.2	16.4	12.1
Nuclearelectrica	70	88	93	90	90	8.6	8.6	18.5	25.4	33.1
E-Distributie Banat	44	40	39	- ²	0	16.8	8.9	7.7	- ²	0.0
Constanta Port	75	90	25	25	25	14.1	11.0	4.1	3.7	5.5
Salrom	- ²	90	100	90	50	- ²	13.8	42.3	37.4	19.8
E-Distributie Muntenia	- ²	- ²	- ²	- ²	0	- ²	- ²	- ²	- ²	0.0
E-Distributie Dobrogea	44	37	36	- ²	0	12.0	6.6	4.3	- ²	0.0
Total Top 10 Holdings (RON mn)						213.5	416.8	492.1	654.9	524.0

Source: Companies' GSM decisions for approving the annual dividend payments.

Note: Annual regular dividends, i.e. excluding special dividends. The annual regular dividends are distributed based on the individual financial statements.

1. Source: FP August 2020 Factsheet.

2. The company registered losses.

Total dividend income from portfolio companies

	FP Net Dividend (RON mn)							
	2013	2014	2015	2016	2017	2018	2019	2020
Total Dividends from Listed Companies (RON mn)	373.9	538.6	251.5	36.0	148.1	199.6	223.0	200.2 ¹⁰
Total Dividends from Unlisted Companies (RON mn)	275.8 ²	143.5	315.9	315.2	404.5	366.9	710.0	997.3 ¹⁰
Total Annual Dividend Income (RON mn)	649.7	682.1	567.4	351.2	552.6	566.5	673.7	525.0 ¹⁰
Total Special Dividend Income (RON mn)	-	-	-	-	185.2	199.5	259.3	672.5 ¹⁰
Total Dividends (RON mn)	649.7	682.1	567.4	351.2	737.8	766.0	933.0	1,197.5¹⁰
Total Annual Dividend Income per Share (RON) ¹	0.04954	0.05674	0.05310	0.0331	0.0750	0.0797	0.1035	0.0841
Total Special Dividend Income per Share (RON) ¹	-	-	-	-	0.0251	0.0281	0.0398	0.1078
Dividend/Distribution per Share (RON)	0.05000	0.05000	0.05000	0.05000	0.0678	0.0903	0.0642	0.1919¹¹
Share Price (RON)	0.7640 ³	0.8130 ⁴	0.7200 ⁵	0.9180 ⁶	0.8990 ⁷	1.0150 ⁸	1.1850 ⁹	
Yield	6.54%	5.84%	6.94%	8.76%	7.54%	8.90%	5.42% ⁹	
Yield for Romanian companies (BET)	5.10%	3.50%	4.56%	7.07%	8.59%	9.17%	7.34%	

Source: Fund Manager calculations.

1. Calculation based on the number of paid shares at the Registration date for each year excluding treasury shares at the same date. For 2020, the calculation is based on the number of paid shares excluding treasury shares acquired as at 30 September 2020. Note: The Fund Manager's dividend proposals are calculated based on the Fund's Annual Cash Distribution Policy.

2. Includes dividends from Romgaz and Nuclearelectrica, which were unlisted at that time.

3. As at 30 April 2014.

4. As at 29 May 2015.

5. As at 9 June 2016.

6. As at 6 June 2017.

7. As at 11 June 2018.

8. As at 10 June 2019.

9. As at 10 June 2020.

10. Based on the portfolio companies' dividend distributions approved during the companies' GSMs, as at 31 August 2020.

11. Based on the estimated 2020 Total dividends and the number of paid shares excluding treasury shares acquired as at 30 September 2020.

Fondul Proprietatea – Summary



The Fund is one of the largest listed funds in the world with a current Net Asset Value of USD 2.56 billion as at 31 August 2020, trading at a discount of 19.37% on BVB, and 19.67% on LSE, as at 30 September 2020.



The Fund's long-term objective is increasing the Fund's exposure to listed companies to 100%, by listing a number of underlying holdings and disposing of other stakes that will not be listed.



Given the large discount to NAV, the Fund Manager has not made any new investments. Also, the Fund Manager will continue to focus on further reducing the discount in addition to increasing the NAV per share.



The Fund Manager seeks to enhance shareholder value through portfolio and corporate actions, such as:

- **Annual Cash Distributions:**

Since the start of the mandate, the Fund Manager has paid RON 6,739.6 million in total gross distributions, at an average annual yield of 6-7%

- **Buy-backs:**

The Fund Manager has completed 10 buy-back programs of RON 5,952.5 million in total and repurchased approx. 48% of the Fund's issued shares between May 2011 – Dec 2019. The eleventh buy-back programme started on 1 January 2020. All shares repurchased by the Fund will be cancelled.

- **Active management of the Fund's portfolio:**

Focus on introduction of proper corporate governance in SOEs, and measures to improve efficiency and profitability of all portfolio companies (including certain legal actions to protect the value of underlying holdings)



Investor Relations:

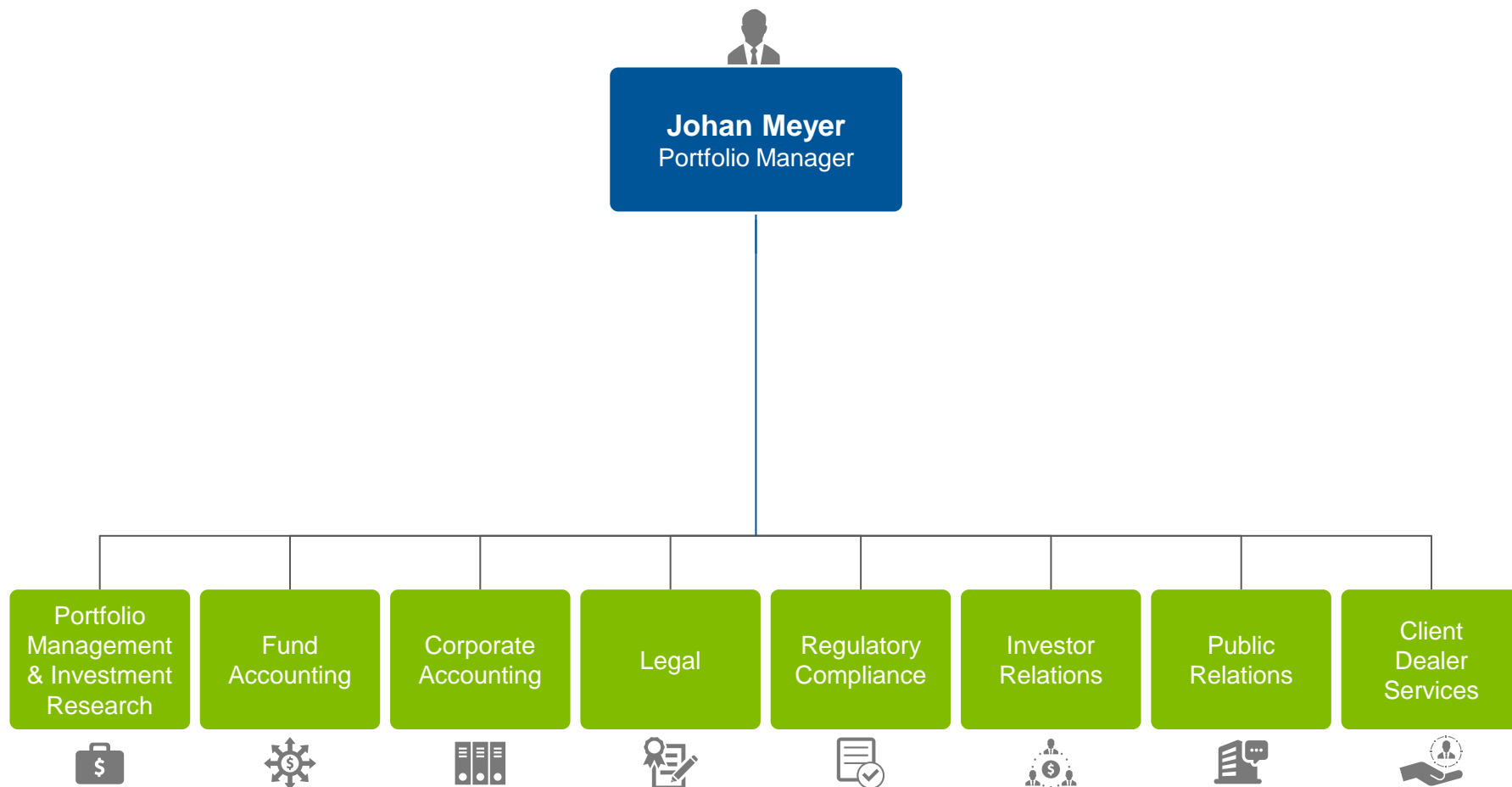
The Fund Manager will continue to proactively engage with current and prospective investors in the Fund.

Appendix I – About the Fund



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The Investment Manager



Board of Nominees – Current structure



Piotr Rymaszewski

Position in BoN: Chairman

Current Position: CEO at Octava Asset Management and Octava SA

Mandate Until: 5 April 2021



Mark H. Gitenstein

Position in BoN: Member

Current Position: Special Counsel, Mayer Brown

Mandate Until: 29 September 2022



Julian Healy

Position in BoN: Member

Current Position: Independent non-Executive Board Director

Mandate Until: 5 April 2021



Steven van Groningen

Position in BoN: Member

Current Position: President and CEO of Raiffeisen Bank SA Romania

Mandate Until: 13 November 2020

Performance objectives



NAV Objective

Adjusted NAV/share as at the end of the Reporting Period (i.e. 31 December 2020) > NAV/share as at the end of the previous reporting period (i.e. as at 31 December 2019, RON 1.7339 per share)



Discount Objective

The discount between closing price and last reported NAV/share $\leq 15\%$, in at least 2/3 of the trading days in the Reporting Period (i.e. 1 January – 31 December for each year)



Discount Control Mechanism

- Buy-back programs of shares and GDRs, via daily buy-backs or tender offers
- Dividend distributions
- Reduction of the nominal value of shares and cash distributions
- Increasing investor demand for the shares and GDRs by
 - Maintaining a transparent cash distribution policy
 - Increasing the share of listed companies in the portfolio and their transparency
 - Building good communication through active investor relations work
 - Supporting initiatives to make the Romanian capital market more attractive for investors

Source: Fondul Proprietatea Report.

1. Notes: The adjusted NAV for a given date is calculated as the sum of: (1) the reported NAV as at the end of the reporting period, (2) any distributions to shareholders, being either dividend or non-dividend ones (i.e. in this case following reductions of the par value of the shares and distribution of the decreasing amount to shareholders) implemented after the end of the previous reporting period, and (3) any distribution fees (as defined in the IMA), and any transaction costs and / or distribution costs relating to either dividend or non-dividend distributions including buy-backs of shares and/or GDRs, and/or depository 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 treasury shares (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.

Full details of the Performance Objectives can be found in the Fund's Management Agreement, available on the Fund's website www.fondulproprietatea.ro.



FRANKLIN
TEMPLETON



Objective

The Adjusted NAV per share as at 31 December 2020, to be higher than the NAV per share as at 31 December 2019 (RON 1.7339 per share)



Monthly Monitoring – 31 August 2020

The Adjusted NAV per share as at 31 August 2020 is lower than the NAV per share as at 31 December 2019

NAV Objective	Amount RON	Comments
Total NAV as at 31 August 2020	10,421,401,735	
Dividend gross distribution from 2019 profit	417,965,383	Dividend distribution of RON 0.0642 per share, with Ex-date 9 June 2020, Registration date 10 June 2020 and Payment date 1 July 2020
Costs related to buy-backs after 31 December 2019	4,356,518	Fees related to eleventh buy-back programme after 31 December 2019, excluding the distribution fees for buy-backs
Distribution fees for buy-backs performed after 31 December 2019	4,605,566	Distribution fees for the eleventh buy-back programme, after 31 December 2019
Distribution fees for cash distributions after 31 December 2019	4,179,654	Distribution fee for the dividend distribution from 2019 profits
Costs related to the returns of capital and dividends after 31 December 2019	24,209	Fees charged by the Central Depository and Paying Agent for the payments performed for returns of capital and dividends
Total Adjusted NAV as at 31 August 2020	10,852,533,065	
Number of Fund's paid shares, less treasury shares and GDRs held as at 31 August 2020	6,488,497,491	
Adjusted NAV per share as at 31 August 2020	1.6726	
NAV per share as at 31 December 2019	1.7339	
Difference	(0.0613)	
%	(3.54)%	

Source: FP Report.

Note: The adjusted NAV for a given date is calculated as the sum of: (1) the reported NAV as at the end of the reporting period, (2) any distributions to shareholders, being either dividend or non-dividend ones (i.e. in this case following reductions of the par value of the shares and distribution of the decreasing amount to shareholders) implemented after the end of the previous reporting period, and (3) any distribution fees (as defined in the IMA), and any transaction costs and / or distribution costs relating to either dividend or non-dividend distributions including buy-backs of shares and/or GDRs, and/or depository 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 treasury shares (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.

Discount objective



Objective

The discount between the closing price for each trading day on the BVB, of the shares issued by the Fund and the latest reported NAV per share at the date of calculation should be equal to or lower than 15% in at least two thirds of the trading days during the reporting period 1 January – 31 December 2020.



Monthly Monitoring – 31 August 2020

In the period 1 January – 31 August 2020, discount was higher than 15% in at least two thirds of the trading days, for both shares and GDRs.



Discount Evolution

Discount at the Start of the Reporting Period – 3 January 2020	Discount as at 31 August 2020	Average for the Reporting Period 3 January – 31 August 2020	Discount Range for the Reporting Period 3 January – 31 August 2020
23.69%	20.71%	22.95%	11.75% – 39.96%

Source: Fondul Proprietatea Report.

Note: The discount is calculated based on the latest published NAV/share at the date of the calculation.

Appendix II – Top Holdings



Hidroelectrica – Introduction (I)

- 100% hydro electricity producer
- Installed capacity: 6,432 MW
- Top electricity generator in the country. Market share: 23% (2012); 25% (2013); 28% (2014); 27% (2015); 30% (2016); 24% (2017); 29% (2018); 28% (2019)
- 17 TWh projected energy in a normal hydrological year
- Top provider of ancillary and balancing system services:
 - >70% market share secondary reserve
 - >80% market share fast tertiary reserve etc.
- Top 10 hydro powerplants generate 60% of the company's output
- Total number of Hydro powerplants: >200

Quick Facts



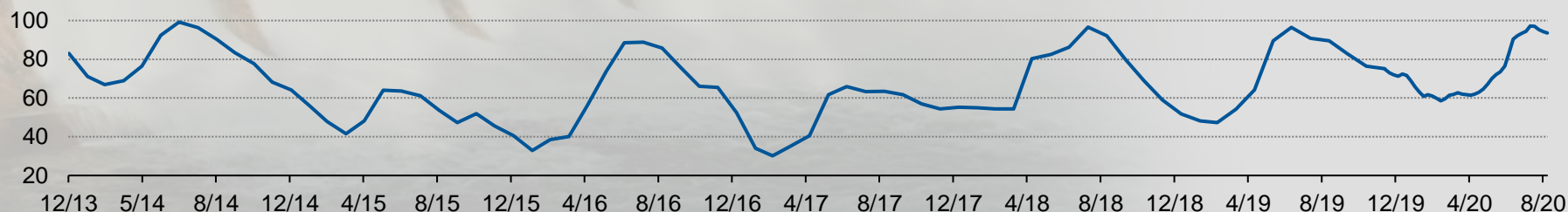
Sector	Electricity Producer
Type	Unlisted
Weight in NAV ¹	45.2%
FP Stake ¹	RON 4,708 mn (USD 1,159 mn)

Shareholding Structure



Ministry of Economy, Energy and Business Environment	80%
Fondul Proprietatea	20%

Reservoir Levels²



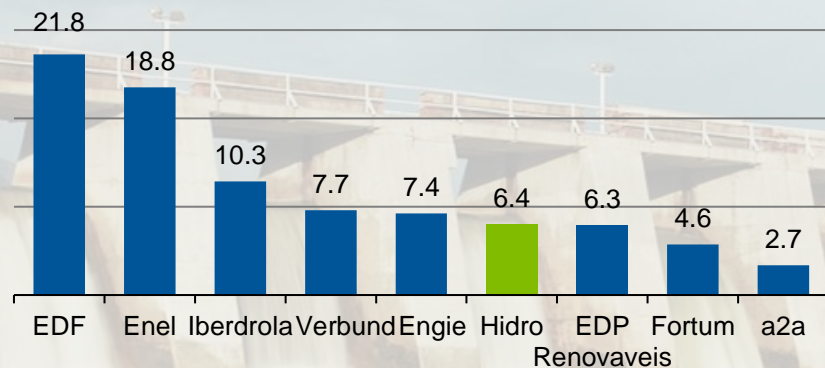
Source: Hidroelectrica SA annual reports, ANRE annual reports.

