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Fondul Proprietatea SA

Quarterly Report

For the Quarter Ended 30 September 2021

(This is a translation from the official Romanian version)

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Annexes

- Annex 1 Condensed Interim Financial Statements for the nine-month period ended 30 September 2021, prepared in accordance with IAS 34 Interim Financial Reporting and applying the FSA Norm no. 39/ 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated and supervised by the FSA – Financial Investments and Instruments Sector
- Annex 2 Statement of Assets and Obligations of Fondul Proprietatea SA as at 30 September 2021, prepared in accordance with CNVM Regulation 4/2010 (Annex no. 4)

List of Abbreviations

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
ANAR	National Administration of Romanian Waters
ANRE	Romanian Energy Regulatory Authority
ATS	Alternative Trading System
BRM	Romanian Commodities Exchange
BVB	Bucharest Stock Exchange
CIVM	Certification of registration of securities
CNVM	National Securities Commission (currently FSA)
Companies' Law	Law 31/1990 regarding companies, with subsequent amendments
Depozitarul Central SA	Romanian Central Depository
EGSM	Extraordinary General Meeting of Shareholders
ESEF	European single electronic format
ESG	Environmental, Social and Governance
EU	European Union
Fondul Proprietatea/ the Fund/ FP	Fondul Proprietatea SA
FSA	Romanian Financial Supervisory Authority
FTIS/ Alternative Investment Fund Manager/ Sole Director	Franklin Templeton International Services S.à r.l.
GDP	Gross Domestic Product
GDR	Global Depository 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 118/2021	GEO 118/20211 for establishing the compensation scheme for consumption of electricity and natural gas for the cold season 2021-2022
GEO 1/2020	GEO 1/ 9 January 2020 regarding some fiscal-budgetary measures and the amendment and completion of some normative acts
GEO 70/2020	GEO 70/ 14 May 2020 on the regulation of certain measures, starting with 15 May 2020, in the context of the epidemiological situation caused by the spread of SARS-CoV-2 coronavirus
GEO 84/2021	GEO 84/ 5 August 2021 which brought modifications to GEO 70/2020
GSM	General Shareholders Meeting
IFRS	International Financial Reporting Standards as endorsed by the European Union
IPS	Investment Policy Statement
LSE	London Stock Exchange
NAV	Net Asset Value
PRIIPs	Packaged retail and insurance-based investment products
OGSM	Ordinary General Meeting of Shareholders
REGS	Main market (Regular) of Bucharest Stock Exchange
RRR	Regulatory Rate of Return

Overview

Company Information

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

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

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

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

Share information

Primary listing	Bucharest Stock Exchange – since 25 January 2011
Secondary listing	London Stock Exchange – since 29 April 2015
BVB symbol	FP
LSE symbol	FP.
Bloomberg ticker on BVB	FP RO
Bloomberg ticker on LSE	FP/ LI
Reuters ticker on BVB	FP.BX
Reuters ticker on LSE	FPq.L
ISIN	ROFPTAACNOR5
FSA register no	PJR09SIIR/400006/18.08.2010
LEI code	549300PVO1VWBFH3DO07
CIVM registration no	AC-4522-7/3.11.2021

Source: Fondul Proprietatea

Shareholder Information

Shareholder Structure as at 30 September 2021¹

Shareholder categories	% of subscribed share capital	% of paid-in share capital	% of voting rights ²
Romanian institutional shareholders	32.74	34.48	40.06
Romanian private individuals	17.57	18.51	21.50
The Bank of New York Mellon (GDRs) ³	15.61	16.44	19.07
Foreign institutional shareholders	12.87	13.55	15.74
Foreign private individuals	2.88	3.03	3.52
Romanian State represented by Ministry of Public Finance	5.14	0.10	0.11
Treasury shares ⁴	13.19	13.89	-

Source: Depozitarul Central SA

As at 30 September 2021 the Fund had 10,052 shareholders and the total number of voting rights was 5,893,890,599.

¹ Information provided based on settlement date of transactions

² The unpaid shares of the Romanian State, represented by the Ministry of Public Finance, and the treasury shares held by FP were not taken into consideration at the calculation of the total number of voting rights

³ Fondul Proprietatea held 25,951 GDRs (equivalent to 1,297,550 shares) as at 30 September 2021

⁴ 951,157,755 treasury shares out of which 797,961,287 treasury shares acquired in the eleventh buyback program and 153,196,468 treasury shares acquired in the twelfth buyback program (based on Depozitarul Central SA). Please see subsequent events section for updated information.

Largest Shareholders

Shareholder	Latest ownership disclosure	% of voting rights
NN Group	6 March 2020	10.01%
Silver Point Capital Funds	4 May 2021	5.07%
Allianz-Tiriatic private pension funds	1 July 2019	5.05%

Source: ownership disclosures submitted by shareholders

Share Capital Information

Share capital information	30 September 2021	30 September 2020	31 December 2020
Issued share capital (RON)	3,749,282,292.08	3,749,282,292.08	3,749,282,292.08
Paid in share capital (RON)	3,560,099,870.08	3,560,099,870.08	3,560,099,870.08
Number of shares in issue	7,210,158,254	7,210,158,254	7,210,158,254
Number of paid shares	6,846,345,904	6,846,345,904	6,846,345,904
Nominal value per share (RON)	0.52	0.52	0.52

Source: Fondul Proprietatea

Note: Please see *Subsequent events* section for updated information.

Summary of Financial Results

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

NAV* and share price developments**	Notes	Q1 2021	Q2 2021	Q3 2021	Q3 2020
Total shareholders' equity at the end of the period (RON million)		10,850.8	11,428.7	12,264.3	9,909.2
Total shareholders' equity change in period (%)		+5.7%	+5.3%	+7.3%	-2.3%
Total NAV at the end of the period (RON million)	a	10,850.8	11,428.7	12,264.3	9,909.1
Total NAV change in period (%)		+5.7%	+5.3%	+7.3%	-2.3%
NAV per share at the end of the period (RON)	a	1.8166	1.9309	2.0812	1.5881
NAV per share at the end of the period (USD)	a	0.4329	0.4661	0.4879	0.3816
NAV per share change in the period (%)		+7.0%	+6.3%	+7.8%	+1.7%
NAV per share total return in the period (%)	g	+7.0%	+10.7%	+11.9%	+1.7%
Share price as at the end of the period (RON)	b	1.7450	1.8500	1.8100	1.2950
Share price low in the period (RON)	b	1.4400	1.6700	1.7340	1.1450
Share price high in the period (RON)	b	1.7450	1.8600	1.8780	1.3300
Share price change in the period (%)		+20.3%	+6.0%	-2.2%	+2.8%
Share price total return in the period (%)	h	+20.3%	+10.4%	+1.7%	+2.8%
Share price (discount) to NAV as at the end of the period (%)	d	-3.9%	-4.2%	-13.0%	-18.5%
Average share price (discount) / premium in the period (%)	d	-7.1%	-1.2%	-3.1%	-20.7%
Average daily share turnover in the period (RON million)	c, j	3.9	4.8	2.4	7.2
GDR price as at the end of the period (USD)	e	20.4000	22.6000	20.8000	15.5000
GDR price low in the period (USD)	e	17.4000	20.2000	20.6000	13.6000
GDR price high in the period (USD)	e	20.4000	22.6000	22.6000	15.8000
GDR price change in the period (%)		+19.3%	+10.8%	-8.0%	+7.6%
GDR price total return in the period (%)	i	+19.3%	+15.0%	-4.7%	+7.6%
GDR price discount to NAV as at the end of the period (%)	d	-5.8%	-3.0%	-14.7%	-18.8%
Average GDR price (discount) / premium in the period (%)	d	-9.5%	-2.2%	-4.6%	-20.6%
Average daily GDR turnover in the period (USD million)	f, k	0.7	1.8	0.3	0.8

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

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

** Period should be read as Q1 2021, Q2 2021, Q3 2021, and Q3 2020 respectively

Notes:

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

The table below presents the unaudited results of the Fund in accordance with IFRS for the nine months ended 30 September 2021:

RON million	30 September 2021	30 September 2020
Profit for the quarter ended	1,296.7	122.2
Profit / (Loss) for the nine months ended	3,097.7	(726.4)

Source: Fondul Proprietatea

The main contributor to the profit in the first nine months of 2021 was the net unrealised gain from equity investments at fair value through profit or loss amounting to RON 2,620.3 million, generated by OMV Petrom SA as a result of the positive evolution of this company's share price during the first nine months of 2021 (increase of RON 370.6 million, share price increase of 25.7%) and by the increase in the value of unlisted holdings in the portfolio following the valuation update process (mainly due to Hidroelectrica SA, that registered an increase in valuation of RON 2,104.6 million).

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

Contact Details

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¹On 24 August the Fund received from the FSA an official notice by which they approve the modification of the Fund's registered office address from number 78-80 Buzesti Street, 7th floor, District 1, Bucharest to number 76-80 Buzesti Street, 7th floor, District 1, Bucharest.

Analysis of the Fund's Activity

Regulated Stock Market Trading

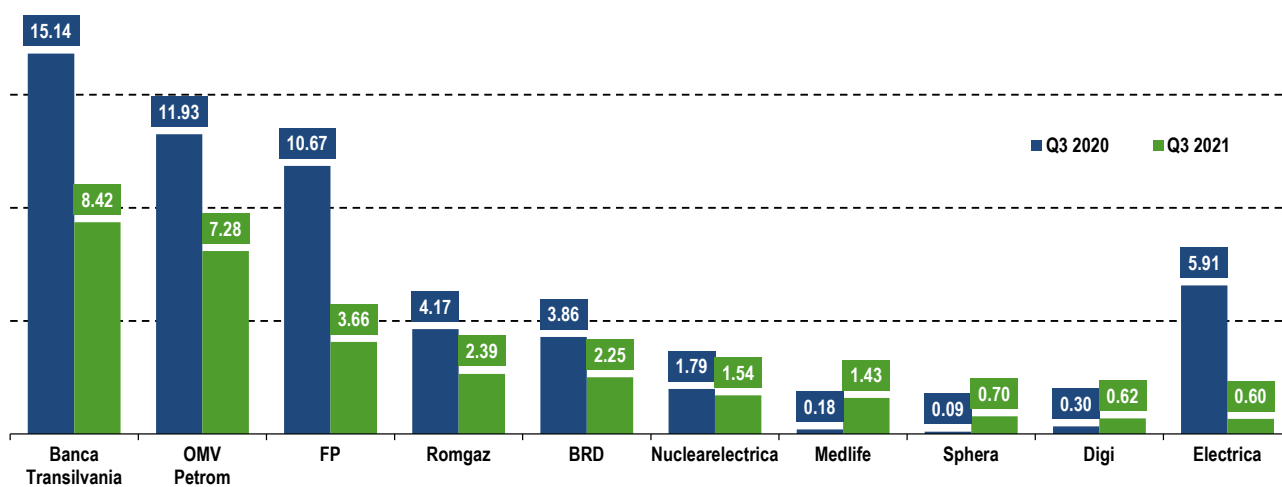
Local Stock Market Evolution

In the quarter ended 30 September 2021, the Romanian capital market continued its upward trend at a slower pace compared to previous quarter.

% change in Q3 2021	in local currency	in EUR
PX (Czech Republic)	14.92%	15.60%
BUX (Hungary)	11.89%	9.48%
ATX (Austria)	7.55%	7.55%
BET-XT (Romania)	6.35%	5.88%
WIG20 (Poland)	4.14%	2.14%

Source: Bloomberg

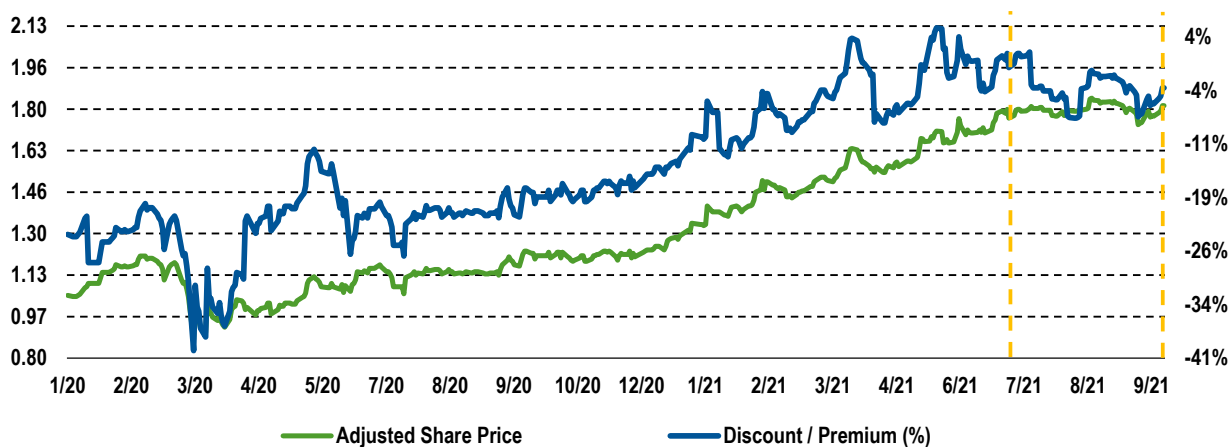
Average Daily Turnover (RON million)



Source: BVB, Bloomberg

Note: The values for FP, Electrica, OMV Petrom and Romgaz also include the GDR trading on LSE. The values for FP include the tender offer from September 2020. The values for OMV Petrom include the 1.7 billion shares sold by FP on 16 September 2020, under an accelerated bookbuild offering.