1. Source: FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

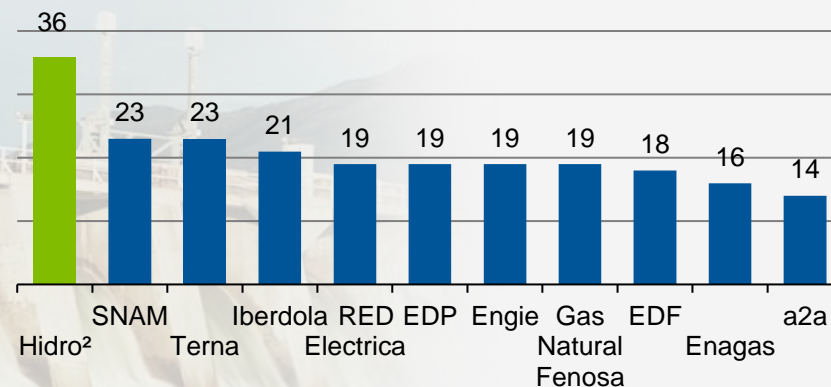
2. Source: Bloomberg, until 23 August 2020.

Hidroelectrica – Introduction (II)

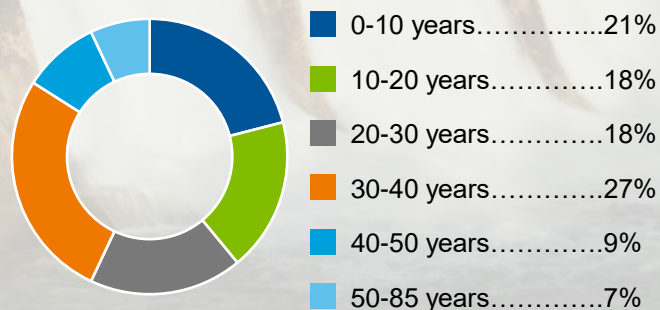
European Installed Capacity in 2015 (GW)¹



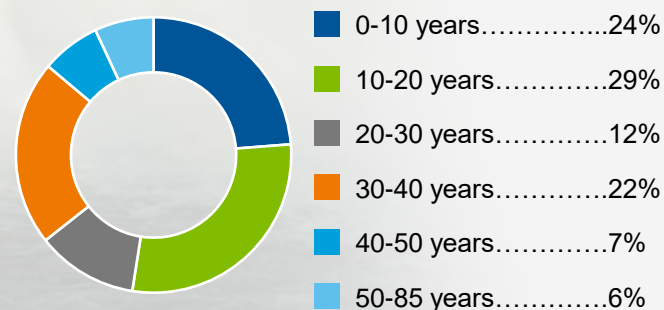
Asset Life, 2017e (years)¹



Asset Age Structure by Installed Capacity (%)³



Asset Age Structure by Electricity Production (%)³



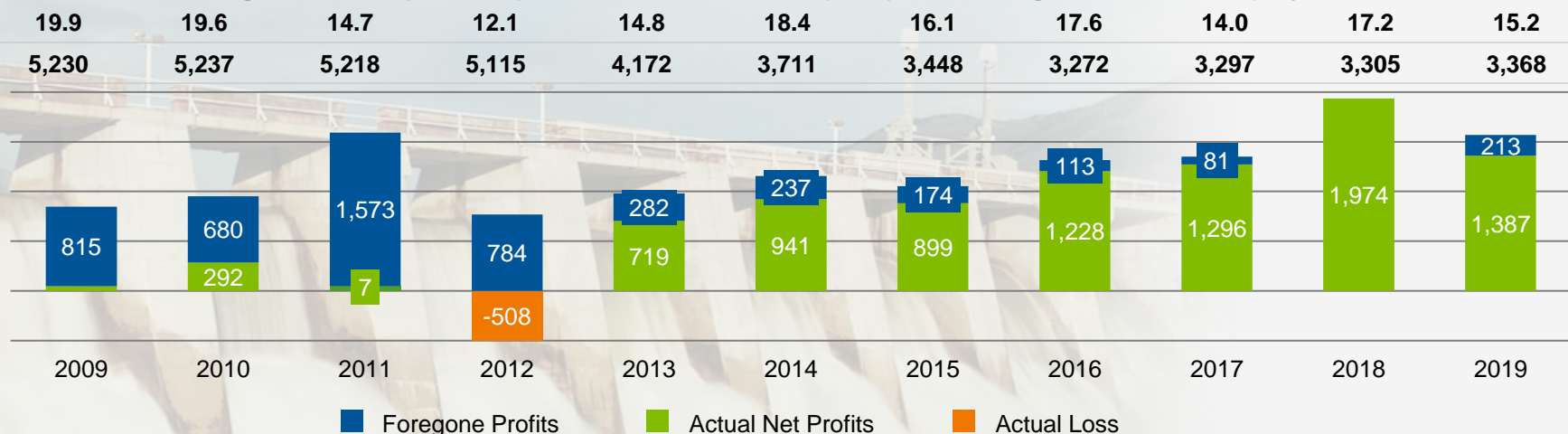
1. Source: Citi June 2016 report.

2. Until 2053, end of concession.

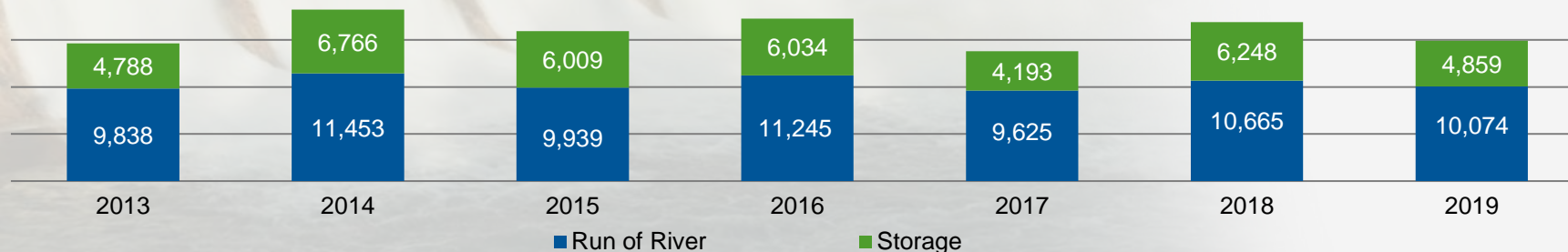
3. Hidroelectrica May 2017 presentation.

Hidroelectrica – Introduction (III)

Net Income and Foregone Profits (RON mn) vs. Annual Production (TWh) and Average Number of Employees



Delivered Energy (GWh)



Source: Hidroelectrica 2009 – 2019 Annual reports and financial statements, Hidroelectrica press releases, reports and presentations.

Note: For the Foregone profit figures assumed selling price were: RON 150/MWh for 2009 and 2010, RON 220/MWh in 2011, RON 217/MWh in 2012, RON 210/MWh in 2013, RON 164/MWh in 2014, RON 161.8/MWh in 2015, RON 163/MWh in 2016, RON 170.8/MWh in 2017, and RON 242.7/MWh in 2019.

OMV Petrom – Introduction

OMV Petrom Share Price Evolution vs. the BET-TR Index (%)¹



Integrated oil & gas company and the largest company in Romania

Refinery with annual capacity of 4.5 mn tons, Nelson Complexity Index of 11.4, the highest of any refinery in Romania

Proven reserves in 2019 of 504 mn boe and hydrocarbons production of 55 mn boe, of which 3.6 mn tons of crude oil and natural gas liquids and 4.5 bn cubic meters of natural gas

793 filling stations across Romania, Bulgaria, Serbia and Moldova

Quick Facts



Sector	Integrated Oil & Gas
Type	Listed
Weight in NAV ²	19.5%
FP Stake ²	RON 2,033 mn (USD 500 mn)

Shareholding Structure



OMV AG	51%
Ministry of Economy, Energy and Business Environment	21%
Fondul Proprietatea	10%
Others	18%

Source: OMV Petrom annual reports.

1. Source: Bloomberg, as at 27 August 2020.

2. Source: FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

Bucharest Airports – Introduction

Quick Facts



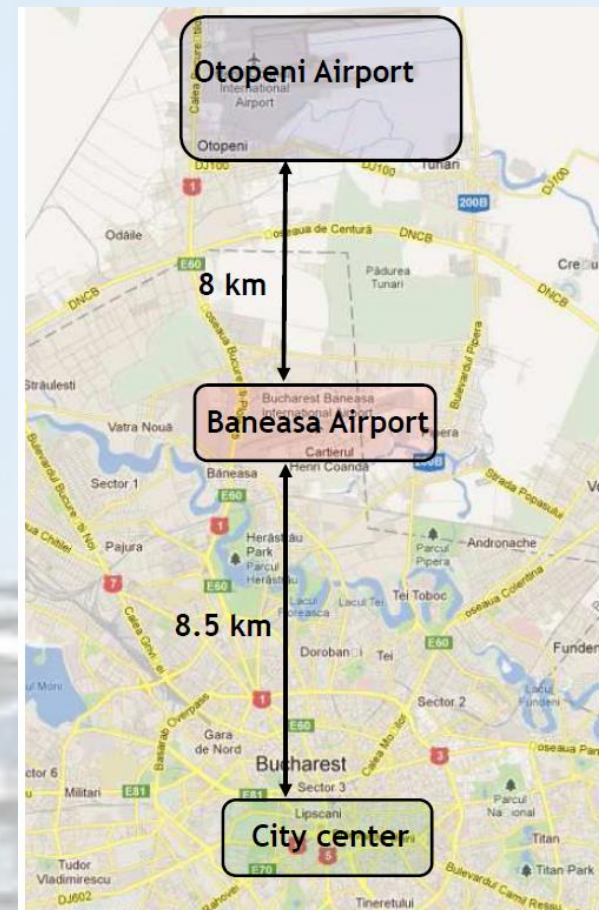
Sector	Infrastructure
Type	Unlisted
Weight in NAV ¹	7.1%
FP Stake ¹	RON 736 mn (USD 181 mn)

Shareholding Structure



Ministry of Transport, Infrastructure and Communication	80%
Fondul Proprietatea	20%

- Operates the 2 airports in Bucharest, which serviced in 2019 almost 64% of the total air passenger traffic in Romania of over 23 m in 2019, +5.5% y.o.y.
- Otopeni Airport is situated 16.5 km from the centre of Bucharest, is serviced by 2 x 3.5 km runways and has maximum annual capacity of around 18m passengers – it currently handles all commercial airline traffic. Baneasa Airport is 8.5 km from the center of Bucharest, is serviced by a 3.2 km runway and handles private, medical and training traffic.
- In 2019 it serviced 57 airlines, and flights to 123 destinations.
- Total revenues split:
 - Aeronautical revenues: approx. 80%
 - Non-aeronautical charges: approx. 20%



Source: CN Aeroporturi Bucuresti 2019 annual report.

1. FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

Engie Romania – Introduction

Quick Facts

Sector	Power & Gas Utilities
Type	Unlisted
Weight in NAV ¹	4.1%
FP Stake ¹	RON 426 mn (USD 105 mn)

Shareholding Structure

Romania Gas Holding (Engie affiliate)	51%
Ministry of Economy, Energy and Business Environment	37%
Fondul Proprietatea	12%

RON mn ²	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Sales	3,859	4,047	4,127	4,291	4,416	4,473	4,841	5,791	6,795
Operating Profit	286	415	519	561	475	453	422	486	434
Net Profit	241	353	447	439	381	385	343	429	385

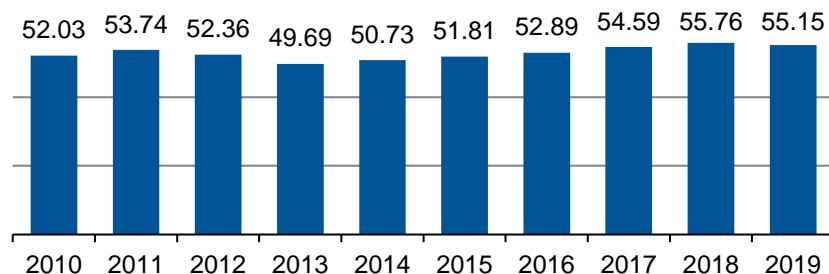
- In December 2018 ANRE approved the methodology for the gas supply and distribution businesses for the fourth regulatory period: 1 July 2019 until 30 June 2024.
- In June 2019 ANRE approved the new tariffs for distribution and the regulated final prices for the consumers who did not opt for the free market. On the supply side, the final regulated prices are approximately 4% lower compared to previous year. For distribution, the tariffs are approximately 6-7% lower compared to 2018. The new tariffs are in effect starting 1 July 2019.
- RRR was set at 6.9% through an emergency Ordinance in March 2019. This RRR was in effect until April 2020.
- According to ANRE Order no. 75/6 May 2020 the new RRR level for electricity and gas distribution companies is 6.39% for the rest of this regulatory period.

1. Source: FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

2. GDF Suez Energy Romania/Engie Romania Consolidated Annual IFRS financial statements.

ENEL Distribution companies – Introduction

Power Consumption in Romania (TWh)¹



Tariffs % in 2020³

	EDM	EDB	EDD
High Voltage	2.8%	(5.8)%	5.9%
Medium Voltage	7.1%	0.7%	6.3%
Low Voltage	1.5%	0.1%	4.2%

- Business is regulated, tariffs are set by a regulatory agency (ANRE).
- Starting 16 January 2020, the distribution tariffs were increased by the regulator on average by 4.8% for EDD, 2.7% for EDM and slightly decreased by 0.4% for EDB compared to tariffs in effect starting with 1st of July 2019.
- New regulatory period started in 2019 until 2024. Initial RRR was set at 5.7% but was modified in March 2019 through an Emergency Ordinance at 6.9%. This RRR was in effect until April 2020.
- According to ANRE Order no. 75/6 May 2020 the new RRR level for electricity and gas distribution companies is 6.39% for the rest of this regulatory period.

1. Source: ANRE annual and monthly reports.

2. Source: FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

3. In force starting with 16 January 2020.



Quick Facts

	E-Distributie Banat	E-Distributie Muntenia	E-Distributie Dobrogea
Sector	Power & Gas Utilities		
Type	Unlisted		
Weight in NAV ²	2.4%	2.0%	1.6%
FP Stake ²	RON 253 mn (USD 62 mn)	RON 213 mn (USD 52 mn)	RON 165 mn (USD 41 mn)

Shareholding Structure



	E-Distributie Banat	E-Distributie Muntenia	E-Distributie Dobrogea
Enel Group	51%	78%	51%
SAPE SA	25%	10%	25%
Fondul Proprietatea	24%	12%	24%

ENEL Distribution companies – Update

EDB (mn RON)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating revenues	593.3	621.3	636.6	659.3	631.4	635.2	557.8	550.53	533.7	550.8
Operating profit	159.7	238.3	181.2	203.4	188.4	181.5	107.8	87.4	(213.2)	149.2
Net income	148.4	220.5	167.2	190.7	172.2	157.9	93.6	82.8	(211.9)	167.7

EDD (mn RON)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating revenues	445.1	487.9	509.4	544.5	526.5	541.3	480.3	475.3	483.7	506.4
Operating profit	107.2	126.4	103.0	149.0	102.7	136.3	84.78	56.6	(143.2)	81.8
Net income	99.6	108.9	94.5	133.5	87.7	114.8	87.30	49.5	(143.3)	87.6

EDM (mn RON)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating revenues	817.2	815.8	966.7	997.7	1,001.4	1,030.9	921.7	856.6	909.6	993.8
Operating profit	76.0	51.6	172.4	221.0	246.3	256.3	178.5	77.3	(137.8)	60.3
Net income	105.1	50.5	206.3	267.2	240.8	237.9	151.7	85.9	(114.9)	96.7

Strong Balance Sheet¹

	EDB	EDD	EDM
Cash/Shareholders Equity	50.8%	33.6%	56.1%

Source: E-Distributie Banat, E-Distributie Dobrogea, and E-Distributie Muntenia annual reports and financial statements.

1. As at 31 December 2019.

Energy distributors – Valuation

	P/E				P/B				EV/EBITDA			
	2016	2017	2018	2019	2016	2017	2018	2019	2016	2017	2018	2019
E-Distributie Banat	26.58	27.30	(9.23)	12.86	0.97	0.84	0.80	0.87	5.10	4.78	3.72	8.71
Engie Romania	9.82	11.48	8.66	11.09	0.89	0.88	0.78	0.85	4.73	4.87	3.84	5.38
E-Distributie Dobrogea	24.69	40.65	(28.21)	36.98	0.84	0.76	0.76	0.83	3.63	4.11	2.69	6.30
E-Distributie Muntenia	21.48	28.70	(8.34)	15.24	0.94	0.80	0.74	0.80	5.05	5.07	3.38	8.19
Electrica	12.51	29.99	14.27	17.50	0.68	0.68	0.58	0.65	3.14	5.29	4.29	5.28
Enel Spa	16.57	13.80	10.71	33.07	0.81	1.00	1.07	1.53	6.76	7.28	7.63	8.52
Engie	(70.03)	25.94	29.24	35.31	0.64	0.81	0.74	0.91	11.58	7.29	9.15	8.50
E.ON AG	(1.55)	5.00	5.80	15.86	10.16	2.93	2.19	1.88	5.71	5.17	4.58	16.45
CEZ	16.09	14.14	27.71	18.98	0.88	1.04	1.20	1.07	6.06	6.93	6.76	6.37
Red Electrica	15.17	15.07	14.93	13.48	3.31	3.26	3.13	2.68	10.28	10.09	10.24	10.30
Enagas	13.80	11.61	12.73	14.10	2.34	1.94	1.85	1.88	12.77	11.62	11.37	12.61
PGE	7.61	8.67	12.48	(3.76)	0.46	0.49	0.39	0.35	4.28	4.15	4.99	(72.39)
Transelelctrica	8.07	78.78	20.18	16.31	0.68	0.66	0.55	0.44	2.54	4.63	3.15	3.17
Transgaz	5.82	7.77	7.59	12.42	0.90	1.21	1.00	1.12	2.53	4.01	4.35	8.47
Mean	13.59	18.47	8.46	19.48	1.10	1.24	1.13	1.13	6.01	6.09	5.72	8.33
Median	13.80	14.14	11.59	15.86	0.88	0.86	0.79	0.89	5.07	5.12	4.46	8.47

Source: Bloomberg as at 30 September 2020, E-Distributie companies' annual financial statements, Investment Manager calculations.

Note: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

Constanta Ports – Introduction

Quick Facts



Sector	Infrastructure
Type	Unlisted
Weight in NAV ¹	2.2%
FP Stake ¹	RON 233 mn (USD 57 mn)

Shareholding Structure



Ministry of Transport, Infrastructure and Communication	80%
Fondul Proprietatea	20%

Law

- The Ports law was enacted in December 2017.
- The law mandates the establishment under the Competition Council of a Supervisory Board with quite broad powers such as oversight of key decisions related to port administration (ex. endorsement of tariffs methodologies) and conflict arbitration between port administrator and the 3rd parties (including regarding rent levels).
- The law limits at 25% the dividend pay-out ratio of port administrations.

Rent Paid by Operators

- Privatized operators pay significantly lower rents for land used compared to contracts signed more recently (see table to the right).
- Management is continuing negotiations to align these rents with market levels.



Operator Type ²	Area (mn sqm)	Rent/sqm
Privatized operators	2 – 3	0.278
Contracts signed 2000 – 2012	1 – 2	0.782
New contracts		
• Direct award w/valuation	0.5 – 1	0.764
• Public tenders	<0.5	2.426

Source: CN Administratia Porturilor Maritime financial statements and annual reports.

1. Source: FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

2. Source: CN Administratia Porturilor Maritime Constanta 2016 reports.

Salrom – Introduction

- Sole salt producer in Romania having the concession licenses for about **10%** of geological reserves, economically proven
- **20 years** concession agreement to operate **5** underground salt mines and **4** brine fields granted in 1998-1999 by the **National Agency for Mineral Resources (ANRM)** having the possibility to be extend every **5 years**
- Natural **monopoly** position on the **Romanian market**
- Revenues breakdown in 2019: salt products and limestone (**90%**), tourism (**10%**)

Quick Facts



Sector	Salt mining
Type	Unlisted
Weight in NAV ¹	2.1%
FP Stake ¹	RON 222 mn (USD 55 mn)

Shareholding Structure



Ministry of Economy, Energy and Business Environment	51%
Fondul Proprietatea	49%

RON mn	2011	2012	2013	2014	2015	2016	2017	2018	2019	H1 '19	H1 '20	% y.o.y.
Operating Revenues	282.7	303.5	327.0	297.6	319.1	315.0	389.1	436.2	465.5	209.0	127.7	(38.9)%
Operating Profit	5.2	25.3	48.8	31.8	27.5	43.3	107.3	93.5	84.6	57.7	3.1	(94.6)%
Net Profit	1.3	20.7	42.8	24.5	15.8	30.1	81.1	73.6	81.7	48.8	4.1	(91.6)%

Source: SN a Sarii S.A. financial statements and annual reports.

1. Source: FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

Salrom – Valuation

Current Market Cap: USD 112 mn¹

Salrom vs. Peer Companies ²	P/E					P/B					EV/EBITDA				
	2016	2017	2018	2019	2020e	2016	2017	2018	2019	2020e	2016	2017	2018	2019	2020e
Salrom	12.27	5.86	6.94	6.88	12.24	1.24	1.32	1.38	1.47	1.16	2.55	1.72	1.10	3.53	5.33
Arab Potash Co.	25.67	15.63	10.69	11.23	n.a.	1.98	1.74	1.58	1.91	n.a.	19.17	9.03	6.38	7.43	n.a.
Compass Minerals International	16.35	57.92	20.66	33.64	20.95	3.69	3.52	2.61	3.90	4.87	14.70	13.40	10.29	10.94	9.71
Intrepid Potash	(2.37)	(26.92)	28.40	25.76	(8.96)	0.43	1.51	0.80	0.81	0.26	(18.99)	34.78	7.36	7.28	6.07
Jordan Phosphate Mines	(1.99)	(4.43)	4.96	10.45	n.a.	0.24	0.31	0.34	0.33	n.a.	(28.72)	(124.78)	5.54	7.57	n.a.
K+S AG	24.94	21.52	71.47	23.93	(15.21)	0.95	0.95	0.73	0.47	0.26	10.99	10.86	11.51	8.32	9.44
National Salt Co. Nigeria	9.32	9.17	10.79	17.68	7.81	2.80	4.25	4.01	3.07	n.a.	4.14	4.18	5.62	6.47	3.14
Südwestdeutsche Salzwerte AG	25.20	19.15	29.16	(153.18)	n.a.	2.02	2.10	2.98	3.16	n.a.	9.58	8.51	12.94	50.69	n.a.
Taiyen Biotech Co.	16.65	15.78	13.16	18.81	n.a.	0.98	0.93	0.97	1.06	n.a.	6.52	6.28	6.70	8.51	n.a.
Mean	14.01	6.97	15.60	18.55	3.36	1.59	1.85	1.71	1.80	1.64	2.22	11.10	7.49	7.51	6.74
Median	16.35	12.40	11.98	18.24	7.81	1.24	1.51	1.38	1.47	0.71	6.52	8.77	6.70	7.50	6.07

1. Source: FP August 2020 Factsheet, NBR RON/USD FX rate as at 31 August 2020.

2. Source: Bloomberg as at 30 September 2020, Salrom financial statements, Investment Manager calculations.

Note 1: 2020 estimates for Salrom were calculated based on FP 31 August 2020 NAV and Salrom H1 2020 unaudited financial statements.

Note 2: The figures presented herein are the result of a limited valuation, based only on the peer group comparison methodology.

Appendix III – Active Management



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Active management – Board members (I)

Holdings	% Stake ¹	% in Total NAV ¹	No. of Board Members ²	No. Board Members Recommended by FP ²
1 Hidroelectrica SA	19.9%	46.4%	7	1
2 OMV Petrom SA	9.9%	18.1%	9	1
3 CN Aeroporturi Bucuresti SA	20.0%	7.3%	7	1
4 Nuclearelectrica SA	7.0%	3.3%	7	1
5 E-Distributie Banat SA	24.1%	2.5%	7	1
6 CN Administratia Porturilor Maritime SA	20.0%	2.3%	7	1
7 SN a Sarii Salrom SA	49.0%	2.2%	5	2
8 E-Distributie Dobrogea SA	24.1%	1.6%	7	1
9 Alro SA	10.2%	1.4%	11	2
10 Enel Energie SA	12.0%	0.4%	7	1
11 Zirom SA	100%	0.3%	3	3
12 Romaero SA	18.9%	0.3%	7	1
13 CN Administratia Canalelelor Navigabile SA	20.0%	0.2%	7	1
14 Aeroportul International Timisoara – Traian Vuia SA	20.0%	0.1%	7	1
15 Alcom SA	71.9%	0.1%	3	2
16 CN Administratia Porturilor Dunarii Fluviale SA	20.0%	0.0%	7	1

1. Source: FP 30 June 2020 Detailed Statement of Investments.

2. As at 31 August 2020.

Active management – Board members (II)

Holdings	% Stake ¹	% in Total NAV ¹	No. of Board Members ²	No. Board Members Recommended by FP ²
17 Plafar SA	49.0%	0.0%	5	2
18 Aeroportul International M Kogalniceanu – Constanta SA	20.0%	0.0%	7	1
19 CN Administratia Porturilor Dunarii Maritime SA	20.0%	0.0%	7	1
20 Complexul Energetic Oltenia SA	21.6%	0.0%	7	1
Total		86.5%	134	26

FT investment team attended 139 General Shareholders Meetings and 40 Board meetings in H1 2020

1. Source: FP 30 June 2020 Detailed Statement of Investments.

2. As at 31 August 2020.

Corporate governance code and listing of SOEs

Corporate governance code as approved by GEO 109/2011 on 30 November 2011 as further amended

FONDUL
PROPRIETATEA

No.	Company	% FP Stake ¹	% in Total NAV ¹	NAV USD mn ¹	Listing Status ²	Independent Board ²	Professional Management ²	Overall change ³
1	Hidroelectrica	19.9%	46.4%	1,088.9	X	?	?	-
2	Bucharest Airports	20.0%	7.3%	170.2	X	X	X	-
3	Nuclearelectrica	7.0%	3.3%	76.5	✓	?	?	-
4	Constanta Port	20.0%	2.3%	54.0	X	?	X	-
5	Salrom	49.0%	2.2%	51.4	X	✓	X	-
6	Romaero	18.9%	0.3%	7.9	✓	X	X	↓
7	CN Administratia Canalelor Navigabile	20.0%	0.2%	3.4	X	✓	X	↓
8	A.I. Timisoara – Traian Vuia	20.0%	0.1%	2.6	X	✓	✓	-
9	Posta Romana	6.5%	0.1%	2.5	X	X	X	↓
10	CN Administratia Porturilor Dunarii Maritime	20.0%	0.0%	1.0	X	X	X	↓
11	CN Administratia Porturilor Dunarii Fluviale	20.0%	0.0%	0.4	X	X	X	↓

Legend: ✓ Completed; X Not completed; ? Suspected to be politically influenced ↑ Positive – Stable ↓ Negative

1. Source: FP 30 June 2020 Detailed Statement of Investments.

2. As at 31 August 2020.

3. Overall change of the company's corporate governance in the last 6 months.

Corporate governance code and listing of SOEs

FONDUL
PROPRIETATEA

Corporate governance code was approved by GEO 109/2011 on 30 November 2011

No.	Company	% FP Stake ¹	% in Total NAV ¹	NAV USD mn ¹	Listing Status ²	Independent Board ²	Professional Management ²	Overall Change ³
12	Plafar	49.0%	0.0%	0.4	X	✓	✓	-
13	A.I. M. Kogalniceanu – Constanta	20.0%	0.0%	0.3	X	X	X	-
14	Complexul Energetic Oltenia	21.6%	0.0%	0.0	X	X	X	-
Total			62.2%	1,459.5				

Legend: ✓ Completed; X Not completed; ? Suspected to be politically influenced ↑ Positive – Stable ↓ Negative

Total number of companies	Independent Board ²	Professional Management ²	Overall Change ³
✓	4	2	
X	6	10	
?	4	2	
↑			0
-			9
↓			5

1. Source: FP 30 June 2020 Detailed Statement of Investments.

2. As at 31 August 2020.

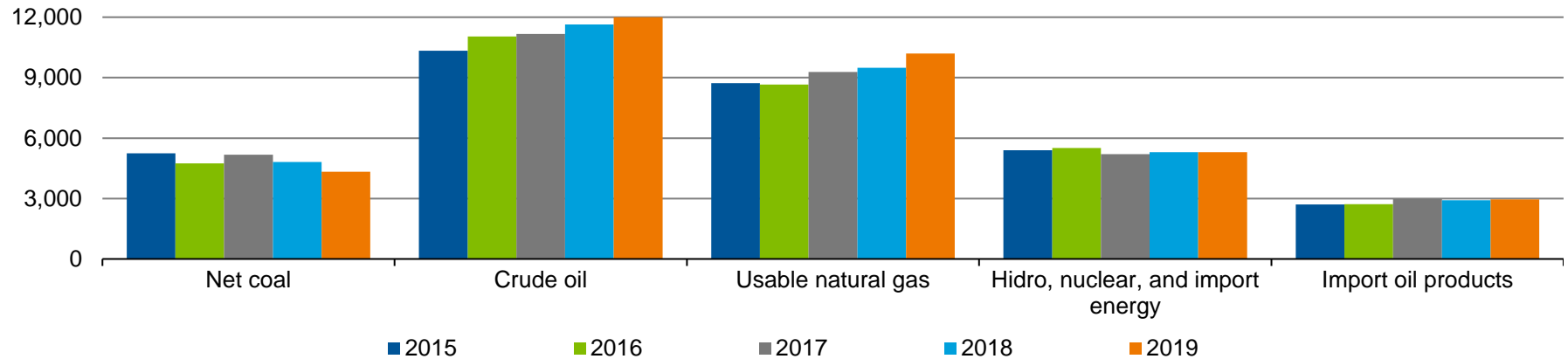
3. Overall change of the company's corporate governance in the last 6 months.