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



Source: Bloomberg for Adjusted Share Price, Fund Manager calculations for Discount

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

The total return for the shares traded on the Bucharest Stock Exchange during the third quarter of 2021 was 1.66%, while the total return for the local shares traded during the first nine months of the year was 35.07%. For the GDRs traded on the London Stock Exchange, the total return in Q3 2021 was -4.68%, while YTD the total return was 30.72%.

Performance Objectives

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

In accordance with the Fund's IPS, there are two performance objectives that the AIFM is aiming to achieve. The NAV objective refers to an Adjusted 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 – Second reporting period (interim monitoring)

The Adjusted NAV per share as at 30 September 2021 was 31.14% higher than the 31 December 2020 NAV per share of RON 1.6974.

NAV Objective	Amount RON	Details
Total NAV as at 30 September 2021	12,264,268,124	
Dividend gross distribution	840,627,930	Special dividend distributions of RON 0.072 per share, with Ex-date 27 May 2021, Registration date 28 May 2021 and Payment date 22 June 2021 and RON 0.07 per share with Ex-date 5 August 2021, Registration date 6 August 2021 and Payment date 27 August 2021
Distribution fees for cash distributions (return of capital/ dividend) after 31 December 2020	8,400,210	Distribution fee for the 2021 special dividend distributions
Distribution fees for buy-backs performed after 31 December 2020	2,562,173	Distribution fees for buy-backs, after 31 December 2020
Costs related to buy-backs after 31 December 2020	694,907	Fees related to twelfth buy-back programme after 31 December 2020, excluding the distribution fees for buy-backs, plus fees related to the eleventh buy-back programme which were paid after 31 December 2020
Costs related to the returns of capital and dividends after 31 December 2020	50,102	Fees charged by the Central Depository and Paying Agent for the payments performed for returns of capital and dividends
Total Adjusted NAV as at 30 September 2021	13,116,603,447	
Number of Fund's paid shares, less treasury shares and GDRs held as at 30 September 2021	5,892,750,059	
Adjusted NAV per share as at 30 September 2021	2.2259	
NAV per share as at 31 December 2020	1.6974	
Difference	0.5285	
%	31.14%	

Source: Fondul Proprietatea

The total NAV as at 30 September 2021 was 19.5% higher compared to the end of 2020, while the NAV per share increased by 22.6% over the same period. OMV Petrom SA, the largest listed holding in the portfolio, recorded a share price increase of 25.7%, having a total NAV impact of RON 370.6 million. In addition, dividends were recorded for this company in amount of RON 116.7 million. Additionally, the value of Hidroelectrica SA increased by RON 2,104.6 million following the valuation updates conducted in March, June and September 2021 and, in addition, dividends were recorded for this company in amount of RON 456.0 million.

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/ 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 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.

The Sole Director is committed to its continued efforts to protect shareholders' value and to implement the necessary measures in accordance with the IPS. Since the beginning of the year, the Sole Director proposed, and shareholders already approved, the following cash distributions:

- during the 28 April 2021 shareholders' meeting a gross cash special dividend distribution of RON 0.072 per share with payment date starting on 22 June 2021,
- during the 16 July 2021 shareholders' meeting a gross cash special dividend distribution of RON 0.07 per share with payment date starting on 27 August 2021.

Please see *Subsequent Events* section for additional events.

Discount Objective – Second reporting period (interim monitoring)

In the period between 1 January 2021 and 30 September 2021, the share price discount to NAV was below 15%, for both shares and GDRs in all trading days.

Discount/Premium (%) Evolution¹

Discount/Premium at the Start of the Reporting Period – 4 January 2021	Discount/Premium as at 30 September 2021	Average Discount/Premium for the Reporting Period 4 January – 30 September 2021	Discount/Premium Range for the Reporting Period 4 January – 30 September 2021
(10.0%)	(3.2%)	(3.8%)	(12.81)% – 5.25%

Source: Fondul Proprietatea

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

Management and Governance of the Fund

Status of New FTIS Mandate

On 27 August 2021 FTIS was asked by the Board to consider certain additional terms to be negotiated for the new mandate, including:

- 1) Distribution Fee sharing with FTIS local team;
- 2) Key person retention policy;
- 3) Use of proceeds transparency policy (already mentioned below at sub-section *Change of the Annual Cash Distribution Policy*); and
- 4) No new investment policy.

FTIS has agreed to implement the first three terms proposed by the Board, subject to regulatory restrictions and guidelines. As to the fourth proposed term, FTIS noted the proposal of the Board and would like to indicate that based on its careful review and analysis, it has no current intention to make new investments. For more details, please see the draft of agreements as published on the website of the Fund at GSM information section.

The renewal process for FTIS mandate involves two steps, similar to 2017. The key commercial terms were approved as proposed during the shareholders' meeting that took place on 29 September 2021. During the second shareholder meeting that was called for 15 December 2021, the shareholders will be asked to vote on:

- The updated IPS and
- The new AIFM Management agreement.

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.

Change of the Annual Cash Distribution Policy

On 11 August 2021 FTIS presented the updated Annual Cash Distribution Policy to be implemented in the interest of the Fund's shareholders. Thus, FTIS decided to include in its periodical reports (annual reports, quarterly reports and semi-annual reports) as well as in the announcements ('current reports') for completing a certain material transaction, the use of proceeds from such transactions, and the calendar of such operations.

FSA endorsement on the modification of the Fund's Constitutive Act

On 24 August 2021 the Fund received from FSA an official notice regarding the endorsement of the modification of the Fund's registered office address from number 78-80 Buzesti Street, 7th floor, District 1, Bucharest to number 76-80 Buzesti Street, 7th floor, District 1, Bucharest. The address change was completed on 7 September 2021.

Representation changes at the level of Fondul Proprietatea S.A. starting with 23 August 2021

Starting with 23 August 2021 and following the correspondence with FSA regarding the provisions of art. 153¹³ of the Companies Law no. 31/1990, the legal representation of the sole director of the Fund will be made by a single permanent representative, Mr. Johan Meyer.

AIF Law implementation

During 2021, FSA sent several comments for the documents filed in the Fund's application for registering as an AIF, related to the draft of prospectus and its annexes, the rules of the Fund, and the PRIIPS Key Information Document. The AIFM updated the documentation and sent the new set of documents to FSA gradually, last set of documents being submitted to FSA on 3 November 2021.

General Shareholders Meeting Resolutions in the Third Quarter of 2021

During the third quarter of 2021 there were two shareholders meetings:

- During the 16 July 2021 OGSM the Fund's shareholders approved the distribution of a gross special dividend of RON 0.07 per share (payment date starting with 27 August 2021).
- During the 29 September 2021 EGSM and OGSM the Fund's shareholders approved:
 - the amendment of the authorization to buy back shares of Fondul Proprietatea for the current ongoing buy-back programme. The proposed amendment implies a change of the maximum buy-back price from RON 2 per share to RON 2.5 per share;
 - the renewal of the mandate of Franklin Templeton International Services S.à r.l., for a duration of two (2) years, starting with 1 April 2022, and its key commercial terms.

GDR Facility

The GDR Facility is limited to one-third of the Fund's subscribed share capital under the Romanian securities regulations, i.e. 48,067,721 GDRs as at 30 September 2021, each GDR representing 50 Shares. As at 30 September 2021, 1,125,374,250 of the Fund's issued shares were held by The Bank of New York Mellon, the GDR depositary bank, representing 22,507,485 GDRs, i.e. 46.82% of the GDR Facility. Please see *Subsequent events* section for updated information.

Credit Facility Agreement

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

The Fund did not use the credit facility during the nine months ended 30 September 2021, and the outstanding balance is nil.

Dividend Distributions

2018 Dividend Distribution paid in 2019

On 4 April 2019 the shareholders approved the distribution of a gross dividend of RON 0.0903 per share, with Ex-date on 7 June 2019 and Registration date on 10 June 2019. The Fund started the payment of dividends on 1 July 2019. The payments of the distributions to shareholders are performed through the Romanian Central Depository, according to the legislation in force, as follows:

- a) for shareholders having a custodian/ brokerage account, directly by the respective custodian bank or broker;
- b) for all other shareholders:
 - (i) by the Central Depository, through BRD Groupe Societe Generale SA (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 payment only within a three-year term starting with the Payment Date, namely by 1 July 2022.

2019 Dividend Distribution paid in 2020

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

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

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

2021 First Special Dividend Distribution

On **28 April 2021**, the shareholders approved the distribution of a gross special dividend of RON 0.072 per share, with Ex-date on 27 May 2021 and Registration date on 28 May 2021. The Fund started the payment of dividends on 22 June 2021. The payment of the distributions to shareholders are performed through the Romanian Central Depository, according to the legislation in force, as follows:

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

Also, as an important notice to shareholders, this dividend payment is subject to the general statute of limitation. As such, shareholders may request the payment only within a three-year term starting with the Payment Date, namely by 22 June 2024.

2021 Second Special Dividend Distribution

On **16 July 2021**, the shareholders approved the distribution of a gross special dividend of RON 0.07 per share, with Ex-date on 5 August 2021 and Registration date on 6 August 2021. The Fund started the payment of dividends on 27 August 2021. The payment of the distributions to shareholders are performed through the Romanian Central Depository, according to the legislation in force, as follows:

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

Also, as an important notice to shareholders, this dividend payment is subject to the general statute of limitation. As such, shareholders may request the payment only within a three-year term starting with the Payment Date, namely by 27 August 2024.

Please see *Subsequent events* section for additional information.

Investor Relations

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

During the July – September period, we participated in two online investors conferences organised by international investment banks and brokers, where we discussed with representatives of 19 international asset managers.

Furthermore, during the same period, we had 19 additional conference calls with analysts, brokers, current and prospective investors interested in the latest developments regarding the Fund's corporate actions and its portfolio companies.

On 31 August, we organised a conference call to present and discuss the Fund's first six months results. 25 analysts and investors participated in the call and received information regarding the financial results published on the same day.

On 21 September we organized a conference call for investors and analysts to present them more details on the Baneasa airport valuation and 36 participants joined the call.

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

Buy-back Programmes

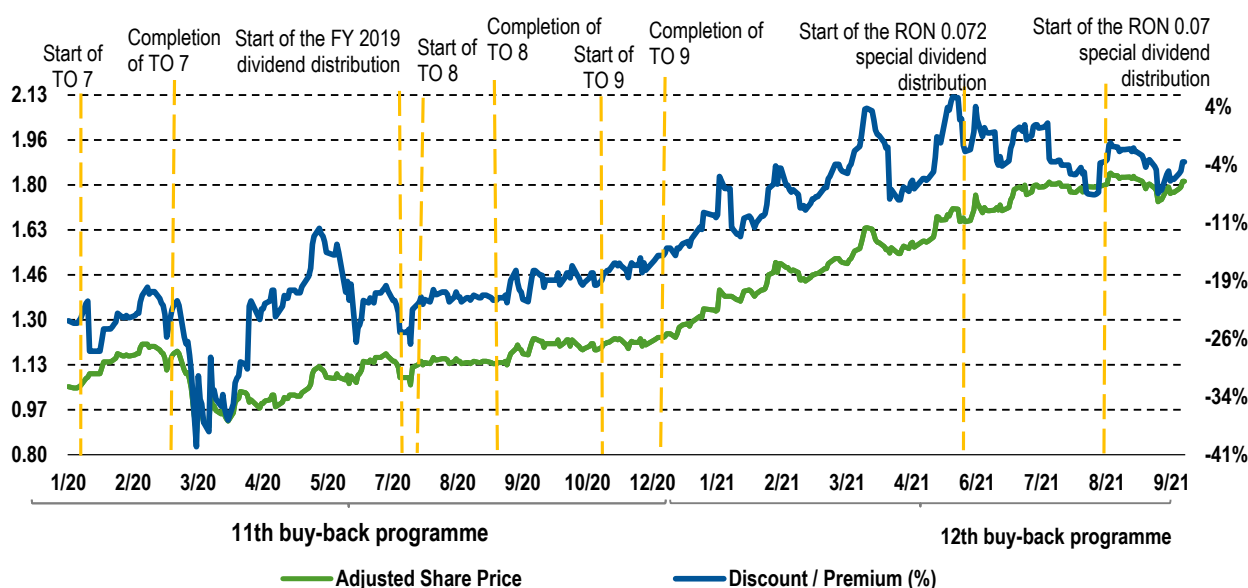
Overview of share buy-back programmes since listing

Programme	Period	No. of shares repurchased (million shares)	Tender offer	Cancellation of shares
First	May – Sep 2011	240.3	N/A	Completed
Second	Apr – Dec 2013	1,100.9	Oct – Nov 2013	Completed
Third	Mar – Jul 2014	252.9	N/A	Completed
Fourth	Oct 2014 – Feb 2015	990.8	Nov – Dec 2014	Completed
Fifth	Feb – Jul 2015	227.5	N/A	Completed
Sixth	Sep 2015 – Sep 2016	891.7	Aug – Sep 2016	Completed
Seventh	Sep 2016 – May 2017	830.2	Feb – Mar 2017	Completed
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 - Sept 2021	155.6	N/A	Approved during the 13 November 2020 GSM and started on 1 January 2021 (no. of shares at transaction date).
TOTAL		7,521.6		

Source: Fondul Proprietatea

Discount / Premium evolution and buy-back programmes

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 nine months ended 30 September 2021, the Fund bought back a total number of 155,634,558 own shares within the twelve buy-back programme (out of which 114,491,408 ordinary shares and 41,143,150 ordinary shares corresponding to GDRs), representing 2.2% of the total issued shares as at 30 September 2021, for a total acquisition value of RON 258,314,001.92, excluding transaction costs. The total number of own shares (including shares corresponding to GDRs) held by the Fund as at 30 September 2021 is 953,595,845, having a total nominal value of RON 495,869,839.40 (RON 0.52 per share). During 2021 the Fund converted 790,014 GDRs into 39,500,700 ordinary shares. As at 30 September 2021, the Fund held 25,951 GDRs.

The table below shows a summary of the buy-back programmes during the first nine months of 2021:

Programme	Description	No of shares*	Equivalent shares of GDRs*	Total no of shares	% of issued share capital***
11 th	Opening balance as at 1 January 2021	797,961,287	-	797,961,287	
	Acquisitions	-	-	-	
	Conversions	-	-	-	
	Cancellations	-	-	-	
	Closing balance as at 30 September 2021	797,961,287	-	797,961,287	11.1%
	Weighted average price (RON per share; USD per GDR)**	1.3247	16.3185	1.3347	
12 th	Opening balance as at 1 January 2021	-	-	-	
	Acquisitions	114,491,408	41,143,150	155,634,558	
	Conversions	39,500,700	(39,500,700)	-	
	Closing balance as at 30 June 2021	153,992,108	1,642,450	155,634,558	2.2%
	Weighted average price (RON per share; USD per GDR)**	1.6724	20.0217	1.6597	
All	Total balance of treasury shares as at 30 September 2021	951,953,395	1,642,450	953,595,845	13.2%

Source: Fondul Proprietatea

* Based on the transaction date

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

***calculated as the total number of shares acquired within the programme (own shares and shares corresponding to GDRs) divided by the number of shares corresponding to the issued share capital at the end of the programme (for completed programmes)/ at the reporting date (for ongoing programmes).

The eleventh buy-back programme

The eleventh buy-back programme has been finalized on 31 December 2020. During the 28 April 2021 Annual GSM, the Fund's Sole Director proposed, and the shareholders approved the cancellation of the 797,961,287 treasury shares repurchased in the eleventh buy-back programme. The Fund took all the required legal and regulatory steps for the cancellation of the shares.

During the 28 April 2021 Annual GSM the shareholders also approved the decrease of the subscribed share capital of the Fund from RON 3,749,282,292.08 to RON 3,334,342,422.84, following the cancellation of the 797,961,287 shares acquired within the eleventh buy-back programme.

The share capital decrease takes place based on Article 207 (1) (c) of Companies' Law no. 31/1990 and was effective starting with 25 October 2021.

For more details regarding subsequent events, please see section *Subsequent events*.

The twelfth buy-back programme

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

On 29 September 2021 the shareholders approved the increase of the maximum price for the twelfth buy-back programme from RON 2 per share to RON 2.5 per share. The increase is effective starting with 18 October 2021.

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

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

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

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

Article 75 from Norm no. 39/2015 mentions that the negative balance arising on the cancellation of equity instruments may be covered from the retained earnings and other equity elements, in accordance with the resolution of the General Shareholders Meeting. As at 30 September 2021, the Fund's equity elements that could be used to cover the negative reserve are sufficient and include retained earnings, reserves and share capital.

Coverage of the negative reserves

The total negative reserves of RON 236,026,121, recorded by the Fund as at 31 December 2020, were related to the cancellation of the shares acquired within the tenth buy-back programme.

During the 28 April 2020 Annual GSM, shareholders approved the allocation of RON 236,026,121 from the 2019 audited profit to other reserves, in order to be available for covering the related negative reserves. During the 28 April 2021 Annual GSM, shareholders approved the coverage of the negative reserve using the amount of RON 236,026,121 allocated to other reserves specially for this purpose, according to the resolution of the 28 April 2020 GSM.

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

The table below shows the movement of the negative reserves during the first nine months of 2021:

	<i>All amounts in RON</i>
Opening balance of the negative reserve as at 1 January 2021 (audited)	236,026,121
Coverage of negative reserves according with GSM Resolution no. 2/ 28 April 2021 (tenth buy-back programme)	(236,026,121)
Closing balance of the negative equity reserve at 30 September 2021 (unaudited)	-

The table below shows additional details on the estimated negative reserve that will arise upon the cancellation of the treasury shares in balance, as at 30 September 2021:

Negative reserve that would arise on cancellation of the treasury shares in balance as at 30 September 2021		Buy-back programme 11	Buy-back programme 12
Number of shares to be cancelled	(1)	797,961,287	155,634,558
Total costs (including transaction costs and other costs), representing the accounting value of the shares to be cancelled in the future (RON)	(2)	1,086,881,807	261,132,625
Correspondent nominal value (NV = RON 0.52 per share) (RON)	(3)=(1)*NV	414,939,869	80,929,970
Estimated negative reserve to be booked on cancellation (RON)	(4)=(3)-(2)	(671,941,938)	(180,202,654)

Source: Fondul Proprietatea

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

Overview

On 11 March 2020, the World Health Organisation declared the epidemic of COVID-19 a pandemic.

Starting with 15 May 2020 there is a state of alert that was periodically extended and the next Government Decision in this regard is expected to be announced in November 2021. The authorities might impose additional local restrictions depending on the evolution of the pandemic context.

The Government has also implemented various measures to help the economy deal with COVID-19 pandemic effects, ensure social protection for vulnerable categories, and prepare the health system: extended guarantees for companies taking loans for investments and working capital, covering the costs with technical unemployment for companies that suspend their operations due to the pandemic, procurement of medical equipment and medical protection equipment, additional bonuses to healthcare sector employees, acquisition of hygiene goods, and the possibility to suspend mortgage and consumer loan payments for a limited period of time, as well as other measures.

Starting with September 2021 daily transmission numbers are rising across Central and Eastern European states, and Romania is experiencing record case and death rates as it grapples with the European Union's second-lowest vaccination rate. The political debates, the Government crisis, the record number of cases and the low vaccination rate hit the entire medical system and on 4 October 2021 the authorities decided to suspend for 30 days the non-emergency surgeries and admissions and to ask for help from EU. On 25 October 2021 additional restrictions were imposed and public schools were closed for at least 14 days. The EU digital Covid Certificate was introduced for a limited period of time entering certain buildings.

Economic impact

It is more than one year since Covid-19 was declared a global pandemic and even the momentum has weakened, the current projections are more optimistic compared to the previous year reflecting the additional fiscal support received in a few of the large economies and the anticipated vaccine-powered recovery in the second half of the year. After an estimated contraction of -3.3% in 2020, compared with July forecast the last global economy projections has been revised down marginally to 5.9% from 6% and is unchanged for 2022, of 4.9%¹.

Regarding the monetary changes during the period, major central banks are assumed to leave policy rates unchanged throughout the forecast horizon (end of 2022). Some emerging market central banks have begun reducing support, and more are expected to follow suit later in 2021.

It is expected that the **Romanian economy** will experience a growth during 2021, depending on the evolution of the pandemic. According with National Commission for Strategy and Prognosis² (*April prognosis*) the Romania's GDP contracted by 3.9% in 2020. Based on the Summer prognosis³ the real GDP growth was by 2.9% in the first quarter of 2021 and the Romania's GDP is estimated to be over 7.0% at the end of 2021. The European Commission's scenario thus places Romania in the first place among the Member States related to the economic advance.

During the 9 months period of 2021, the **Romanian capital market**⁴ registered significant increases for the investors trading on the BVB. Investors have allocated substantial financial resources to the Romanian capital market, where the total value of transactions with all types of financial instruments reached almost RON 13 billion, up 4.2% compared with the first nine months of the previous year. In a context dominated by the coronavirus pandemic, the last 9 months brought an increase of BET index, and its equivalent including dividends, BET-TR. After the first nine months, the growth rate of the BET index amounted to 29%, with BET-TR up by 35.6%. In the trading session of 30 September, the BET index reached 12,645.10 points, while the BET-TR index was 22,381.9 points.

Portfolio impact

Given the current economic context as a result of COVID-19 pandemic, which caused significant economic changes around the world, the Fund has performed an assessment of the related impact on the valuation of unlisted holdings in the portfolio. KPMG Advisory Romania has assisted with the preparation of an analysis of multiples⁷

¹ [International Monetary Fund World Economic Outlook October 2021](#)

² https://cnp.ro/user/repository/prognoze/EN_Spring_Forecast_2021.pdf

³ <https://cnp.ro/wp-content/uploads/2021/09/Medium-term-forecast-2021-2025-summer-2021.pdf>

⁴ https://www.bvb.ro/press/2021/BVB_Raport%20lunar%20septembrie%202021.pdf

as at 30 September 2021, and considered that there is no need to perform a valuation update for any of the companies at 30 September 2021. In addition, with the assistance of KPMG Advisory, the Fund completed a new valuation report for Hidroelectrica SA. The total impact was an increase in value of the unlisted holding with 28.02%/ RON 2,122.7 million on the 30 September 2021 NAV, compared to the 31 December 2020 NAV.

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

Impact on operations and business continuity

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

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

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

Regulatory Updates

SFDR implementation

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

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

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

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

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

Changes in Romanian Water Law

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

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

Following the latest changes approved in December 2020, further amendments to Romanian Water Law are currently debated in Parliament, with a potential impact on the activity of Hidroelectrica SA. On 8 February 2021, the Senate, as first chamber discussing the amendments, approved a change that would allow Hidroelectrica SA to continue to use indirect methods for determining the water volumes, as before July 2020 (i.e. cancelling the effects of the changes in legislation adopted after July 2020). The law then moved to the Chamber of Deputies which was the decisional body. Here it suffered unexpected changes brought by the Agricultural Commission which included a flat-water contribution for hydropower producer of RON 33/ MWh. This would push Hidroelectrica SA production costs in an average hydrological year to around RON 528 million from around RON 350 million based on the system until 2020, leading to a more than 10% increase in Hidroelectrica's 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 political instability, we don't expect any changes to occur until this report is published.

European Single Electronic Format Reporting

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

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

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

FSA Regulation no. 6/2021

In March 2021, FSA published the Regulation no. 6/2021 amending and supplementing the Regulation no 7/2020 on the authorisation and functioning of alternative investment funds, which modifies the NAV monthly report. The changes would be applicable to the Fund starting the date when the Fund's registration process as an alternative investment fund with the FSA is finalized – as at today we cannot estimate when this process will be completed due to the high number of subjects in discussion between the Fund and the FSA.

FSA Regulation 14/2021 (AIF Regulation)

In October 2021, FSA issued Regulation 14/2021 amending the Regulation 7/2020 (AIF Regulation). The amendments are related to the NAV disclosure rules and implement the current market practice rules.

FSA Regulation 13/2021 amending the FSA Regulation 5/2018 (Issuers and Market Operations Regulation)

In September 2021, FSA issued the regulation 13/2021, amending the FSA Regulation 5/2018 which provides revised rules on public tender offers, shareholders identification, shareholders meeting organization. The only material impact for the Fund is that the first report on remuneration will be drafted based on the remuneration policy as approved by shareholders in April 2021 and it will be submitted for shareholders' approval for the financial year 2021 in same time with 2021 annual report.