Appendix IV – Romanian Gas & Electricity Market

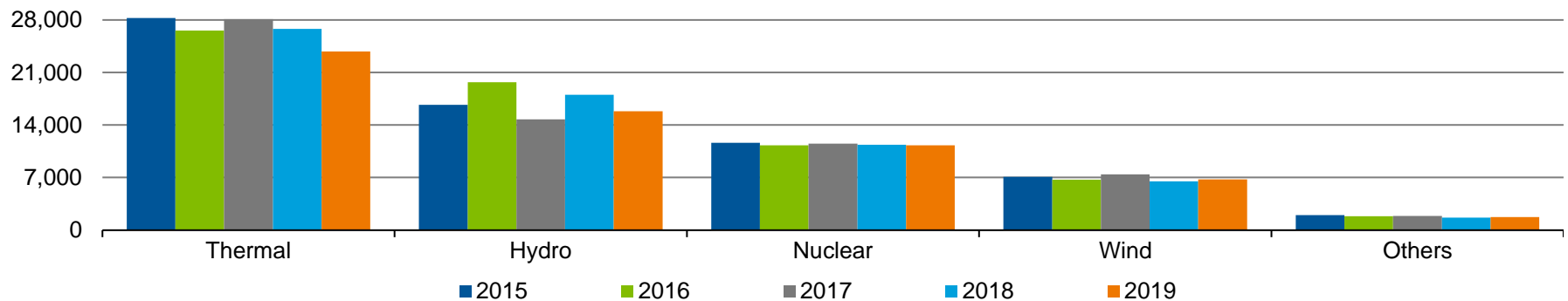


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Main Primary Energy Resources (kTE)



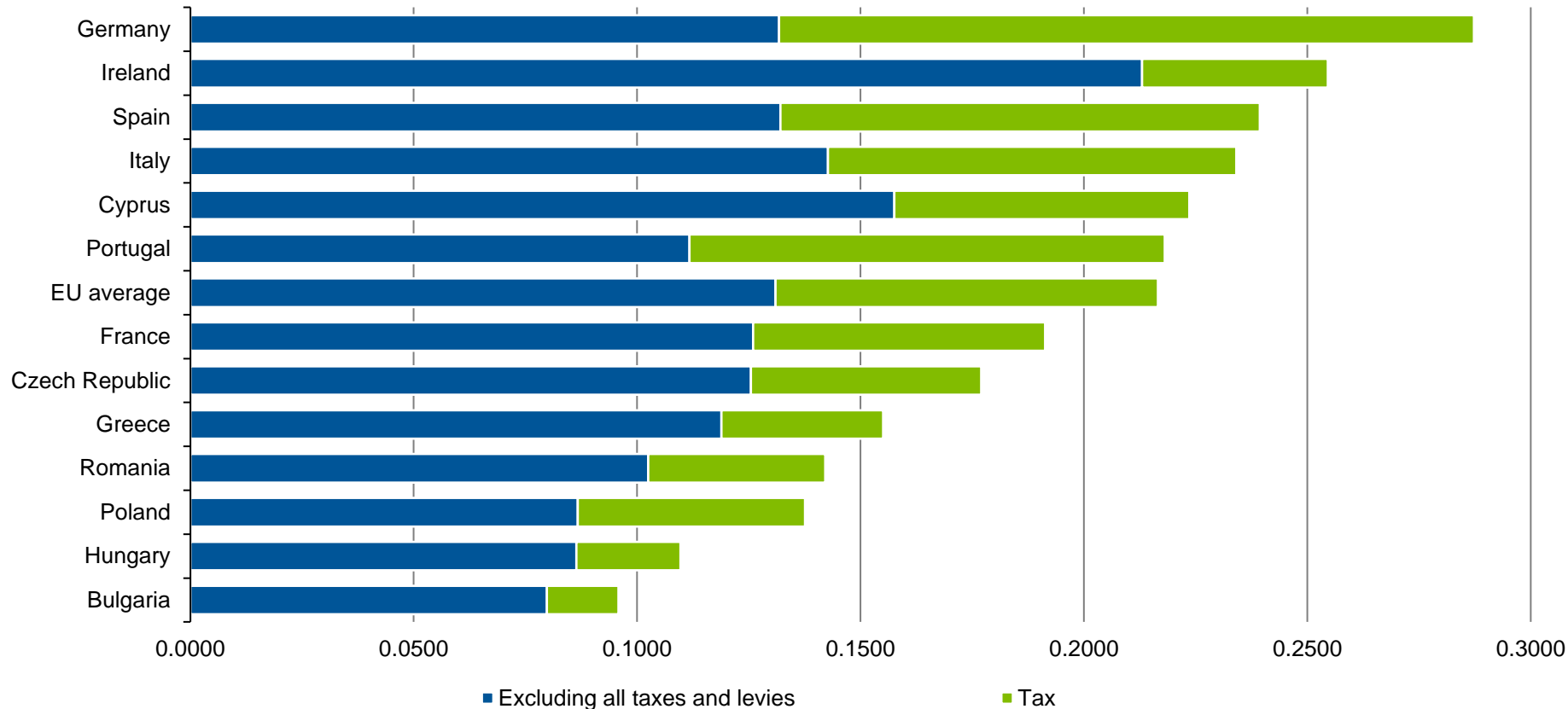
Electricity Production (mn kWh)



Source: National Institute of Statistics – Energy resources reports.

Electricity prices (I)

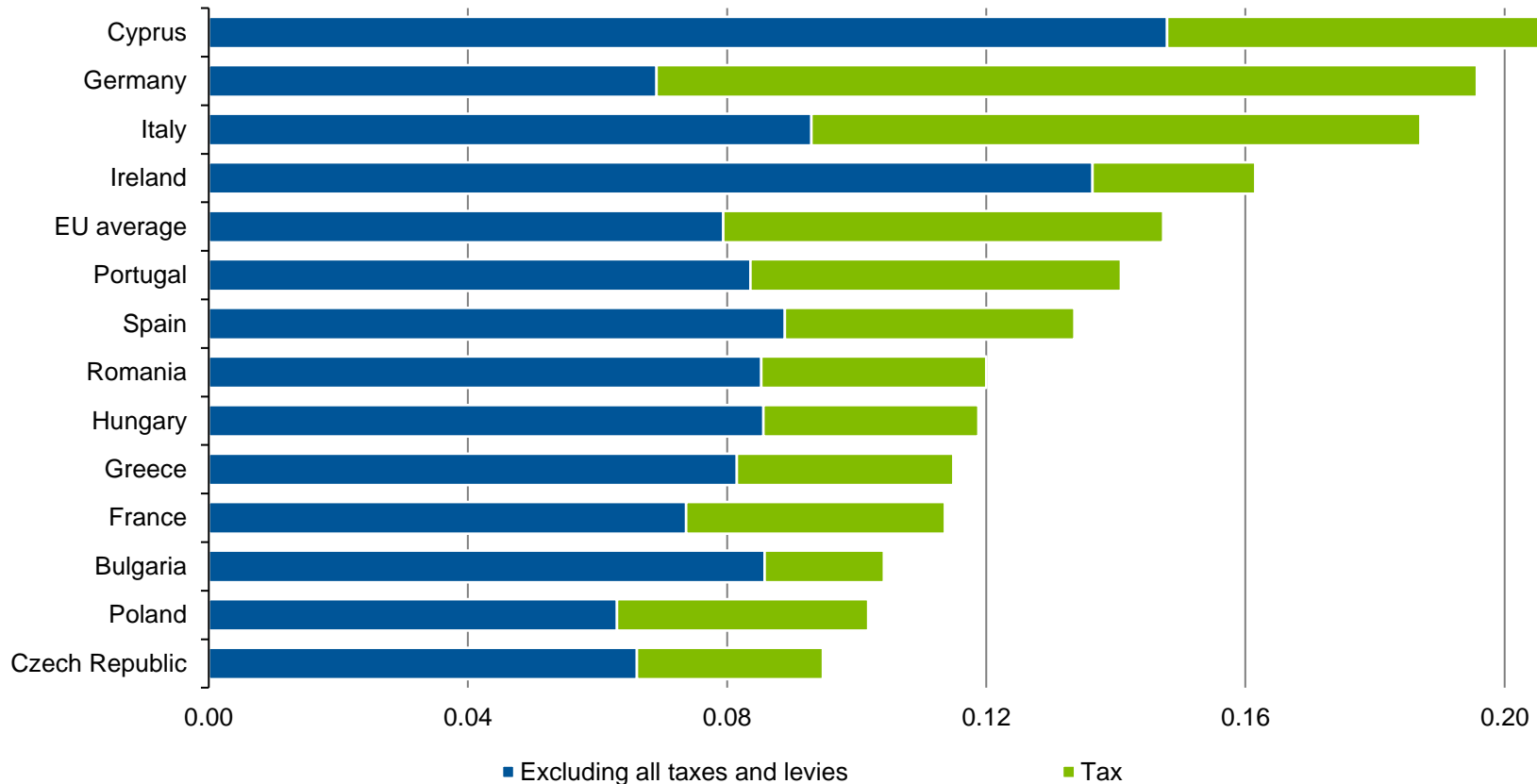
Household end-consumer electricity prices in the EU (H2 2019, EUR/kWh)



Source: Eurostat.

Electricity prices (II)

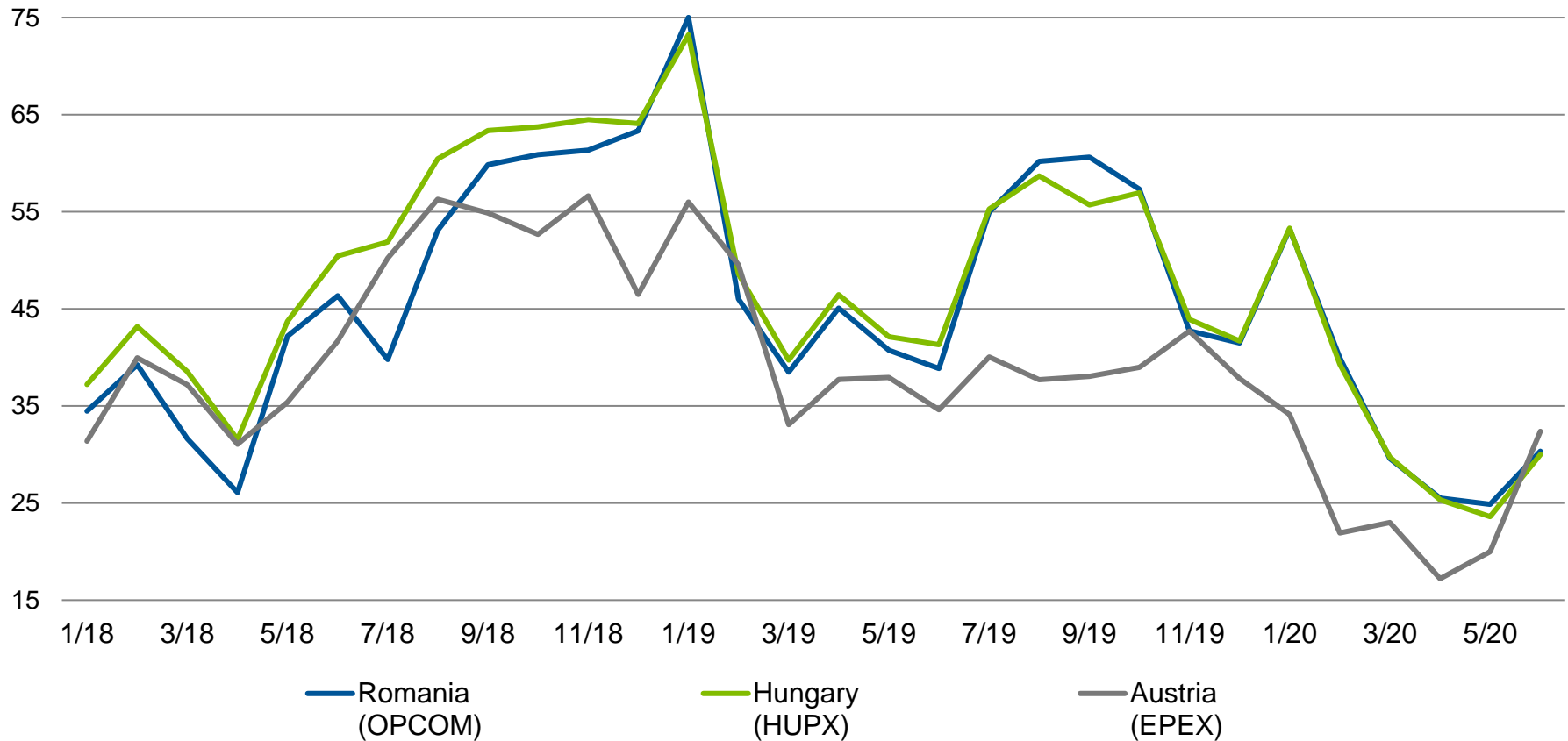
Industrial electricity prices in the EU (H2 2019, EUR/kWh)



Source: Eurostat.

Electricity prices

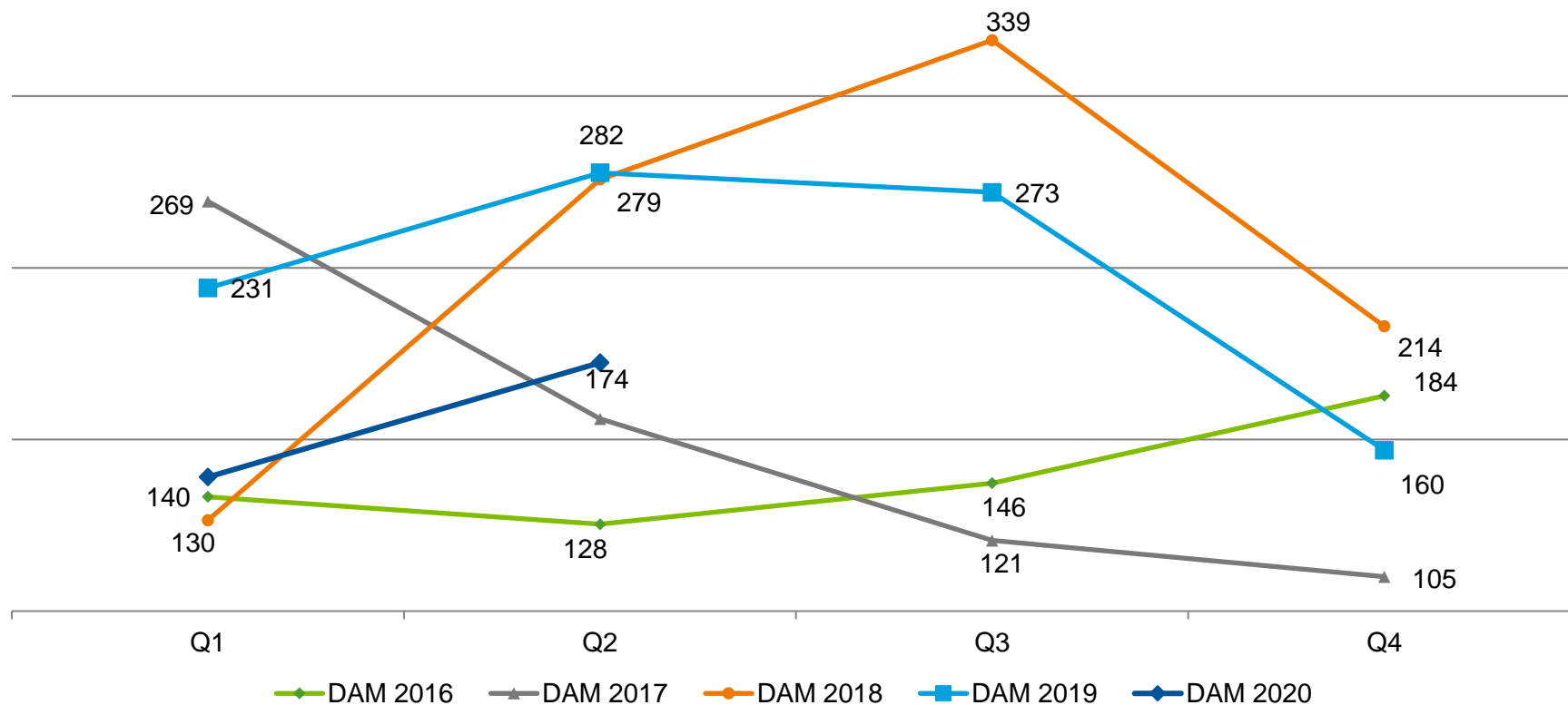
Average Wholesale Electricity Prices (EUR/MWh)



Source: Bloomberg.