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 at www.fondulproprietatea.ro, together with the share price and discount / premium information.

Listed securities are valued either at closing market prices if listed on regulated markets, or at reference prices if listed on an ATS. 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 buybacks 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.

Changes to NAV reporting

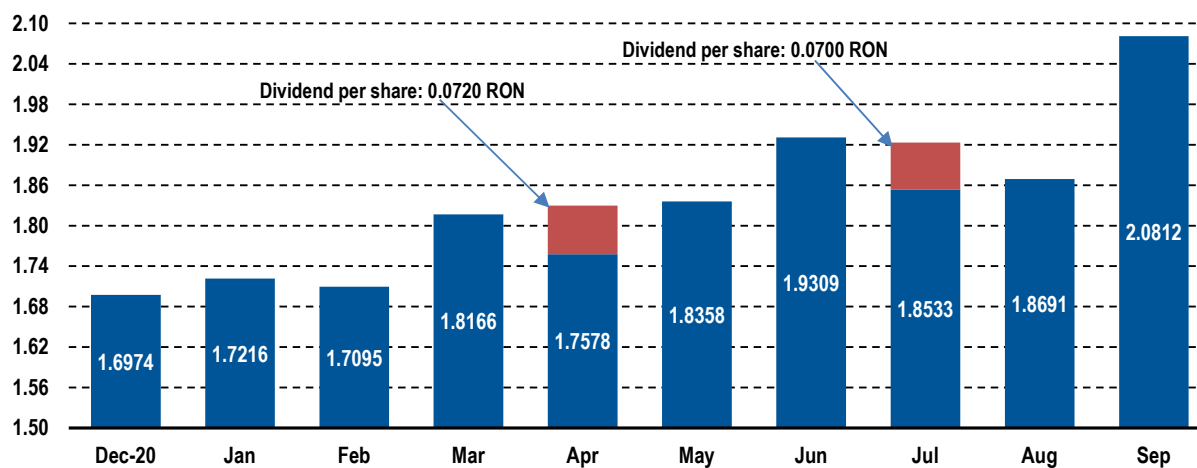
Romanian AIF Law and AIF Regulation became effective in 2020, requiring the Fund to apply for FSA authorisation as an AIF and bringing various changes to the internal procedures of the Fund, including the NAV reporting process. The current NAV calculation methodology did not require any significant change,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

- changes in the reporting templates provided by the regulator;
- new reporting requirements regarding leverage as part of the NAV reporting;

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

NAV per share (RON per share)

The following chart shows information on the monthly published NAVs per share for the period 31 December 2020 to 30 September 2021:



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

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

During the **second quarter of 2021**, the NAV per share had an overall increase of 6.3% 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 649.0 million) to the valuation update of the unlisted holdings in the portfolio (impact on the Fund's NAV of RON 504.5 million compared with 31 March 2021), as well as to the twelfth buyback programme carried out by the Fund during this period.

In June 2021, the Fund performed valuation updates for 8 unlisted holdings representing 97.9% of the Fund's total unlisted portfolio on 31 March 2021. The valuation was performed with the assistance of KPMG Advisory, in accordance with International Valuation Standards. The valuation date for the updated reports is 31 May 2021 (date for the market multiples) and is based on the financial data of the companies as at 31 March 2021. The reports also consider all relevant subsequent events until 30 June 2021 (e.g. dividends declared, changes in legislation, etc.).

The total impact of the valuation update was an increase of RON 922.8 million compared to the 31 December 2020 NAV, and an increase of RON 504.5 million compared with the 31 March 2021 NAV.

The table below presents information regarding the changes in the value of the unlisted holdings in the Fund's portfolio during the six months ended 30 June 2021:

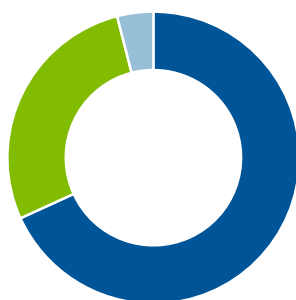
Portfolio company name	Value in 30 Jun 2021 NAV RON million	Value in 31 Mar 2021 NAV RON million	Value in 31 Dec 2020 NAV RON million	30 Jun 2021 NAV vs. 31 Dec 2020 NAV	% of 31 Dec 2020 NAV
				RON million	%
Hidroelectrica SA	6,039.0	5,547.2	5,128.9	910.1	8.86%
CN Aeroporturi Bucuresti SA	591.9	624.1	624.1	-32.2	-0.31%
Engie Romania SA	603.9	538.8	538.8	65.1	0.63%
E-Distributie Banat SA	251.3	272.7	272.7	-21.4	-0.21%
CN Administratia Porturilor Maritime SA	264.1	235.8	235.8	28.3	0.28%
Societatea Nationala a Sarii SA	182.8	201.2	201.2	-18.4	-0.18%
E-Distributie Muntenia SA	207.8	227.8	227.8	-20.0	-0.19%
E-Distributie Dobrogea SA	188.5	177.2	177.2	11.3	0.11%
	8,329.3	7,824.8	7,406.5	922.8	8.99%

During the **third quarter of 2021** the NAV per share increased by 7.8% compared with the previous quarter mainly due to the valuation update of Hidroelectrica SA (impact on the Fund's NAV of RON 1,194.5 million) and by the share price evolution of the Fund's listed holdings, principally OMV Petrom SA (impact of the Funds NAV of RON 126.8 million).

Investment Strategy and Portfolio Analysis

The Fund's investment objective is the maximisation of returns to shareholders and the increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities. The equity exposure amounted to 95.97% of the Fund's NAV as at 30 September 2021. As at that date, the portfolio was composed of holdings in 32 companies (6 listed and 26 unlisted), a combination of privately held and state-controlled entities.

Portfolio Structure – by Controlling Ownership

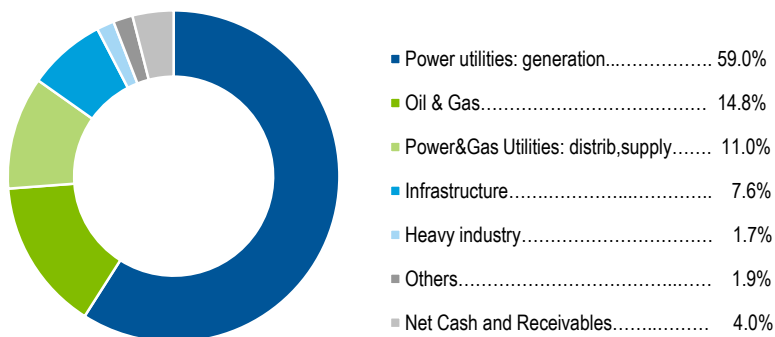


State controlled entities	68.2%
Private entities	27.8%
Net cash and receivables	4.0%

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

Source: Fondul Proprietatea, data as at 30 September 2021, % in total NAV

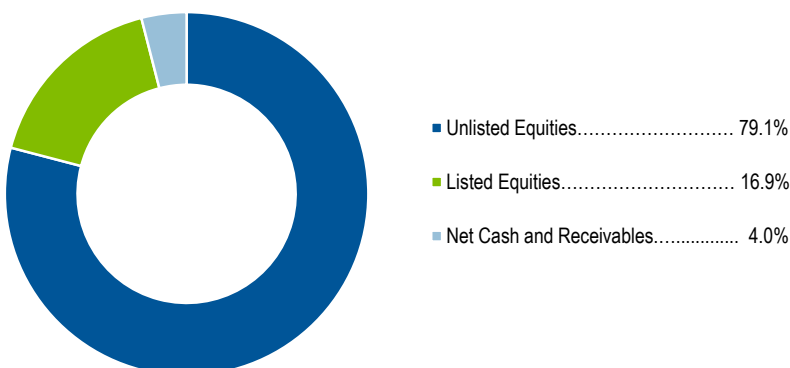
Portfolio Structure – by Sector



- The portfolio remains heavily weighted in power, oil and gas sectors (approx. 84.8% of the NAV), through several listed and unlisted Romanian companies

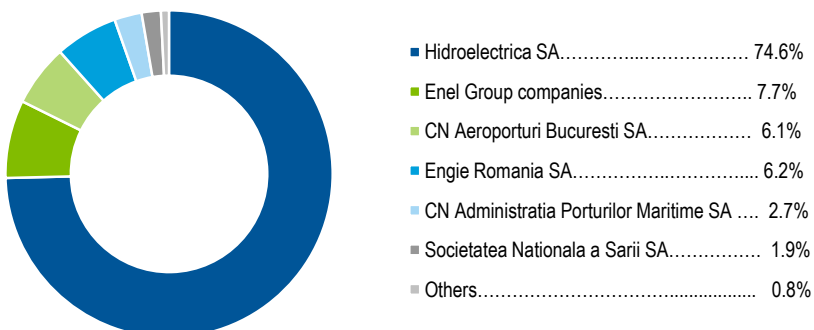
Source: Fondul Proprietatea, data as at 30 September 2021, % in total NAV

Portfolio Structure – by Asset Type



Source: Fondul Proprietatea, data as at 30 September 2021, % in total NAV

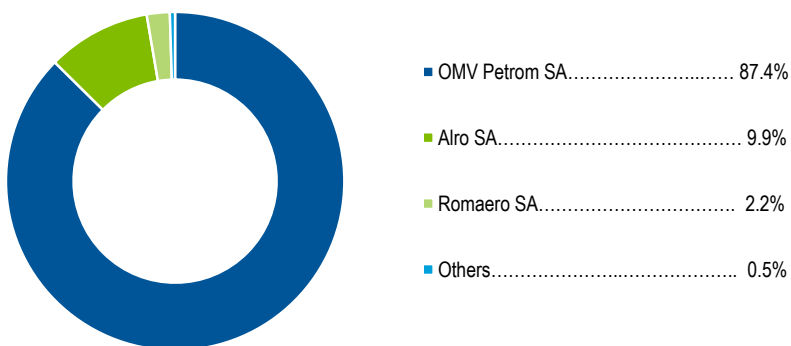
Portfolio Structure – Unlisted holdings



- The largest unlisted holding is Hidroelectrica SA (59.0% of the NAV)

Source: Fondul Proprietatea, data as at 30 September 2021; the chart reflects the company's NAV as a % in total NAV of unlisted holdings

Portfolio Structure – Listed holdings



- The largest listed holding is OMV Petrom SA (14.8% of the NAV)

Source: Fondul Proprietatea, data as at 30 September 2021; the chart reflects the company NAV as a % in total NAV of listed holdings

Key portfolio developments

Dividends and Special Dividends received from Portfolio Companies

During the first nine months of 2021, 13 companies in the Fund's portfolio declared dividends for the 2020 financial year. There were no dividends declared during the 3rd quarter.

The total amount of gross dividend income recorded by the Fund in the nine-month period ended 30 September 2021 is RON 655.1 million, and the most significant amounts relate to Hidroelectrica SA, E-Distributie companies and OMV Petrom SA.

Out of the companies that declared dividends, 4 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 ¹
Hidroelectrica SA	199.4	13-May-21	30-Sep-21
OMV Petrom SA	29.3	13-May-21	07-Jun-21
E-Distributie Banat SA	15.0	12-May-21	31-Jul-21
E-Distributie Muntenia SA	8.6	12-May-21	31-Jul-21
Total	252.3		

Note:

1. Dividends already collected

Participation in share capital increases / decreases

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

On 18 February 2021, the Fund subscribed to the share capital increase of Societatea Nationala a Sarii SA with a cash contribution of RON 55,720, which was effective on 24 August, the date of registration with the Romanian Trade Register.

In June 2021, the Fund subscribed to the share capital increase of Zirom SA with a cash contribution of RON 10 million which was effective on 30 June 2021, the date of registration with the Romanian Trade Register.

Process for share capital increase of 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.

During 26 October 2021 (during 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;
- RON 3,814,809,170 represents in kind contribution of Romanian State calculated as the value of the land parcels as evaluated 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 from share capital. The preference rights may be used by the Fund within 60 days calculated starting with date when the shareholders resolution is published in Official Gazette;
- After 60 days period expires the share capital will be 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.

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

Fondul Proprietatea started court cases 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 and will continue to update its shareholders regarding the subsequent events regarding this process.

The duration of court cases in Romania is not predictable. However, the Fund uses all legal available means to have a solution for this issue as soon as possible.

Process for share capital decrease of CE Oltenia

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 the 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 will be effective at the date of registration with the Romanian Trade Register. Following the share capital decrease operation, the Fund will maintain its 21.559% stake holding 5,828,033 shares, with a total nominal value of RON 58,280,330.