Electricity prices (IV)

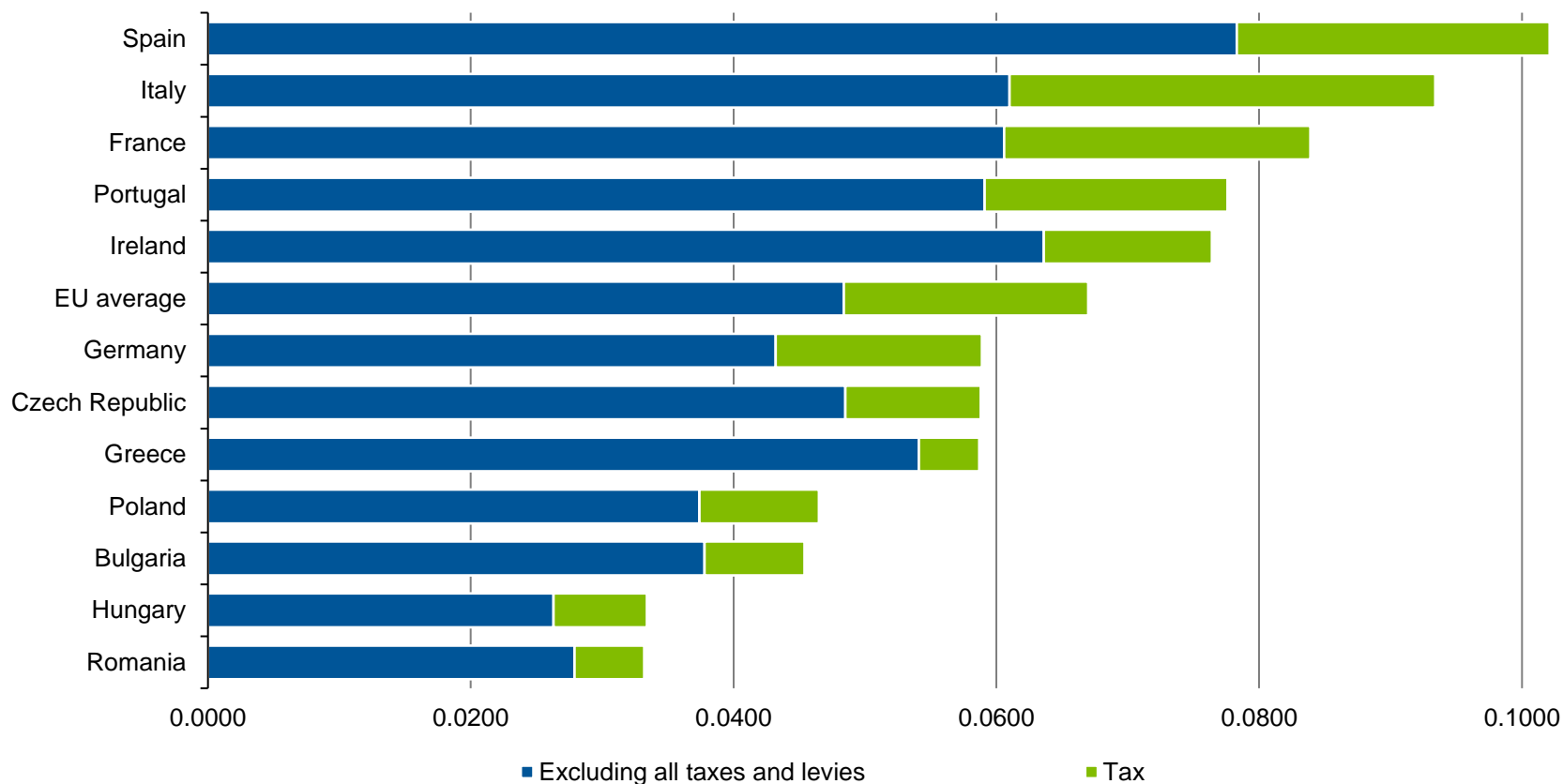
Day Ahead Market Prices 2016 – 2020 (RON/MWh)



Source: Hidroelectrica, Bloomberg starting 2017.

Gas prices (I)

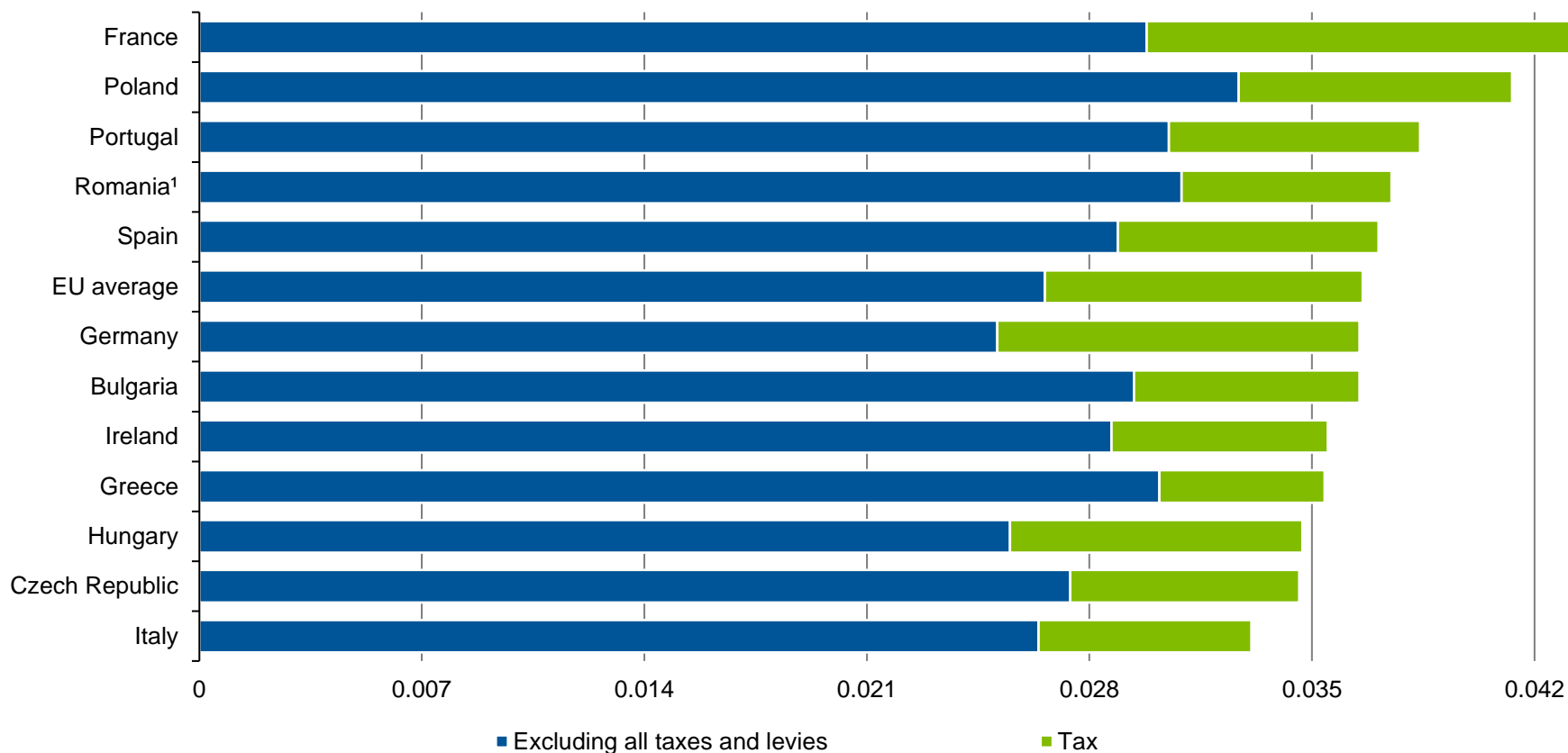
Household end-consumer gas prices in the EU (H2 2019, EUR/kWh)



Source: Eurostat.

Gas prices (II)

Industrial gas prices in the EU (H2 2019, EUR/kWh)

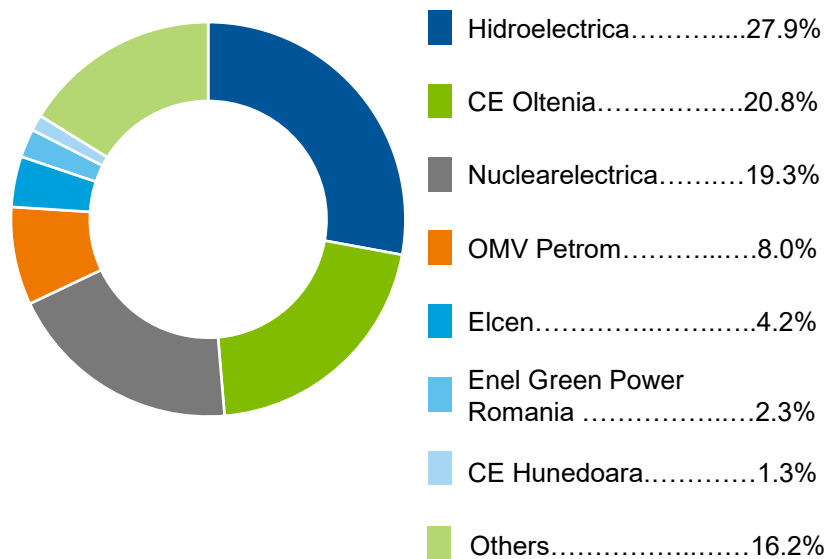


Source: Eurostat.

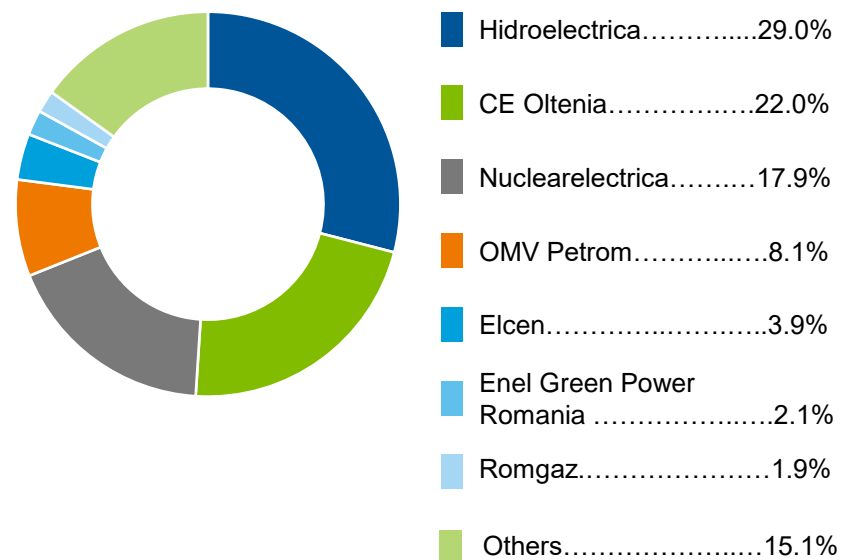
1. Estimated.

Energy market – Structure of deliveries

2019



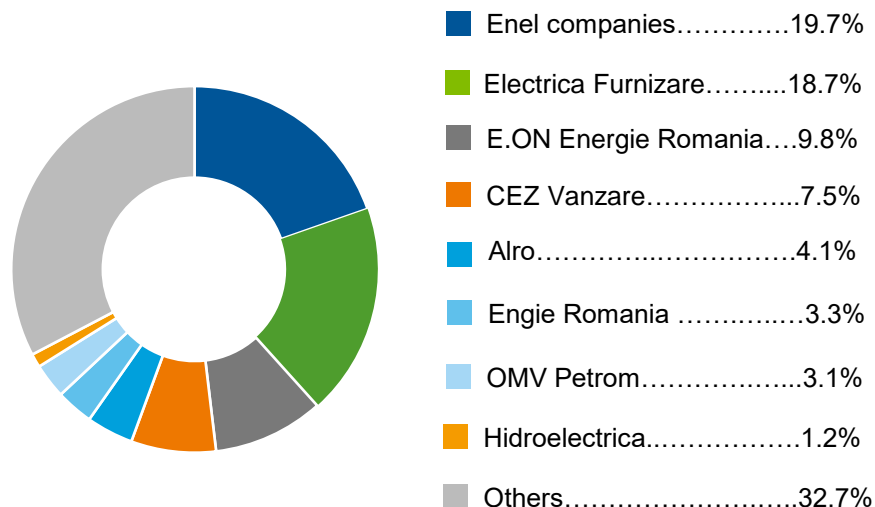
2018



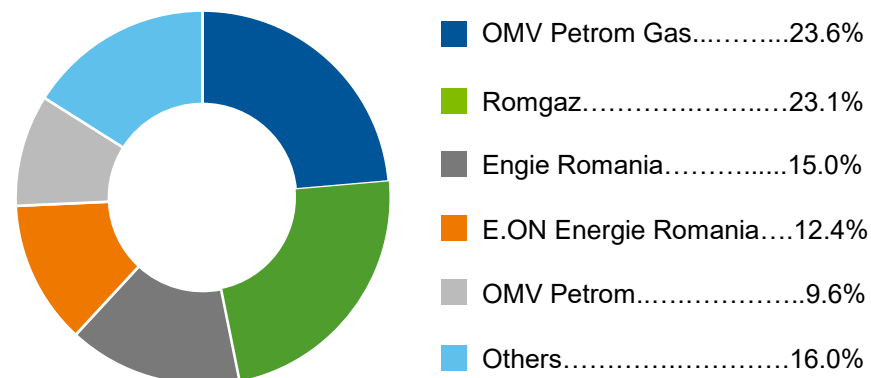
Source: ANRE reports.

Power and gas distribution companies

Power delivered volumes to final consumers in 2019



Gas delivered volumes on the free market in 2018



Source: ANRE monthly and annual reports.

Appendix V – Romania Macroeconomic Update



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Romania – Macroeconomic data



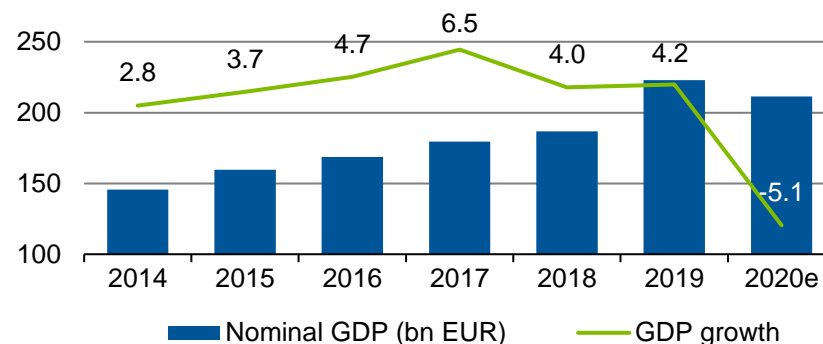
Romania within the European Union

	Rank within the EU	Rank within New EU Member Countries ¹
Size: 238,391 km	9	2 (Following Poland)
Population: 19,530,631 (2018)	7	2 (Following Poland)
<ul style="list-style-type: none"> Urban: 40.2% Rural: 59.8% 		
GDP ² : EUR bn 203 (2018)	16	3 (Following Poland & Czech Republic)
GDP per capita ² : EUR 10,400 (2018)	28	11
Current S&P rating:		BBB-

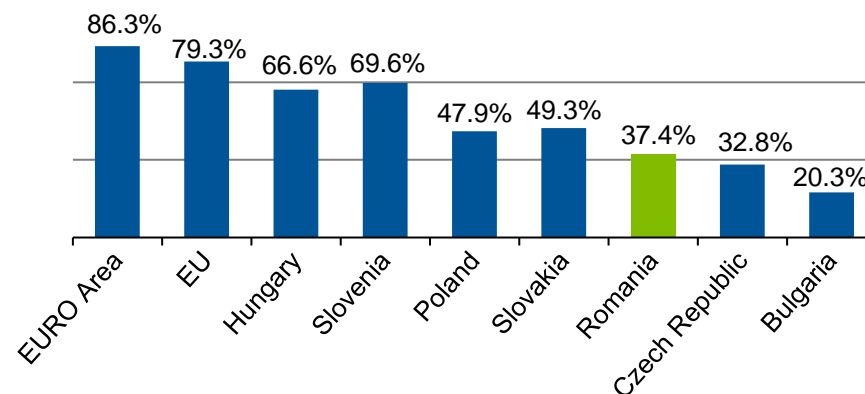
1. 2004 and 2007 accession waves.
2. Source: Eurostat. Note: Provisional data.
3. Source: Bloomberg. Note: 2020 estimate by IMF.



GDP Growth(%)³



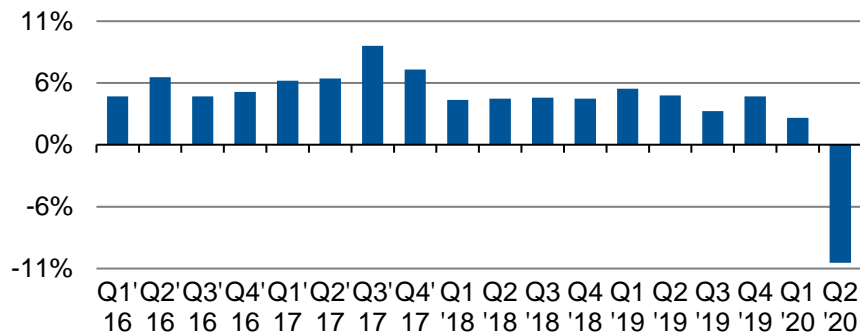
Public Debt: Q1 2020 (% of GDP)³



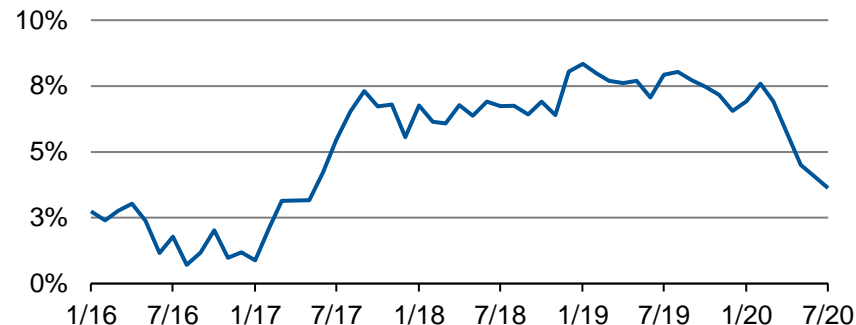
Romania – Macro indicators (I)



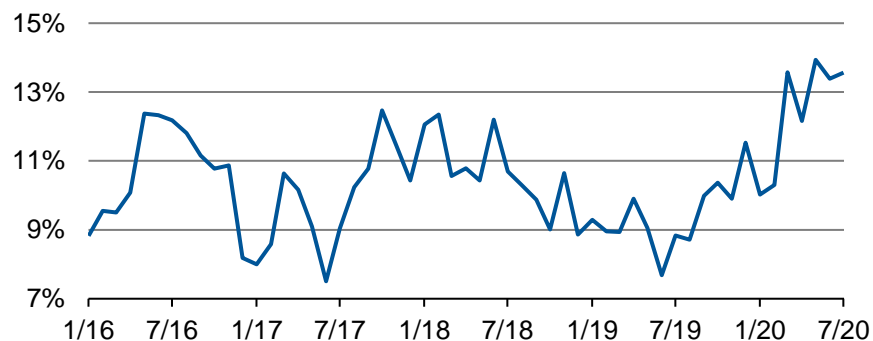
Quarterly GDP Growth (yoy)¹



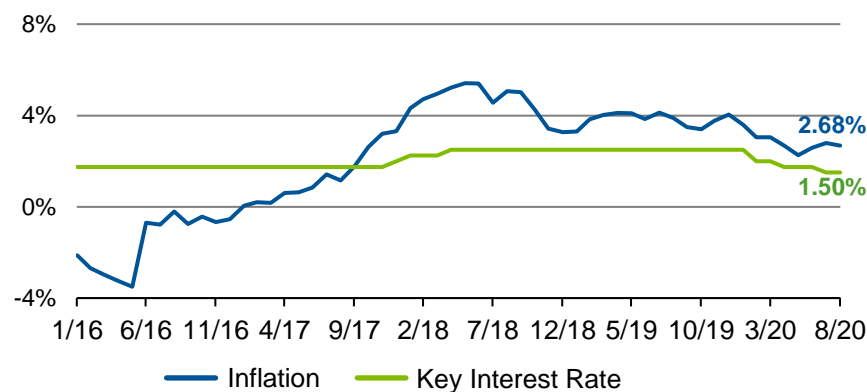
Loans Growth (%)²



Deposits Growth (%)²



Inflation vs. Key Interest Rate (%)³



1. Source: Bloomberg.

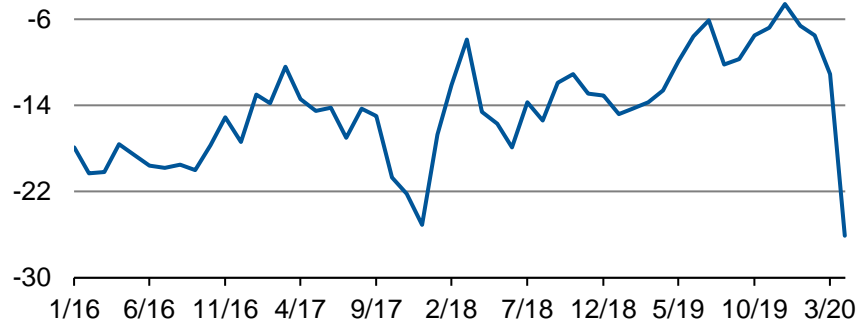
2. Source: Wood & Co, as at July 2020.

3. Source: National Bank of Romania. Inflation as at 31 August 2020. Key interest rate as at 30 September 2020.

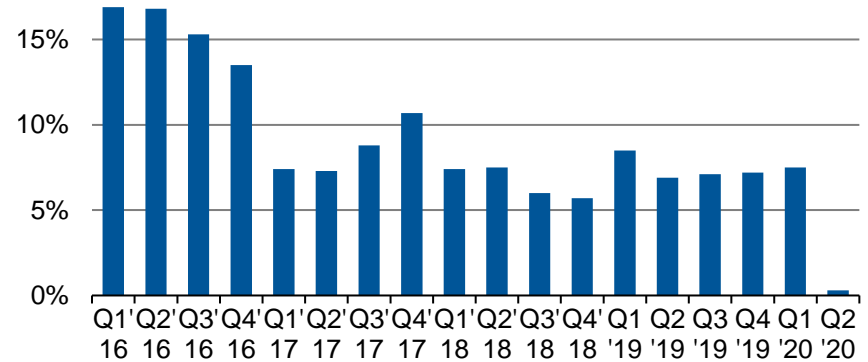
Romania – Macro indicators (II)



Confidence Indicator¹



Retail Sales Index²



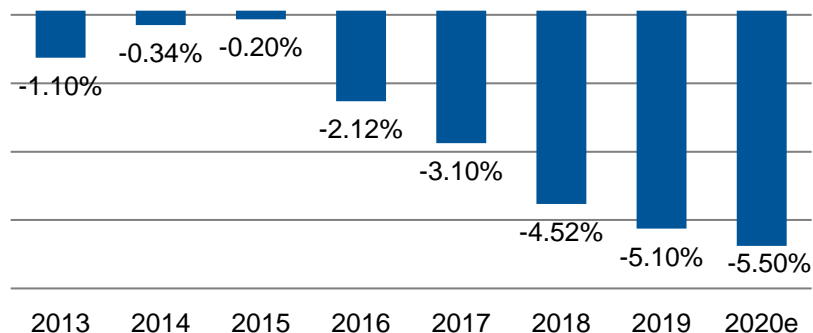
1. Source: Bloomberg, as at 30 April 2020.

2. Source: National Institute of Statistics.

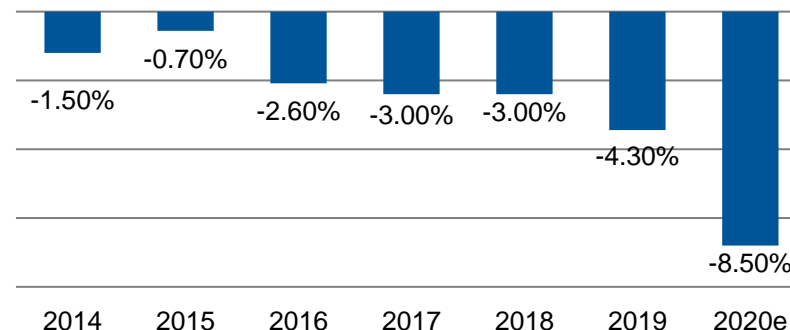
Romania – Solid fundamentals (I)



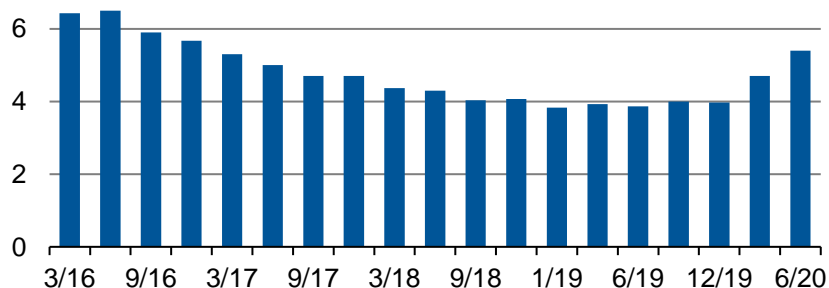
Current Account Deficit (%GDP)¹



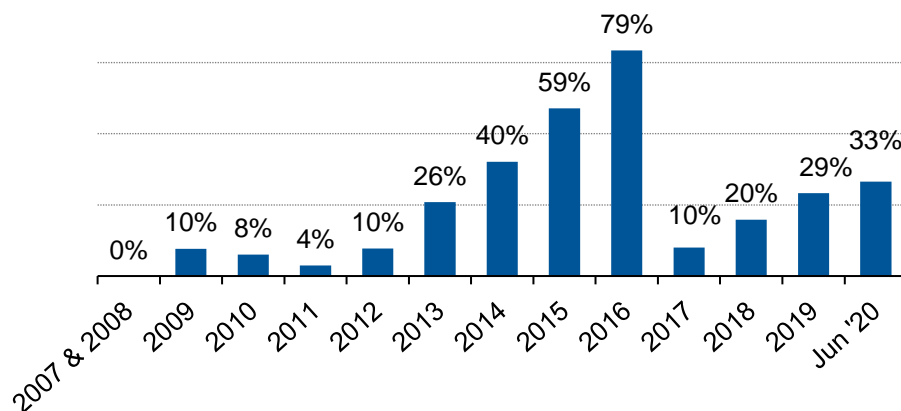
Budget Deficit (%GDP)¹



Quarterly Unemployment (%)¹



EU Funds – Effective Absorption Rates²



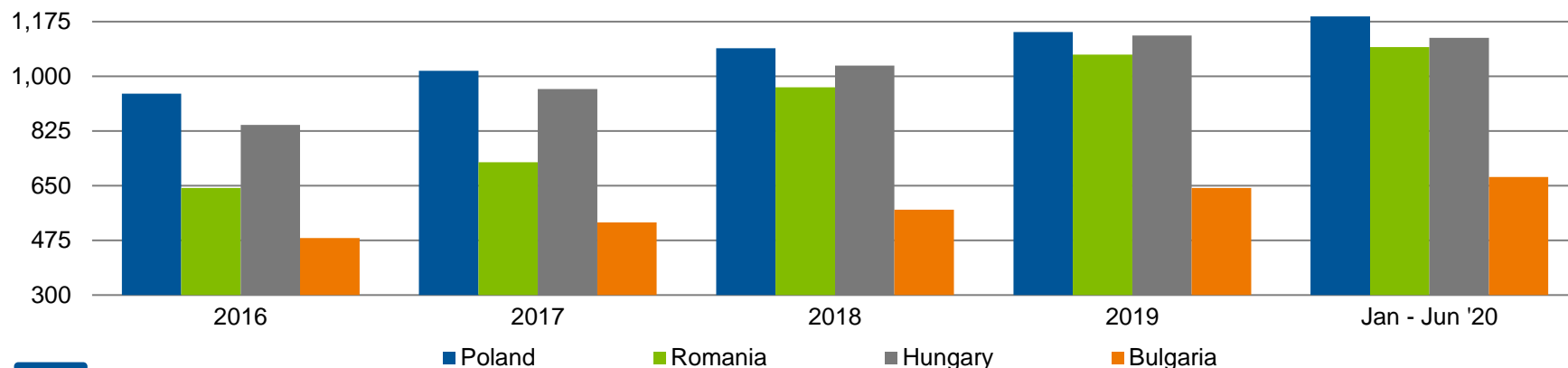
1. Source: Bloomberg. Note: 2020 estimate by IMF.