Energy Sector Updates

Updates on the regulatory requirements in the energy sector

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

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

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

The Government repealed provision of GEO no. 70/2020 article 72, paragraph (1), which required electricity and natural gas distributors to provide uninterruptible power and gas supply during the state of alert through GEO no. 84/2021 published in the Official Gazette on 6 August. The previous provision was contingent upon incidents causing grid disconnection, forcing power and natural gas suppliers to delay the above-mentioned operations until the state of alert ends.

New provision allows a transitory period for end users to pay the invoices within 90 days once the new ordinance comes into effect (6 August). According to the memorandum, the amount power and gas suppliers should recover stands at RON 249 million as at 31 May.

Parliament through Law no. 259/2021 modified EGO no. 118/2021 related to the compensation scheme for consumption of electricity and natural gas for the cold season 2021-2022 i.e. between 1 November 2021 and 31 March 2022. The Law was published into the Official Gazette of Romanian on 29 October 2021. As such Law no. 259 /2021 introduces for different categories of end-consumers (among which households, micro-enterprises, SMEs) several support schemes for the payment of the electricity and gas bills.

Subject to the fulfilment of certain conditions referring to the consumption volume and the level of prices from the electricity and gas supply contracts compared to the reference prices established by law, for household customers Law no. 259 / 2021 provides for a unit compensation amounting to a maximum of 0.291 lei / kWh, in the case of electricity and up to 33% of the value of the natural gas price component from the supply contract of the beneficiary customer, in the case of natural gas.

For small and medium enterprises, micro-enterprises, and other categories defined by law, the law provides for the exemption, in the case of electricity, from the payment of regulated tariffs (the tariff for introduction / extraction from the network, the distribution tariff, the system service tariff, the transport tariff) as well as from the payment of green certificates, the contribution for high efficiency cogeneration and the excise duties and in the case of natural gas the exemption from the payment of the transport cost, the distribution tariff and of excise duties.

Also, for households and other categories of end consumers defined in the law, Law no. 259 / 2021 capped final invoiced retail electricity and gas prices at RON 1.0 / kwh for electricity (out of which at RON 0.525 / kWh for the active electricity tariff) and at RON 0.370 / kwh for gas respectively (out of which the gas component will be a maximum of RON 0.250 / kWh) during the cold season 2021-2022.

According to the law, the costs associated with the end- consumer support schemes and the price caps should be supported from the State Budget.

Also, between 1 November 2021 and 31 March 2022 Law no. 259 / 2021 introduces for electricity producers the taxation at an 80% rate of the additional revenues resulting from the difference between the average monthly selling price and RON 450 per MWh. Fossil fuel electricity producers including cogeneration plants were exempted from the additional taxation.

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 June 2021, as follows:

Company	Annual consumption (MWh)	Tariffs applicable starting 1 July 2020 (RON/MWh)	Tariffs applicable starting 1 July 2021 (RON/MWh)	change (%)
		-1	-2	(2)/(1)-1
	between 0-280	30.24	30.13	-0.36%
	between 280-2,800	28.49	28.38	-0.39%
	between 2,800-28,000	27.16	27.05	-0.41%
Distrigaz Sud Retelele	between 28,000-280,000	20.94	20.87	-0.33%
	higher than 280,000	14.18	10.53	-25.74%
	clients benefitting from proximity distribution tariff	4	5	25.00%

Source: ANRE Orders no. 125/24.06.2020, and 44/15.06.2021

Other regulations

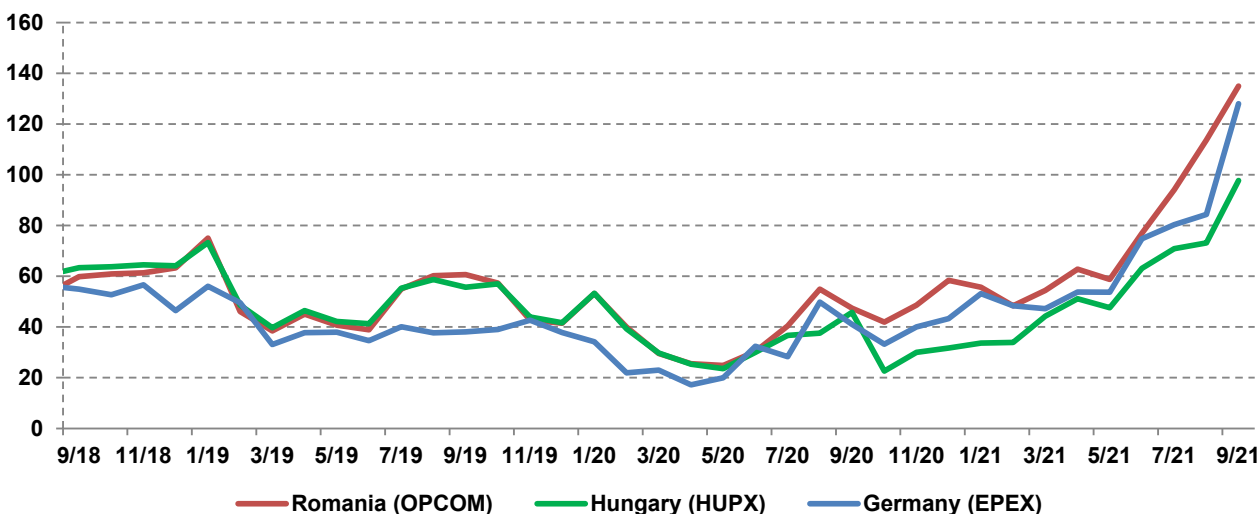
According to ANRE's Order no. 1/ 20 January 2021 and Order no. 3/ 20 January 2021, effective starting with 1 February 2021, the regulator allows for electricity and gas distribution companies the following:

- 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 was 3% higher compared to the same quarter of 2020, while national electricity production was flat, Romania remaining a net power importer in Q3 2021, same as in Q3 2020.

As per OMV Petrom's estimates, national gas consumption decreased by approximately 13% compared to the very high Q3 2020 demand which was enabled by the low-price environment at that time. On the Romanian centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products closed in Q3 2021 (10.9 TWh) was RON 217/MWh (Q3 2020: RON 56/MWh for standard products traded). Regarding short-term deliveries, on BRM day-ahead market, the average price in Q3 2021 was RON 221/MWh (Q3 2020: RON 48/MWh).

Electricity prices (EUR/ MWh)

Source: Bloomberg

Energy resources (thousand tonnes barrels of oil equivalent)

	January – September 2021			January – September 2020			% change		
	Total	Production	Import	Total	Production	Import	Total	Production	Import
Net coal	2,757.7	2,404.1	353.6	2,303.3	1,990.9	312.4	19.7%	20.8%	13.2%
Crude oil	7,528.5	2,338.8	5,189.7	7,422.6	2,445.3	4,977.3	1.4%	-4.4%	4.3%
Usable natural gas	7,460.1	5,402.6	2,057.5	6,631.4	5,339.8	1,291.6	12.5%	1.2%	59.3%
Hidro. nuclear. and import energy	4,243.5	3,758.7	484.8	4,086.5	3,621.2	465.3	3.8%	3.8%	4.2%
Import oil products	2,925.6	-	2,925.6	2,398.2	-	2,398.2	22.0%	0.0%	22.0%
Others	404.5	-	404.5	305.0	-	305.0	32.6%	0.0%	32.6%
Total resources	25,319.9	13,904.2	11,415.7	23,147.0	13,397.2	9,749.8	9.4%	0.0%	17.1%

Source: National Institute of Statistics webpage

Update on the Largest 10 Portfolio Holdings**Top 10 equity investments**

No	Name	Fund's stake (%)	Value as at 30 September 2021 ¹ (RON million)	% of NAV as at 30 September 2021 ¹
1	Hidroelectrica SA	19.94%	7,233.5	59.0%
2	OMV Petrom SA	7.00%	1,811.3	14.8%
3	Engie Romania SA	12.00%	603.9	4.9%
4	CN Aeroporturi Bucuresti SA	20.00%	591.9	4.8%
5	CN Administratia Porturilor Maritime SA	20.00%	264.1	2.2%
6	E-Distributie Banat SA	24.13%	251.3	2.1%
7	E-Distributie Muntenia SA	12.00%	207.8	1.7%
8	Alro SA	10.21%	204.1	1.6%
9	E-Distributie Dobrogea SA	24.09%	188.5	1.5%
10	Societatea Nationala a Sariei SA	49.00%	182.8	1.5%
Top 10 equity holdings			11,539.2	94.1%
Total equity holdings			11,770.4	96.0%
Net cash and receivables			493.9	4.0%
Total NAV			12,264.3	100.0%

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

¹ Rounded to one decimal

Hidroelectrica SA

RON million	2019	2020	9M 2020	9M 2021
Revenues	4,177.2	3,850.4	2,759.7	4,688.3
Operating profit	1,975.3	1,673.4	1,474.6	3,116.7
Net profit	1,386.5	1,451.6	1,264.2	2,566.8
Dividends*	1,253.3	1,286.4	-	-

Source: Individual IFRS financial statements

*Do not include the special dividends declared by the company

May: According to audited individual IFRS financial statements for the financial year ended 31 December 2020, Hidroelectrica SA reported revenues of RON 3,850.4 million, down 7.8% y.o.y., an EBITDA of 2,711.0 million, down by 7.6 % y.o.y, an operating profit of RON 1,673,4 million, down 15.2% y.o.y., a profit before tax of RON 1,782.4 million, down 14.4% y.o.y and a net profit of RON 1,451.6 million, up 4.6% y.o.y. Electricity delivered by the company out of its own production reached 14.58 TWh, down 2.3% y.o.y, while total electricity sold reached 15.96 TWh, up 0.6% y.o.y. Over the period, the average realised selling price was down 6.6% y.o.y. to RON 214.3 per MWh. On the competitive segment of the electricity market, the average realised price was RON 240.1 per MWh, down 1.1% y.o.y. During 2020, the company delivered on the regulated market a total volume of electricity of 3.15 TWh compared to 1.64 TWh in 2019, at an average price of RON 109.5 per MWh, down 2.9% y.o.y. At the end of December 2020, the company's cash position stood at RON 2.08 billion.

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

Shareholders approved the distribution of RON 1.29 billion as dividend out of the 2020 net profit and RON 1.00 billion as special dividends out of retain earnings. The deadline for the payment by Hidroelectrica SA to shareholders of the annual dividend is 12 July 2021, while the deadline for the payment of the special dividend is 30 September 2021.

August: According to the management, during the first six months of 2021, the company reported a turnover of RON 3,206.0 million, up 77.9% y.o.y, an EBITDA of RON 2,442.3 million, up 95.6% y.o.y, an operating profit of RON 2,108.7 million, up 119.1% y.o.y, a profit before tax of RON 2,139.8 million, up 112.1% y.o.y and a net profit of RON 1,687.4 million, up 109.5% y.o.y. Over the period, total electricity sold reached 10.48 TWh, up 33.2% y.o.y, out of which the electricity sold out of own production reached 10.11 TWh, up 45.9% y.o.y. The average realized electricity selling price was RON 283.4 / MWh up 41.1% y.o.y. As a result of the changes to the Romanian Water Law implemented during 2020, as well as higher electricity production volumes, over the first six months of the year Hidroelectrica SA registered total costs with the water used to produce electricity of RON 324.2 million, up from RON 147.8 million during the similar period of the previous year. At the end of June 2021, the company's cash position stood at RON 3.87 billion.

October: Shareholders approved a RON 120.2 thousand share capital increase out of which RON 96.2 thousand represents the State's in-kind contribution with the value of some lands for which the company obtained ownership title. The new shares will be issued at the nominal value of RON 10 per share with no premium. The Fund will be able to exercise its pre-emption right within a 30 days period from the publication of the shareholders decision in the Official Gazette.

November: According to management, during the first nine months of 2021, the company reported a turnover of RON 4,688.3 million, up 69.9% y.o.y, an EBITDA of RON 3,612.8 million, up 87.4% y.o.y, an operating profit of RON 3,116.7 million, up 111.4% y.o.y, a profit before tax of RON 3,165.3 million, up 105.7% y.o.y and a net profit of RON 2,566.8 million, up 103.0% y.o.y.. Over the period, total electricity sold reached 14.08 TWh, up 18.1% y.o.y, out of which the electricity sold out of own production reached 13.61 TWh, up 26.5% y.o.y. The average realized electricity selling price was RON 305.4 / MWh up 48.0% y.o.y. As a result of the changes to the Romanian Water Law implemented during 2020, as well as higher electricity production volumes, over the first nine months of the year Hidroelectrica SA registered total costs with the water used to produce electricity of RON

442.9 million, up from RON 228.0 million during the similar period of the previous year. At the end of September 2021, the company's cash position stood at RON 2.50 billion.

COVID-19 considerations

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

OMV Petrom SA

RON million	2019	2020	9m 2020	9m 2021	Budget 2020	Budget 2021
Sales	25,485.5	19,717.0	15,122.1	17,045.8	18,088.0	15,875.0
Operating profit	4,245.1	1,467.1	928.1	2,215.7	3,453.0	2,133.0
Net profit	3,634.7	1,291.0	826.3	1,676.0	2,815.0	1,824.0
Dividends*	1,756.0	1,756.0	-	-	-	-

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

*Based on separate IFRS financial statements (for 2020 including special dividend)

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

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

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

July: Q2 2021 net profit doubled y.o.y. to RON 406 million, but came in below consensus, as it was hit by negative one-offs of RON 403 million from the sale of upstream assets in Kazakhstan and temporary losses from electricity forward contracts. The management revised its upstream production guidance to a decline of 6% y.o.y. vs 5% previously. Gas sales volumes were down by 12% y.o.y. to 11.2 TWh, as equity gas production decreased and the regulatory-required large sales volumes in Q2 2020 created a high base effect. On the centralized markets, OMV Petrom sold at an average price in line with the market price i.e. ca. RON 120/MWh vs RON 81/MWh in Q1 2020.

October: On a quarterly basis, OMV Petrom's net profit continued to improve in Q3 2021 to RON 696 million, compared to a net loss during the same period of last year. Consolidated sales revenues increased by 37% compared to Q3 2020, mainly supported by higher sales of petroleum products in terms of both prices and volumes, partially offset by lower sales volumes of natural gas and electricity. The Clean CCS Operating Result of RON 1,341 million in Q3 2021 was 2.4 times higher y.o.y., mainly due to the significant contribution of the increase in crude oil prices, and of the Downstream Oil segment, mainly as a result of much higher refining margins, partly offset by lower contribution from Downstream Gas. Special items comprised net charges of RON 465 million, largely driven by net temporary losses from power forward contracts in Downstream Gas.

COVID-19 considerations

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

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

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

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

Management bumped up the FY 2021 guidance for oil prices to USD 70/bbl (previously USD 65-70/bbl). Refining margins are expected to be around USD 5/bbl, up from the previous guidance of USD 4/bbl. Capex expectations for this year were lowered a bit to RON 2.9 billion, from RON 3.0 billion previously. However, decline in production is seen at 7% y.o.y., up from 6% previously. Mid-term guidance (2022-2023) remains unchanged: crude price of USD 60/bbl, refining margins around USD 5/bbl, capex around RON 3.8 billion, and 5% decline in production per year.

Engie Romania SA

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

** Restated

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

The mandates for five of the current Board members, respectively, Eric Joseph Stab, Etienne Jaques Andre Jacolin, Christine Paule Kuhn ep Climeau, Marc Rene Charles Pannier and Lucian Jugrin, were extended by additional 4 years, respectively until 31.05.2025.

July: Ministry of Energy replaced 2 Board members with Mrs Nicolescu Daniela and Mrs Postica Diana for a period of 4 years, respectively until 31 May 2025.

CN Aeroporturi Bucuresti SA

RON million	2019	2020	9m 2020	9m 2021	Budget 2020*	Budget 2021
Operating revenue	1,066.6	405.6	304.3	388.6	466.1	538.6
Operating profit / (loss)	399.0	(175.3)	(57.5)	37.5	(137.4)	1.7
Net profit / (loss)	359.6	(146.4)	(49.6)	35.3	(129.5)	0.2
Dividends**	183.5	-	-	-	-	-

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

*Restated

**Do not include the special dividends declared by the company

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

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

August: Operating activity remained loss making in H1 2021, as traffic was down by 72% vs pre-Covid levels. However, the summer season marked a strong recovery in operating activity, with traffic numbers reaching 950 thousand passengers in July, only 35% lower vs 2019.

October: The majority shareholder replaced six interim Board members with Mr Florin Dimitrescu, Mr Mircea Raicu, Ms Georgeta Bumbac, Mr Cosmin Mihaltan, Mr Razvan Dobre, Mr George Dorobantu. On 26 October, the majority shareholder approved a share capital increase of RON 4.7 billion, detailed earlier in the report (please see subsection above *Key portfolio developments*).

November: Following a strong recovery in traffic during the summer season, Bucharest Airports was once again profitable at end-September. Traffic in the first nine months of 2021 stood at 4.9 million passengers, 56% below pre-covid levels, but up by 30% y.o.y..

COVID-19 considerations

The company has been heavily impacted by another pandemic wave: the number of passengers and flights have seen a significant decline in H1 2021, and some recovery during the summer season. The latest traffic report from ACI Europe, the airport industry trade body, reveals that traffic in EU airports from July 2021 decreased by 49% year-on-year.

CN Administratia Porturilor Maritime SA

RON million	2019	2020	9m 2020	9m 2021	Budget 2020	Budget 2021
Operating revenue	369.0	398.8	257.8	311.8	380.0	411.8
Operating profit	117.0	145.9	133.5	156.3	96.3	77.7
Net profit	108.2	130.3	124.3	144.0	95.7	78.3
Dividends	27.5	33.5	-	-	25.1	21.2

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

February: Traffic declined by 9.3% y.o.y. to 60.4 million tonnes, the reduction in traffic being driven mainly by crude oil and petroleum products, which registered a decline of 18.5% y.o.y. to 11.7 million tonnes.

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

Majority shareholder voted to replace four Board members: Ms Elena Petrascu, Ms Daniela Serban, Mr Ghiorghe Batrinca and Mr Mircea Burlacu. They were replaced by interim Board members: Mr Mihai Mihail, Mr Adrian Crizbasianu, Mr Cristian Paris, and Mr Bogdan Enache.

August: H1 2021 net result was up by more than 10% y.o.y. boosted by a reversal of provisions of RON 29 million. However, business trends were also encouraging, with a 17% jump in sales mainly from services rendered to ships. Traffic in the port was also up by 8% y.o.y. in H1 2021, with oil products and iron ore as the main growth drivers.

October: Majority shareholder voted to replace four interim Board members: Mr Mihai Mihail, Mr Adrian Crizbasianu, Mr Cristian Paris, and Mr Bogdan Enache. They were replaced by: Mr Florin Goidea, Mr Mihai Staicu, Mr Ghiorghe Batrinca and Mr Mircea Burlacu.

November: Turnover surged by 21% y.o.y. in the first nine months of 2021, driven mainly by services rendered to ships. Traffic was also up by 15% y.o.y. to 51.5 million tons, with strong double-digit growth in agricultural products, and iron and non-ferrous ores. Net profit reached RON 144 million, 16% higher y.o.y. and already above the FY 2020 net result.

COVID-19 considerations

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

E-Distributie Banat SA

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

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

*Special dividends approved by shareholders and paid in 2020

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

December 2020: ANRE published the regulated tariffs applicable starting with 1 January 2021. On average, the tariffs were increased by 1.63%. For specific electricity distribution tariffs, there are no changes in the first half of 2021. Please check 2020 Annual report for last approved tariffs by ANRE (currently in force).

February: Monica Hodor was appointed as the new general manager of the distribution companies for Dobrogea, Banat and Muntenia regions. She has 28 years of experience, and she is working for Enel since 2011.

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

July: Enel S.p.A. published H1 2021 financial results¹ for the global group on 29 July. For Romania it reported an EBITDA of EUR 53 million for the infrastructure and networks' segment (distribution), 3.6% lower compared to the same period of 2020. For the retail segment (supply), EBITDA increased from EUR 39 million in H1 2020 to EUR 43 million in the first half of 2021. During H1 2021, the quantity of electricity distributed by Enel's subsidiaries grew by 5.4% yoy at 7.8 TWh, reaching 3 million end users in Romania, slightly higher compared to H1 2020 (+3.4% y.o.y.)².

Shareholders approved the initiation of procedures for a share capital increase with the value of lands for which the property rights were issued for Electrica SA. There are 14 plots of lands, totalling 12,276 squared meters; the plots are located in small towns and rural areas in Caras-Severin and Hunedoara counties. Registry of Commerce will appoint the valuator.

November: Enel S.p.A. published nine months 2021 financial results³ for the global group on 4 November. For Romania it reported an EBITDA of EUR 98 million for the infrastructure and networks' segment (distribution), 2.0% lower compared to the same period of 2020. For the retail segment (supply), EBITDA decreased from EUR 62 million in nine months of 2020 to EUR 58 million in the nine months of 2021.

During the nine months of 2021, the quantity of electricity distributed by Enel's subsidiaries grew by 4.4% y.o.y. at 11.9 TWh, reaching 3 million end users in Romania, flat compared to 9 months of year 2020 level.

E-Distributie Muntenia SA

RON million	2019	2020	Budget 2020	Budget 2021
Operating revenue	993.8	968.2	989.3	939.4
Operating profit before depreciation and amortization (EBITDA)	181.3 ⁴	242.3 ⁴	305.7	328.7
Net profit	96.7	111.8	106.9	115.9
Dividends	1,566.3*	167.7**	-	-

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

*special dividends approved by shareholders and paid in 2020

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

December 2020: ANRE published the regulated tariffs applicable starting with 1 January 2021. On average, the tariffs were increased by 1%. For specific electricity distribution tariffs, there are no changes in the first half of 2021. Please check 2020 Annual report for last approved tariffs by ANRE (currently in force).

February: Monica Hodor was appointed as the new general manager of the distribution companies for Dobrogea, Banat and Muntenia regions. She has 28 years of experience, and she is working for Enel since 2011.

April: Despite slightly lower operating revenues (-2.6% y.o.y.), E-Distributie Muntenia SA reported 33.7% y.o.y higher EBITDA in 2020 at RON 242.3 million. Shareholders approved an 86% dividend pay-out ratio (RON 95.9 million) and on top, a special dividend from retained earnings in the amount of RON 71.7 million.

July: Enel S.p.A. published H1 2021¹ financial results for the global group on 29 July. For Romania it reported an EBITDA of EUR 53 million for the infrastructure and networks' segment (distribution), 3.6% lower compared to the same period of 2020. For the retail segment (supply), EBITDA increased from EUR 39 million in H1 2020 to EUR 43 million in the first half of 2021. During H1 2021, the quantity of electricity distributed by Enel's

¹ <https://www.enel.com/investors/financials>

² <https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2021/trimestrali/1h-2021-risultati.pdf>

³ <https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2021/trimestrali/9m-2021-risultati.pdf>

⁴ the figures are modified versus the figures presented in the Fond Q1 2021 report, due to a presentation error

subsidiaries grew by 5.4% y.o.y. at 7.8 TWh, reaching 3 million end users in Romania, slightly higher compared to H1 2020 (+3.4% y.o.y.)¹.

November: Enel S.p.A. published nine months 2021 financial results² for the global group on 4 November. For Romania it reported an EBITDA of EUR 98 million for the infrastructure and networks' segment (distribution), 2.0% lower compared to the same period of 2020. For the retail segment (supply), EBITDA decreased from EUR 62 million in nine months of 2020 to EUR 58 million in the nine months of 2021.

During the nine months of 2021, the quantity of electricity distributed by Enel's subsidiaries grew by 4.4% y.o.y. at 11.9 TWh, reaching 3 million end users in Romania, flat compared to 9 months of year 2020 level.

Alro SA

RON million	2019	2020	9M 2020	9M 2021	Budget 2020*	Budget 2021**
Operating revenue	2,777.8	2,514.7	1,942.0	2,466.4	2,432.5	2,790.9
Operating profit	99.2	399.5	355.1	163.9	139.2	360.9
Net profit/ (loss)	(67.2)	334.8	273.4	(24.7)	60.2	289.6
Dividends	-	-	-	-	-	-

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

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

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

February: Alro reported 2020 consolidated financial results on 29 April, as follows: operating revenues at RON 2,514.7 million, lower by 9.5% y.o.y., due to the slowdown in demand experienced during this period, which was further reflected in the overall output levels. Aluminum prices on London Metal Exchange ("LME") recovered ground in the 4th quarter 2020, increasing by 11.3% y.o.y. and registered an average price of USD 1,731.8 per tonne in 2020 (down by 4.8% yoy). EBIT reached RON 399.5 million in 2020 versus RON 99.2 million in 2019, while Alro Group reported a net profit of RON 334.8 million in 2020 versus a net loss of RON 67.2 million in 2019, both due the one-off recognised as state aid scheme.