2. Note: For the 2007 – 2013 programme. Source: Ministry of European Funds, WOOD & Co.

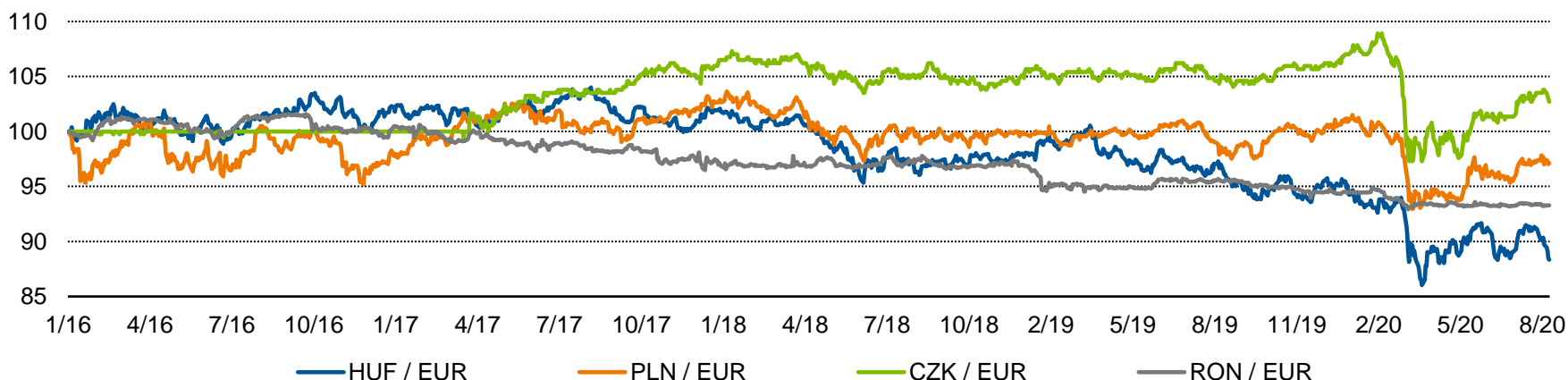
Romania – Solid fundamentals (II)



Average monthly gross wages (EUR)¹



Exchange Rates²



1. Source: WOOD & Company. Note: In Romania, the employer's contribution shifted to employees in 2018. For Hungary, 2020 average until May.

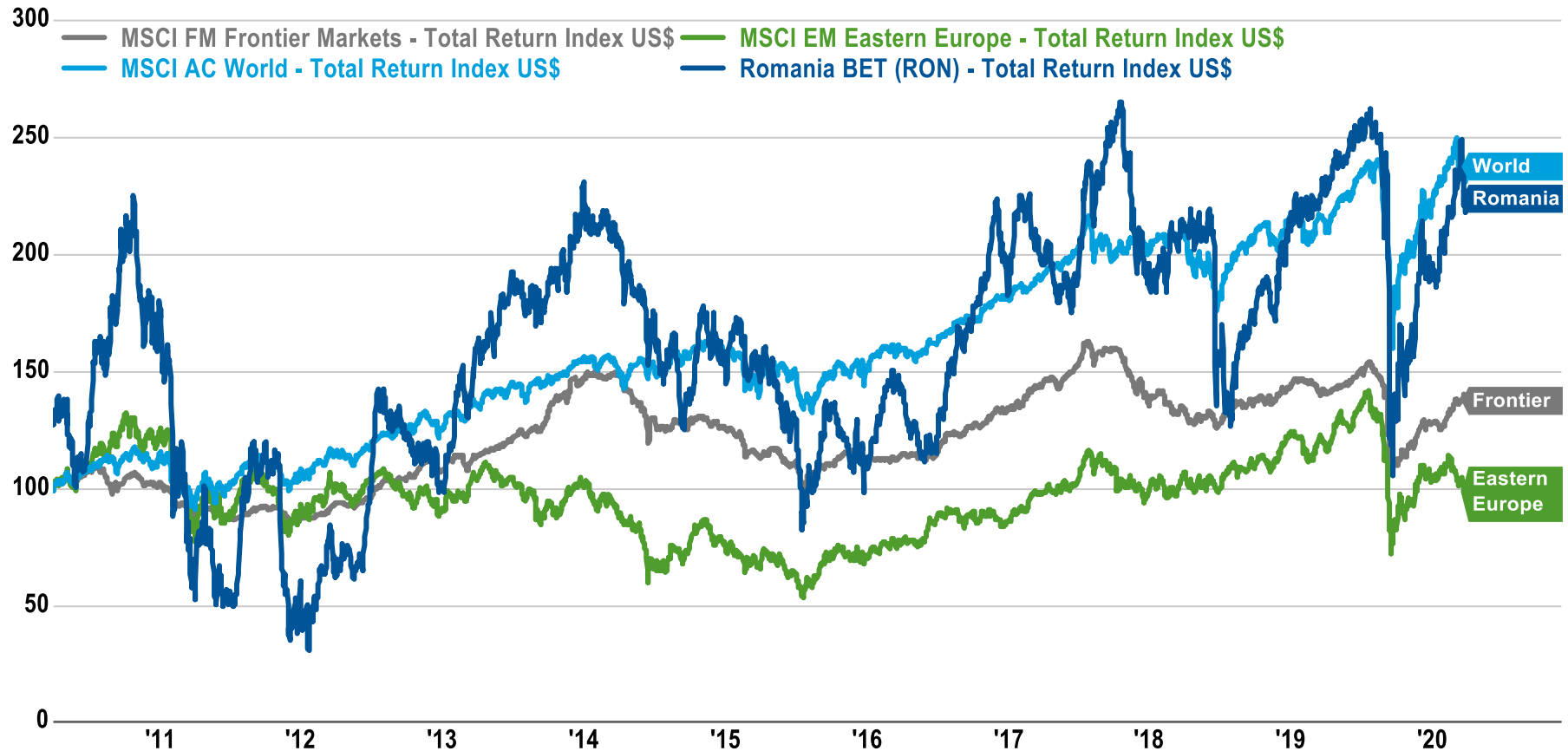
2. Source: Bloomberg.