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

August: Alro reported H1 2021 financial results on 11 August, as follows: operating revenues amounting to RON 1,537.9 million (+13.0% y.o.y.), especially due to 40.8% y.o.y. surge in LME aluminum average price at USD 2,246.0 per tonne. EBIT stood at RON 63.4 million (-81.5% y.o.y.), as Alro Group did not recognize revenues from subsidies related to the indirect emissions during the first half of 2021. The company reported a net loss of RON -47.6 million in H1 2021, mainly due to losses from derivative financial instruments of RON -31.7 million.

November: Alro reported 9M 2021 financial results on 12 November, as follows: operating revenues amounting to RON 2,466.4 million (+27.0% y.o.y.), especially due to 46% y.o.y. surge in LME aluminium average price at USD 2,384.0 per tonne. EBIT stood at RON 163.9 million (-53.8% y.o.y.), as Alro Group did not recognize revenues from subsidies related to the indirect emissions during the first nine months of 2021. The company reported a net loss of RON -24.7 million during the first nine months of 2021, mainly due to losses from derivative financial instruments of RON -46.4 million and FX losses of RON -43.8 million, on the back of RON depreciation against USD as of September 2021.

October: Alro received the compensation of RON 395.9 million for the energy costs incurred in 2020 in October 2021.

COVID-19 considerations

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

¹ <https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2021/trimestrali/1h-2021-risultati.pdf>

² <https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2021/trimestrali/9m-2021-risultati.pdf>

E-Distributie Dobrogea SA

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

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

*special dividends approved by shareholders and paid in 2020

December 2020: ANRE published the regulated tariffs applicable starting with 1 January 2021. On average, the tariffs were increased by 2.93%. For specific electricity distribution tariffs, there are no changes in the first half of 2021. Please check 2020 Annual report for last approved tariffs by ANRE (currently in force).

February: Monica Hodor was appointed as the new general manager of the distribution companies for Dobrogea, Banat and Muntenia regions. She has 28 years of management experience and is working for Enel since 2011.

April: E-Distributie Dobrogea SA reported 4.7% y.o.y. increase in operating revenues at RON 530.1 million and EBITDA of RON 163.3 million (+73.1% y.o.y.) in 2020. Management proposes no dividends to be paid to shareholders in 2021.

July: Enel S.p.A. published H1 2021 financial results¹ for the global group on July 29. For Romania it reported an EBITDA of EUR 53 million for the infrastructure and networks' segment (distribution), 3.6% lower compared to the same period of 2020. For the retail segment (supply), EBITDA increased from EUR 39 million in H1 2020 to EUR 43 million in the first half of 2021. During H1 2021, the quantity of electricity distributed by Enel's subsidiaries grew by 5.4% yoy at 7.8 TWh, reaching 3 million end users in Romania, slightly higher compared to H1 2020 (+3.4% y.o.y.)².

Shareholders approved the initiation of procedures for a share capital increase with the value of lands for which the property rights were issued for the company Electrica SA. There are 9 plots of lands, totalling 22,256 square meters; the plots are located in Tulcea county. Registry of Commerce will appoint the valuator.

November: Enel S.p.A. published nine months 2021 financial results³ for the global group on 4 November. For Romania it reported an EBITDA of EUR 98 million for the infrastructure and networks' segment (distribution), 2.0% lower compared to the same period of 2020. For the retail segment (supply), EBITDA decreased from EUR 62 million in nine months of 2020 to EUR 58 million in the nine months of 2021.

During the nine months of 2021, the quantity of electricity distributed by Enel's subsidiaries grew by 4.4% y.o.y. at 11.9 TWh, reaching 3 million end users in Romania, flat compared to 9 months of year 2020 level.

Societatea Nationala a Sarii SA (Salrom)

RON million	2019	2020	H1 2020	H1 2021	Revised Budget 2020	Budget 2021
Operating revenue	469.2	300.2	127.7	161.2	322.8	345.1
Operating profit	84.6	15.8	3.1	26.0	25.9	27.4
Net profit	77.0	11.5	4.1	22.3	23.7	24.8
Dividends	40.4	11.5	-	-	23.7	

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

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

March: Fondul Proprietatea proposed and appointed through cumulative voting Ms Simona Ochian and Mr Valeriu Ionita as board members. The majority shareholder proposed and voted for Mr Medves Ervin, Mr Dragos Oancea and Ms Alina Prahoveanu and as temporary board members. The mandates entered in force on 29 March 2021, for a period of 4 months.

¹ <https://www.enel.com/investors/financials>

² <https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2021/trimestrali/1h-2021-risultati.pdf>

³ <https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2021/trimestrali/9m-2021-risultati.pdf>

May: According to the audited financial statements, in 2020 the company reported operating revenues of RON 300.2 million, down 36% y.o.y and a net profit of RON 11.5 million, down 85% y.o.y. Main events that impacted the company's operational performance are the decrease in sales of de-icing salt as a result of mild winter, loss of the Ciech Soda contract, the main client for brine and chalk (contract terminated late 2019 when Ciech Soda halted operations) and the overall impact of Covid-19 pandemic (mainly reflected in a decrease of revenues from tourism in salt mines).

June: Ms Alina Prahoveanu replaced Mrs Mantu Gabriela as interim General Manager, while retaining her interim Board mandate.

July: The shareholders approved in principle the listing of Salrom through a public offer made by Fondul Proprietatea as selling shareholder. The interim mandates of the board members were extended by additional 2 months.

August: The company published H1 2021 financial results. During the first six months of 2021, the company reported total operating revenues of RON 161.2 million, up 26% y.o.y and a net profit of RON 22.3 million, up 444% y.o.y.. On 18 February 2021, the Fund subscribed to the share capital increase of Societatea Nationala a Sarii SA with a cash contribution of RON 55,720, which became effective and was registered with the Romanian Trade Register in August.

September: Fondul Proprietatea proposed and appointed through cumulative voting Ms Simona Ochian and Mr Valeriu Ionita as interim board members. The majority shareholder proposed and voted for Mr Nicolae Tulici, Mr Catalin Paraschiv and Mr Petrica Lucian Rusu as temporary board members. The mandates entered in force on 1 October 2021, for a period of 4 months. Shareholders approved the 2021 Budget which foresees total operating revenues of RON 345.1 million and a budgeted net profit of RON 24.8 million.

Financial Statements Analysis

The unaudited IFRS financial statements for the nine months ended 30 September 2021, prepared in accordance with IAS 34 Interim Financial Reporting and applying the FSA Norm no. 39/2015 with subsequent amendments, are included in full in Annex 1 to this Report. The captions Statement of Financial Position and Statement of Comprehensive Income presented in the 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 nine months ended 30 September 2021.

Statement of Financial Position

RON million	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020	30 Sep 2021 vs. 31 Dec 2020 (%)
	Unaudited	Unaudited	Unaudited	Audited	Unaudited	
Cash and current accounts	76.9	65.6	32.7	34.4	36.0	
Deposits with banks	445.1	415.3	652.5	660.0	955.8	
Government bonds	77.9	77.6	254.4	380.3	168.6	
Dividend receivables	-	525.3	-	-	10.6	
Equity investments	11,770.4	10,446.8	9,964.8	9,246.7	8,892.0	
Other assets	0.4	4.1	0.9	0.6	0.4	
Total assets	12,370.7	11,534.7	10,905.3	10,322.0	10,063.4	19.8%
Payables	25.5	36.8	21.0	19.8	26.0	
Other liabilities	80.9	69.2	33.5	35.3	128.2	
Total liabilities	106.4	106.0	54.5	55.1	154.2	93.1%
Total equity	12,264.3	11,428.7	10,850.8	10,266.9	9,909.2	19.5%
Total liabilities and equity	12,370.7	11,534.7	10,905.3	10,322.0	10,063.4	19.8%

Source: IFRS financial statements

Overview

The **cash and cash equivalents** (liquid assets) of the Fund during the first nine months of 2021 included term deposits with banks and government bonds issued by the Ministry of Public Finance of Romania. All instruments are denominated in RON and have maturities of up to one year.

The decrease in liquid assets by 44.2% during the nine-month period ended 30 September 2021 was mainly due to cash outflows related to dividend payments (RON 769.8 million), the acquisition of treasury shares performed during the twelfth buy-back programme (RON 256.7 million), which were offset mainly by the proceeds registered from the sale of bonds – net increase of RON 297.4 million and dividends received (RON 649.0 million)

Payables have increased by 29% compared to 31 December 2020 mainly due to the increase of the management fee accrual to be paid for a three-month period (RON 16.5 million at December 2020 compared to RON 23.5 million at September 2021). This increase is mainly due to higher market price of the Fund shares in the period July-September 2021 compared to October-December 2020 and as a result of the additional fee recorded for the share price discount to NAV lowering below 20% and 15%.

Other liabilities have increased by 129% compared to 31 December 2020 due to the increase of the amounts payable to shareholders as there were two dividend distributions in 2021 (Payment dates: 22 June and 27 August) and not all correspondent amounts have been transferred to shareholders yet.

The net increase in **equity investments** of RON 2,523.7 million during the first nine months of 2021 was principally generated by the increase in the fair value of the unlisted portfolio holding Hidroelectrica SA (RON 2,104.6 million increase), and also as a result of the positive evolution of OMV Petrom SA share price (+25.7%) which generated an increase in value of RON 370.6 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 September 2021, all the equity investments of the Fund were carried at fair value.

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

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

The holdings in companies in liquidation, dissolution, bankruptcy 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 nine months of 2021 the Fund did not incur any capital expenditure costs.

Statement of Comprehensive Income

RON million	Q1 2021	Q2 2021	Q3 2021	9M 2021	9M 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Unrealised loss from equity investments at fair value through profit or loss	(5.3)	(98.2)	(3.6)	(107.1)	(1,741.0)
Unrealised gain from equity investments at fair value through profit or loss	723.0	570.1	1,327.2	2,620.3	42.2
Realised loss from equity investments at fair value through profit or loss	-	-	-	-	(198.9)
Realised gain from equity investments at fair value through profit or loss	-	-	-	-	12.0
Gross dividend income	-	655.1	-	655.1	1,218.7
Interest income	6.0	4.0	1.6	11.6	8.7
Other income/ (expenses), net*	(1.1)	2.3	(0.4)	0.8	3.6
Net operating (loss)/ income	722.6	1,133.3	1,324.8	3,180.7	(654.7)
Administration fees recognised in profit and loss	(16.3)	(22.5)	(23.1)	(61.9)	(41.5)
Other operating expenses	(4.9)	(5.0)	(4.9)	(14.8)	(19.6)
Operating expenses	(21.2)	(27.5)	(28.0)	(76.7)	(61.1)
Finance costs	-	-	(0.1)	(0.1)	(0.1)
(Loss)/ Profit before income tax	701.4	1,105.8	1,296.7	3,103.9	(715.9)
Income tax	-	(6.1)	-	(6.1)	(10.5)
(Loss)/ Profit for the period	701.4	1,099.7	1,296.7	3,097.7	(726.4)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	701.4	1,099.7	1,296.7	3,097.7	(726.4)

Source: IFRS financial statements

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

The **net increase from equity investments at fair value through profit or loss** for the first nine months of 2021 of RON 2,513.2 million was mainly generated by the increase in the value of unlisted holdings in the portfolio following the valuation update process (mainly due to Hidroelectrica SA, that registered an increase in valuation of

RON 2,104.6 million), and by OMV Petrom SA as a result of the positive evolution of this company's share price (increase of RON 370.6 million, share price increase of 25.7%).

Gross dividend income for the nine-month period ended 30 September 2021 included the dividend income earned from the Fund's portfolio companies, mainly from Hidroelectrica SA (RON 456.0 million) and OMV Petrom SA (RON 122.8 million).

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

Details regarding the **administration fees** for the nine-month period ended 30 September 2021 are presented in the table below:

RON million	Q1 2021 Unaudited	Q2 2021 Unaudited	Q3 2021 Unaudited	9M 2021 Unaudited	9M 2020 Unaudited
Recognised in profit or loss	16.3	22.5	23.1	61.9	41.5
Base fee	14.0	15.6	16.3	45.9	36.4
Distribution fee for dividend distribution	-	4.3	4.1	8.4	4.2
Performance fee	2.3	2.6	2.7	7.6	0.9
Recognised in other comprehensive income	1.1	1.0	0.5	2.6	7.9
Distribution fee for buy-back programmes	1.1	1.0	0.5	2.6	7.9
Total administration fees	17.4	23.5	23.6	64.5	49.4

Source: IFRS financial statements

The increase in the administration fees in the first nine months of 2021 compared with the first nine months of 2020 was mainly due to:

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

The increase in distribution fees recognized through profit and loss is due to the fact that in 2021 there were two dividend distributions (Payment dates 22 June 2021 and 27 August 2021) whereas in 2020 there was only one distribution (Payment date 1 July 2020).