Appendix VI – Romanian Market



Romania Vs MSCI Eastern Europe Vs Frontier Markets Vs World: 10-Year Performance

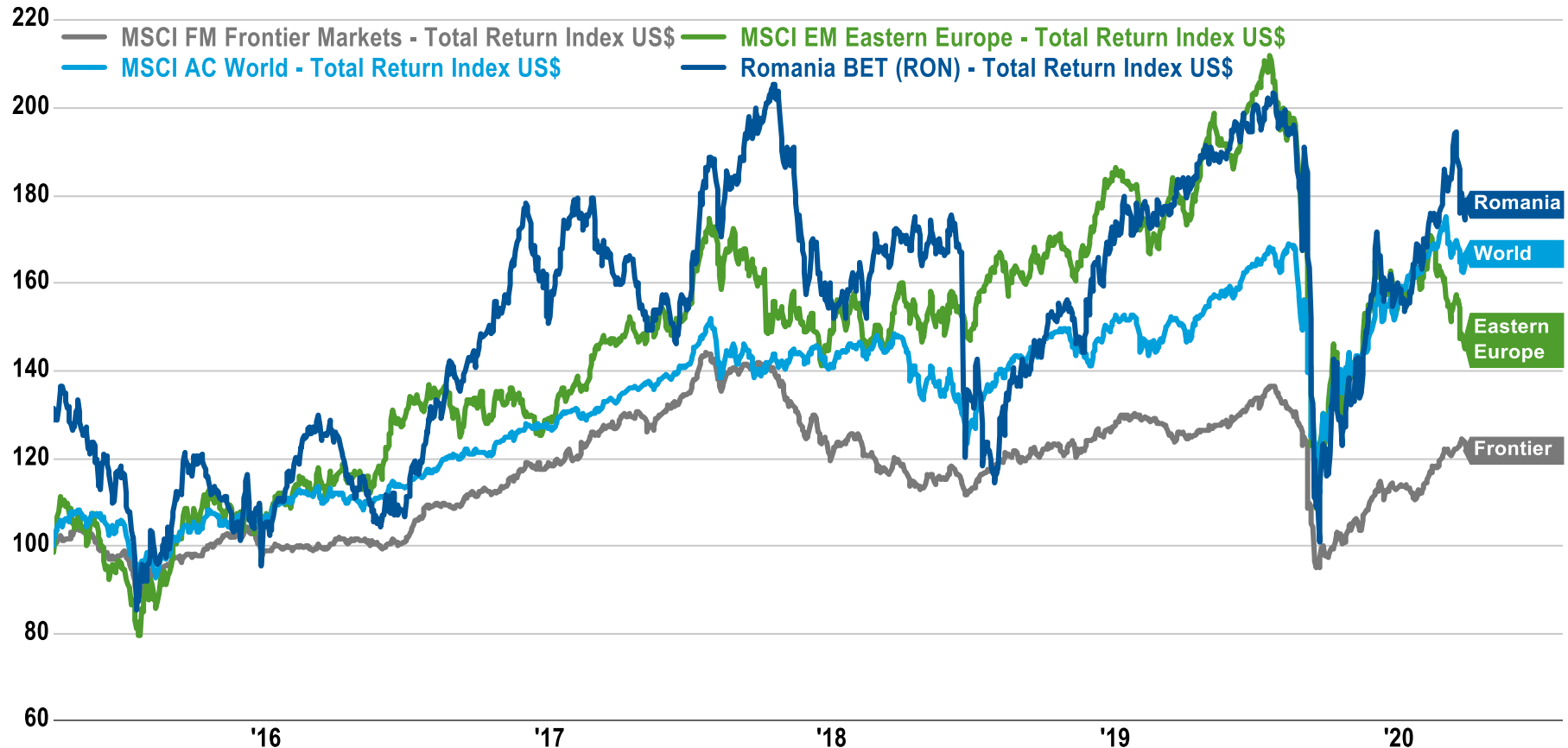
10/01/2010 - 10/01/2020



Source : ©FactSet Research Systems, MSCI, Last Updated: 10/01/2020

Romania Vs MSCI Eastern Europe Vs Frontier Markets Vs World: 5-Year Performance

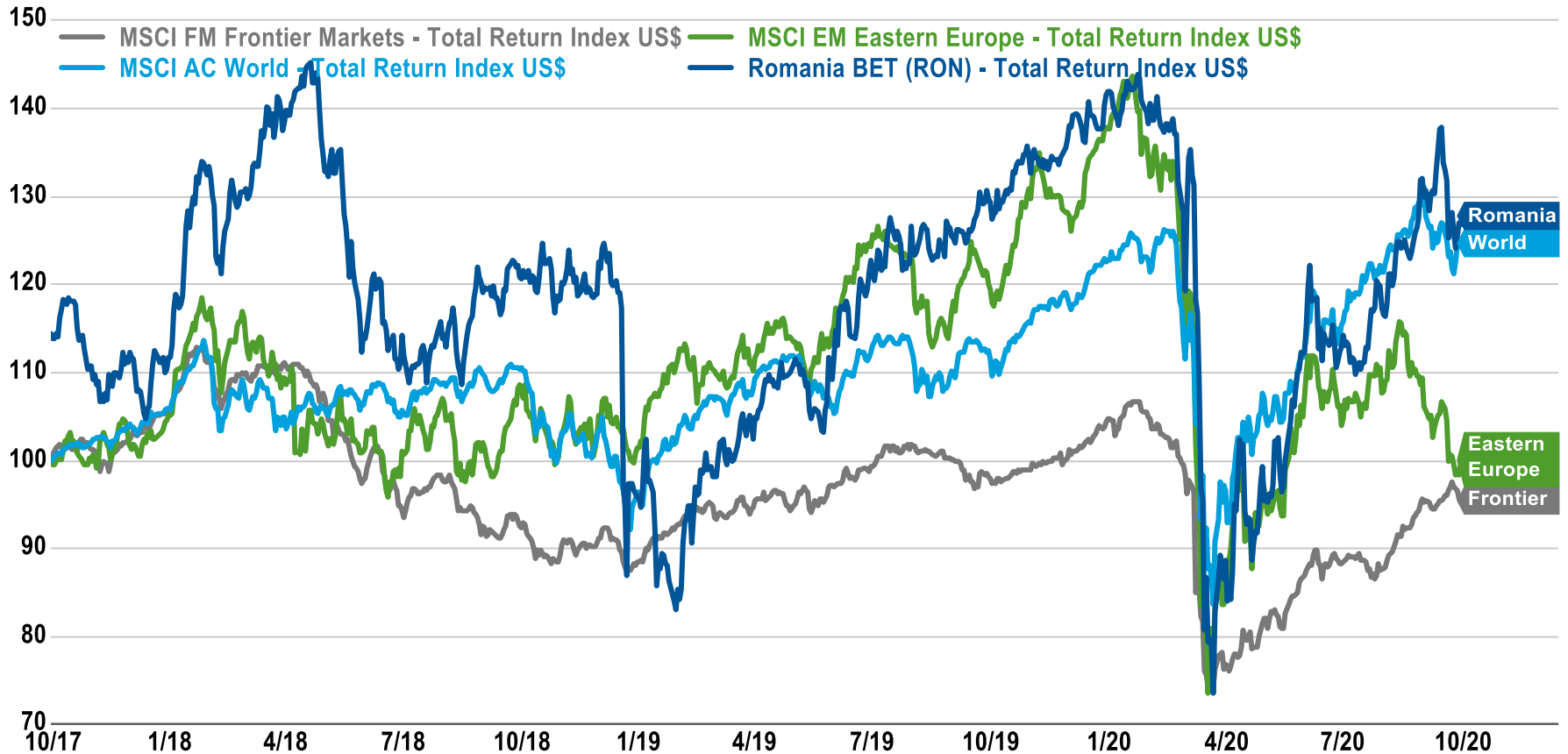
10/01/2015 - 10/01/2020



Source : ©FactSet Research Systems, MSCI, Last Updated: 10/01/2020

Romania Vs MSCI Eastern Europe Vs Frontier Markets Vs World: 3-Year Performance

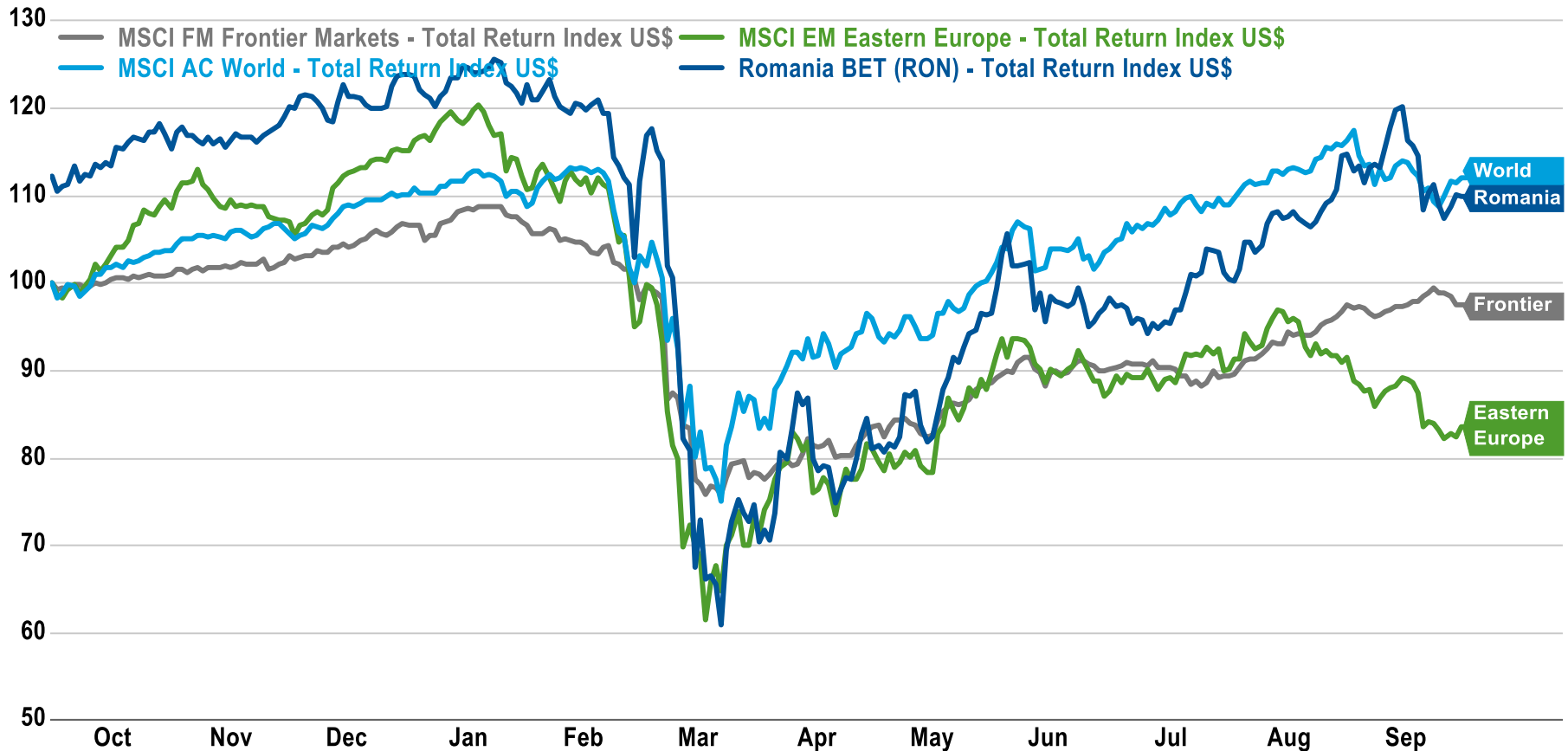
09/29/2017 - 10/01/2020



Source : ©FactSet Research Systems, MSCI, Last Updated: 10/01/2020

Romania Vs MSCI Eastern Europe Vs Frontier Markets Vs World: 1-Year Performance

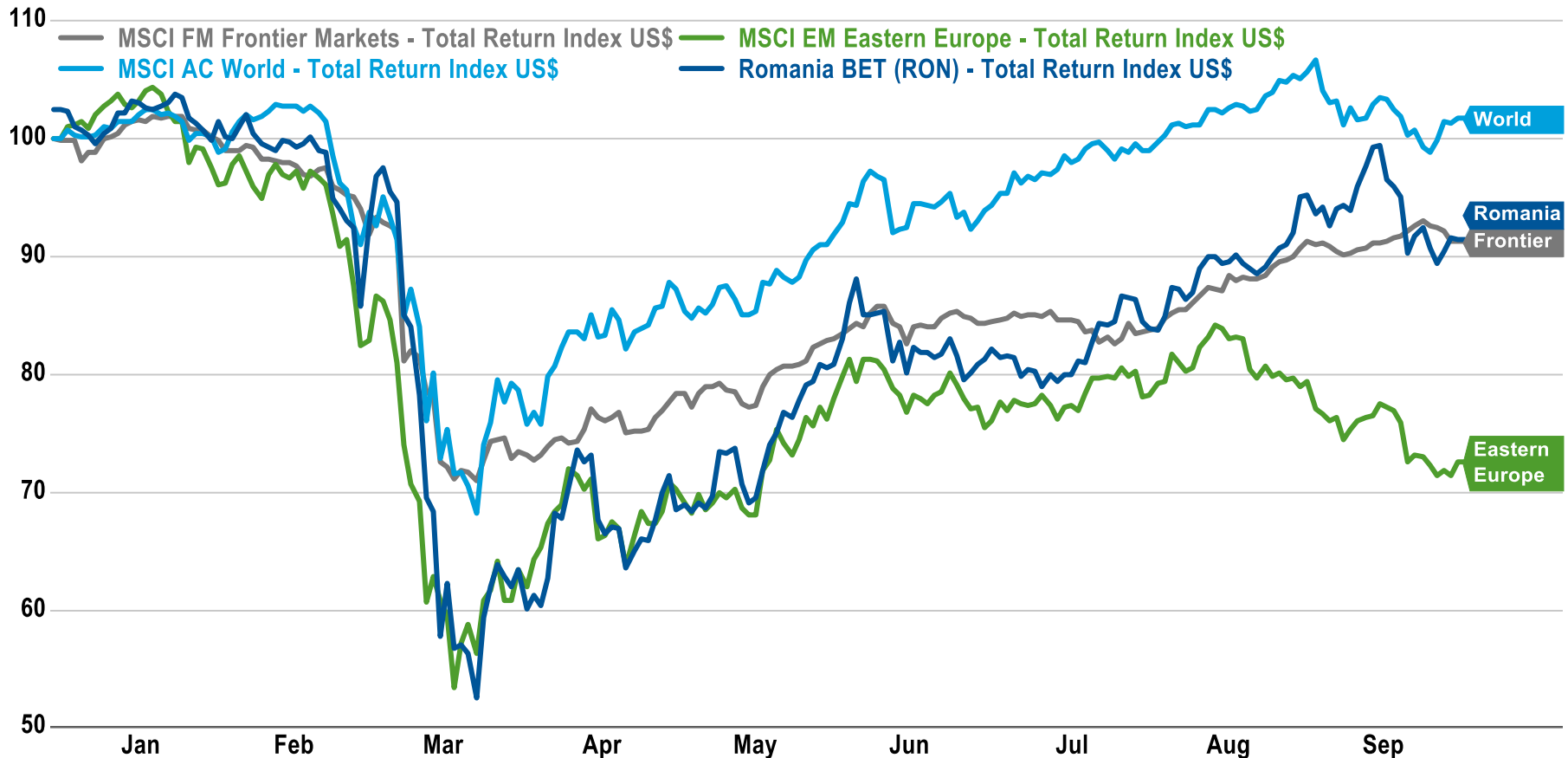
10/01/2019 - 10/01/2020



Source : ©FactSet Research Systems, MSCI, Last Updated: 10/01/2020

Romania Vs MSCI Eastern Europe Vs Frontier Markets Vs World: YTD Performance

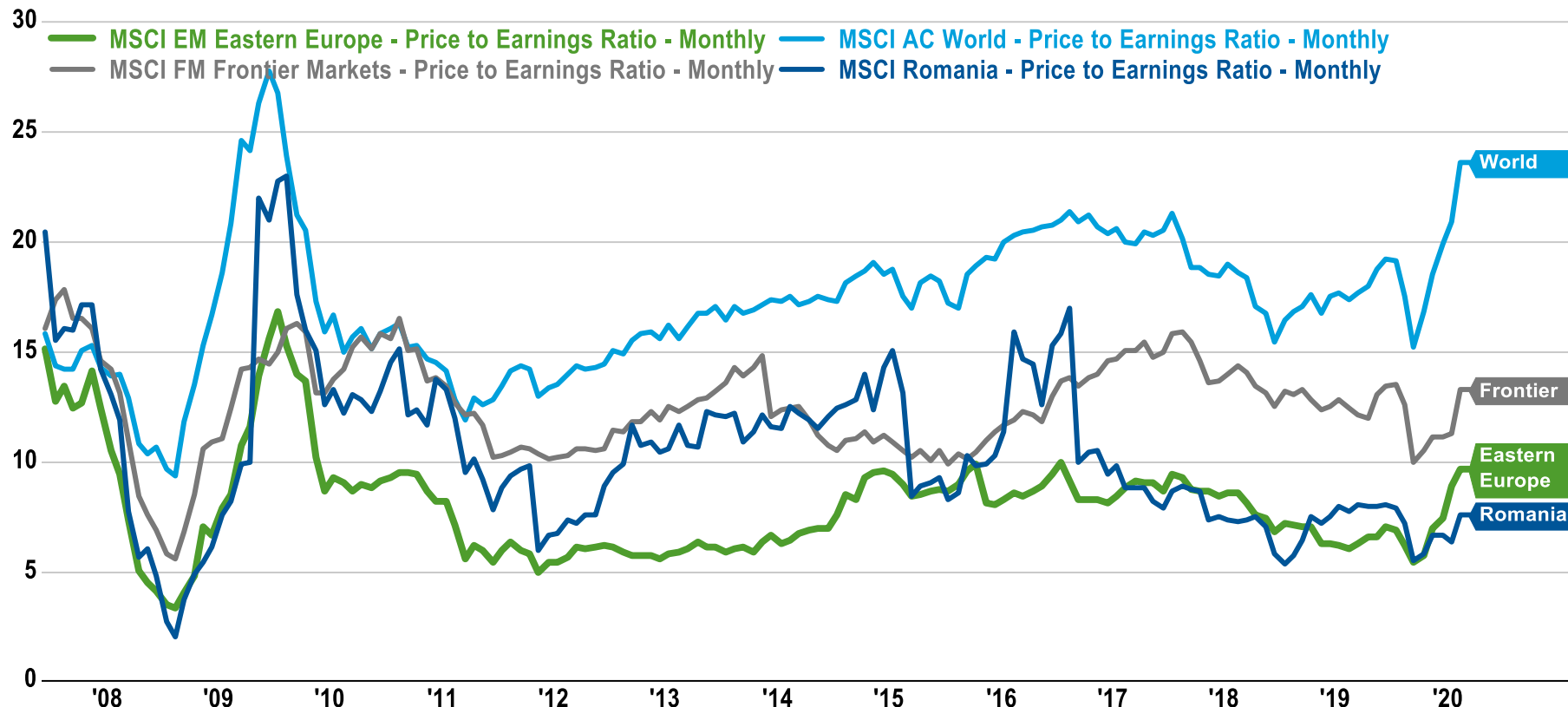
12/31/2019 - 10/01/2020



Source : ©FactSet Research Systems, MSCI, Last Updated: 10/01/2020

Romania Vs MSCI Eastern Europe Vs Frontier Markets Vs World: P/E

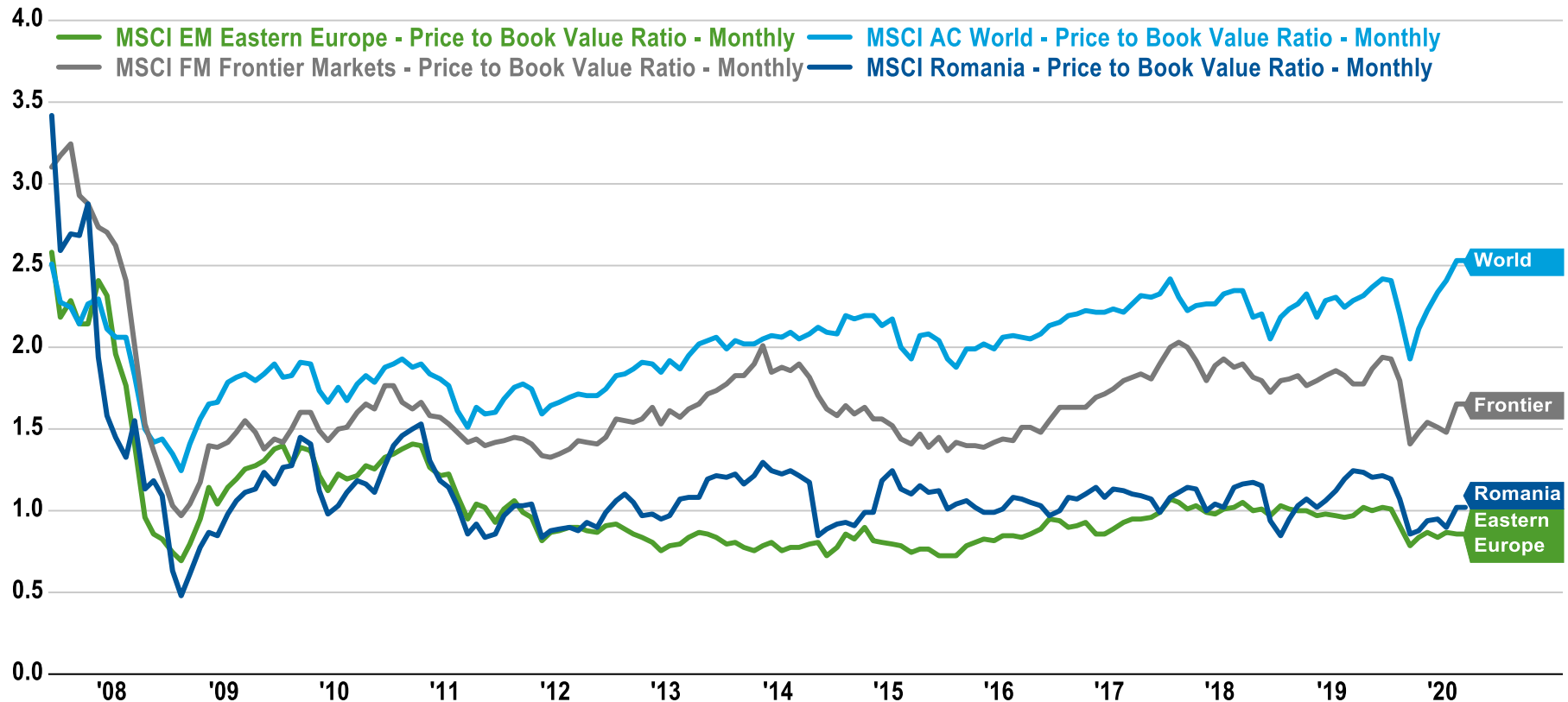
12/31/2007 - 09/30/2020



Source : ©FactSet Research Systems, MSCI, Last Updated: 09/30/2020

Romania Vs MSCI Eastern Europe Vs Frontier Markets Vs World: P/BV

12/31/2007 - 09/30/2020



Source : ©FactSet Research Systems, MSCI, Last Updated: 09/30/2020

Appendix VII – Fund Research Coverage



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Research coverage

Broker	Analyst	Email
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WOOD & Co	Stefan Lungu	stefan.lungu@wood.com
Concorde Securities Ltd.	Gellert Gaal	G.Gaal@con.hu
Renaissance Capital	Metin Esendal	MEsendal@rencap.com
Intercapital Invest	Ronnie Khreis	office@intercapital.ro
Swiss Capital	Daniela Mandru	daniela.mandru@swisscapital.ro
Value Investment Principals	Sandy Mehta Vijay Lohia	sandy@vipglobalresearch.com vijay@vipglobalresearch.com

Note: To our knowledge the following analysts followed the development of Fondul Proprietatea on their own initiative. The list may be incomplete.

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Disclaimer (II)

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The Fund's headquarters are located at 78-80 Buzesti Street, 7th Floor, Bucharest, 1st District, 011017, Romania. Fund's Fiscal Identification Code is 18253260 and Trade Registry registration number is J40/21901/2005. The subscribed share capital is RON 3,749,282,292.08 and paid up share capital is RON 3,560,099,870.08.

Starting with 1 April 2016, in view of complying with the AIFMD, implemented in the Romanian legislation through Law no. 74/2015 on managers of alternative investment funds and Regulation no. 10/2015 on alternative investment fund management, Fondul Proprietatea SA, qualifying as an alternative investment fund, is managed by Franklin Templeton Investment Services S.À R.L. ("FTIS a société à responsabilité limitée qualifying as an alternative investment fund manager under article 5 of the Luxembourg law of 12 July 2013 on alternative investment fund managers, authorized by the Commission de Surveillance du Secteur Financier under no. A00000154/21 November 2013, whose registered office is located at 8a, rue Albert Borschette, L-1246 Luxembourg, registered with the Luxembourg register of commerce and companies under number B36.979, registered with the Romanian Financial Supervisory Authority under number PJM07.1AFIASMDLUX0037/10 March 2016.

This presentation herein is issued by Franklin Templeton Investment Management Limited ("FTIML"), registered with the FSA under no. PJM01SFIM/400005/14 September 2009, which is authorized and regulated in the UK by the Financial Conduct Authority, registered therein under the number 121779, registered as a foreign equivalent of an investment adviser with the US Securities Exchange Commission, acting through its Romanian branch having its registered office at Premium Point, 78-80 Buzesti Str., 7-8th floors, 1st. District, Bucharest, Romania.

FTIML acts herein as a delegate of FTIS with respect to the portfolio management functions as well as administration services over the Fund.

Fondul Proprietatea
Premium Point
Buzesti Street 78-80, 1st District
Bucharest 011017
www.fondulproprietatea.ro



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