The decrease in distribution fee which is recognised in other comprehensive income is due to the lower number of bought back shares during the period (114.5 million shares bought back as at 30 September 2021 compared to 431.0 million shares bought back as at 30 September 2020, representing a 73.4% decrease and 41.1 million shares corresponding to GDR as at 30 September 2021 compared to 175.8 million as at 30 September 2020, representing a 76.6% decrease).

Other operating expenses

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

RON million	Q1 2021 Unaudited	Q2 2021 Unaudited	Q3 2021 Unaudited	9M 2021 Unaudited	9M 2020 Unaudited
FSA monthly fees	2.4	2.6	2.6	7.6	7.1
Depositary fees	0	0.3	0.1	0.4	0.4
Transactions costs	0.1	(0.1)	-	-	4.4
Other expenses	2.4	2.2	2.2	6.8	7.7
Total other operating expenses	4.9	5.0	4.9	14.8	19.6

Source: IFRS financial statements

In the first nine months of 2021, **other expenses** caption comprised mainly legal and litigation assistance expenses, Board of Nominees remuneration and related expenses, portfolio valuation expenses, external audit expenses and PR expenses.

Transaction costs decreased significantly in 2021 compared to 2020 due to the fact that there were no holdings sold in the current year.

Related Party Transactions

The transactions with related parties were performed in the normal course of business of the Fund and there were no significant transactions during the first nine months of 2021. For more details, please see *Annex 1 “Condensed Interim Financial Statements”*.

Financial Ratios

Description	30 September 2021		
1. Current liquidity ratio			
<u>Current Assets*</u>	=		5.64
Current Liabilities			
<i>*For the computation of this ratio, “Current assets “comprise cash and current accounts, distributions bank accounts, deposits with banks, government bonds and other assets. “Current liabilities” include payables and other payables (as presented in the section afferent to the statement of financial position).</i>			
2. Debt-to-equity ratio (%)			
<u>Borrowings</u>	x 100	=	-
Shareholders’ Equity			
<i>The Fund had no borrowings as at 30 September 2021 therefore this ratio is nil</i>			
3. Receivables turnover ratio - customers (number of days)			
<u>Average balance of receivables</u>	x 90	=	n.a.
Turnover			
<i>This ratio is not applicable to an investment fund and cannot be calculated.</i>			
4. Turnover of non-current assets			
<u>Turnover</u>	=		0.27
Non-current assets			
<i>For the computation of this ratio, “Turnover” includes dividend income, net unrealised/realised gain/ (loss) from financial instruments at fair value through profit or loss, interest income and other income for the nine-month period ended 30 September 2021, while “Non-current assets” included equity investments as at 30 September 2021.</i>			
<i>This ratio has no significance for an investment fund.</i>			

Subsequent Events

The share capital decrease process

On 25 October 2021, the Bucharest Trade Registry registered the Resolution no. 3 / 28 April 2021 of the Fund's EGSM for approving the decrease of the subscribed registered share capital from RON 3,749,282,292.08 to RON 3,334,342,422.84 pursuant to the cancellation of 797,961,287 own shares acquired by Fondul Proprietatea during 2020, endorsed by FSA through Endorsement no. 344/11 October 2021.

Consequently, starting with 25 October, the new value of the Fund's subscribed 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), while the value of the paid-up share capital is RON 3,145,160,000.84 (divided into 6,048,384,617 shares with the same par value as above-mentioned). As a reminder, the difference between the subscribed and paid-up share capital derives from unpaid subscriptions owed by the Romanian State represented by the Ministry of Public Finance in amount of RON 189,182,422.00 (i.e. 363,812,350 shares with the same par value as above-mentioned).

As a result, the new limit for the GDR Facility is 42,747,979 GDRs.

Political environment updates

On 5 October 2021, the coalition Government failed a non-confidence vote in the Parliament and has been operating on interim basis, with limited powers. Subsequent to that, there were two failed attempts to put in place a new full powers Government. The political crisis and instability have an impact on the regulatory actions and decision relevant to Fondul (e.g. listings). The political environment and actions have a continuous impact on the Fund's companies and their financial situation and may impact the overall performance of the Fund, potentially leading to increased price volatility.

Considering the political environment above, there are also amplified risks with respect to legal and regulatory implications driven by governmental actions to contain the COVID19 virus and/ or limit the economic impact of the energy and gas prices for the wider population.

The next shareholders meeting agenda

On 3 November 2021 the AIFM called the next shareholders meetings that will take place on 15 December 2021, proposing following items for shareholders' approval:

- the buy-back programme for 2022 for a maximum number of 800,000,000 treasury shares (being in the form of shares and/or shares equivalent), starting with the date when the general shareholders meeting resolution is published in Official Gazette of Romania, Part IV, until 31 December 2022, at a price that cannot be lower than RON 0.2 / share or higher than RON 2.5 / share);
- the amended IPS applicable starting with 1 April 2022 (the amendments consist only to alignment to latest changes of legislation and Constitutive Act);
- the 2022 budget;
- a gross special dividend of RON 0.06 per share with ex-date 27 January 2022, the registration date 28 January 2022 and the payment date 18 February 2022; and
- the terms along with the execution of the Management Agreement (in the form described in the supporting documentation) between Fondul Proprietatea and Franklin Templeton International Services S.à r.l. for a duration of two (2) years starting with 1 April 2022.

Signatures:

15 November 2021

Johan Meyer
Permanent Representative

Prepared by
Catalin Cadaru
Financial Reporting Manager

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

Annex 1

FONDUL PROPRIETATEA SA

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

(This is a translation from the official Romanian version)

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	9 months ended 30 September 2021	9 months ended 30 September 2020
Net gain/(loss) from equity investments at fair value through profit or loss	5	2,513,188,740	(1,885,708,759)
Gross dividend income	6	655,137,209	1,218,657,007
Interest income		11,630,696	8,665,413
Other income, net		5,264,294	3,962,957
Net (loss)/gain from other financial instruments at fair value through profit or loss		(4,403,960)	494,431
Net foreign exchange loss		(120,868)	(801,304)
Net operating income/(loss)		3,180,696,111	(654,730,255)
Operating expenses	7	(76,748,695)	(61,134,252)
Finance costs	8	(68,250)	(53,500)
Profit/(Loss) before income tax		3,103,879,166	(715,918,007)
Withholding tax on the dividend income	9	(6,143,500)	(10,522,671)
Profit/(Loss) for the period		3,097,735,666	(726,440,678)
Other comprehensive income		-	-
Total comprehensive income for the period		3,097,735,666	(726,440,678)
Basic and diluted earnings/(loss) per share	10	0.5205	(0.1101)

These condensed interim financial statements were authorised for issue on 15 November 2021 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 8 to 34 are an integral part of these condensed interim financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	30 September 2021	31 December 2020
Assets			
Cash and current accounts	<i>11</i>	603,940	174,667
Distributions bank accounts	<i>11</i>	76,353,453	34,255,963
Deposits with banks	<i>11</i>	445,123,482	659,982,573
Government bonds		77,895,726	380,268,285
Equity investments	<i>13</i>	11,770,368,839	9,246,709,268
Other assets		391,185	613,444
Total assets		12,370,736,625	10,322,004,200
Liabilities			
Payable to shareholders	<i>14 (a)</i>	79,030,167	34,380,437
Other liabilities and provisions	<i>14 (b)</i>	27,432,721	20,704,337
Total liabilities		106,462,888	55,084,774
Equity			
Paid share capital	<i>15 (a)</i>	3,560,099,870	3,560,099,870
Reserves related to the unpaid share capital	<i>15 (b)</i>	189,182,422	189,182,422
Other reserves	<i>15 (c)</i>	1,205,768,885	539,400,224
Treasury shares	<i>15 (d)</i>	(1,348,014,432)	(1,086,443,209)
Retained earnings		8,657,236,992	7,064,680,119
Total equity		12,264,273,737	10,266,919,426
Total liabilities and equity		12,370,736,625	10,322,004,200

The notes on pages 8 to 34 are an integral part of these condensed interim financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

The notes on pages 8 to 34 are an integral part of these condensed interim financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

	Share capital	Reserves related to the unpaid share capital	Other reserves	Treasury shares	Retained earnings	Total attributable to the equity holders of the Fund
Balance as at 1 January 2020	3,770,082,341	189,182,422	536,545,225	(446,008,591)	7,821,650,592	11,871,451,989
Loss for the period	-	-	-	-	(726,440,678)	(726,440,678)
Profit appropriation to other reserves	-	-	236,026,121	-	(236,026,121)	-
Total comprehensive income for the period	-	-	236,026,121	-	(962,466,799)	(726,440,678)
Transactions with owners, recorded directly in equity						
Dividends declared	-	-	-	-	(417,965,384)	(417,965,384)
Acquisition of treasury shares	-	-	-	(817,849,737)	-	(817,849,737)
Cancellation of treasury shares	(209,982,470)	-	(236,026,121)	446,008,591	-	-
Total transactions with owners recorded directly in equity	(209,982,470)	-	(236,026,121)	(371,841,146)	(417,965,384)	(1,235,815,121)
Balance as at 30 September 2020	3,560,099,871	189,182,422	536,545,225	(817,849,737)	6,441,218,409	9,909,196,190

The notes on pages 8 to 34 are an integral part of these condensed interim financial statements.

**CONDENSED STATEMENT OF CASH FLOWS FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2021**

(all amounts are in RON unless otherwise stated)

	9 months ended 30 September 2021	9 months ended 30 September 2020
Cash flows from operating activities		
Proceeds from transactions with treasury bills and bonds	419,739,079	161,756,971
Interest received	12,124,131	8,636,253
Other payments performed, net	(36,367)	(1,010,964)
Dividends received (net of withholding tax)	648,994,504	1,197,153,626
Acquisition of treasury bills and bonds	(122,297,124)	(151,490,418)
Suppliers and other taxes and fees paid	(97,207,745)	(81,350,790)
Subscriptions to share capital increase of portfolio companies	(10,055,720)	(97,350)
Amounts collected from the depository Bank of the Fund's GDRs	2,970,229	4,215,191
Proceeds from disposal of equity investments	-	635,365,962
Net cash flows from operating activities	854,230,987	1,773,178,481
Cash flows from financing activities		
Acquisition cost of treasury shares	(256,707,646)	(790,715,624)
Dividends paid (net of withholding tax)	(769,758,224)	(393,848,540)
Payments to shareholders related to the return of capital	-	(2,717,792)
Payment of fees related to the short term bank loans	(68,500)	(52,200)
Net cash flows used in financing activities	(1,026,534,370)	(1,187,334,156)
Net (decrease)/ increase in cash and cash equivalents	(172,303,383)	585,844,325
Cash and cash equivalents at the beginning of the period	694,344,555	405,776,121
Cash and cash equivalents at the end of the period as per the Statement of Cash Flows	522,041,172	991,620,446
Reconciliation of Statement of Cash Flows with the equivalent items reported in the Statement of Financial Position		
	30 September 2021	30 September 2020
Cash and current accounts (see Note 11)	603,940	267,450
Distributions bank accounts (see Note 11)	76,353,453	35,706,719
Bank deposits with original maturities of less than three months (see Note 11)	445,083,779	955,646,277
Government bonds with original maturities of less than three months	-	-
	522,041,172	991,620,446
Interest accrued on bank deposits (see Note 11)	39,703	162,254
Government bonds with original maturities of more than three months and less than one year	77,895,726	168,584,117
Total cash and current accounts, deposits with banks, treasury bills and government bonds as per Statement of Financial Position	599,976,601	1,160,366,817

The notes on pages 8 to 34 are an integral part of these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

1. General information

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

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

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

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

Starting with 1 April 2016 the Fund is managed by Franklin Templeton International Services S.à r.l. (“FTIS”) as its Sole Director and Alternative Investment Fund Manager (“AIFM”) under the Directive 2011/61/EU on Alternative Investment Fund Managers and local implementation regulations. The FTIS’ mandate is for a period of two years and current mandate was approved in June 2019 for the period 1 April 2020 – 31 March 2022. The next mandate for the period 1 April 2022 – 31 March 2024 was approved by the Fund’s shareholders during 29 September 2021 shareholders’ meeting.

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

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

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

These condensed interim financial statements for the nine month period ended 30 September 2021 are not audited.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

These condensed interim financial statements for the nine-month period ended 30 September 2021 have been prepared in accordance with IAS 34 Interim financial reporting and applying the FSA Norm 39/2015. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020, prepared in accordance with IFRS. These condensed interim financial statements are available starting with 15 November 2021, on the Fund's official webpage, www.fondulproprietatea.ro, and at the Fund's registered office.

The Fund is an investment entity and does not consolidate its subsidiaries as it applies IFRS 10, IFRS 12 and IAS 27 (Investment Entities). In consequence, the Fund does not prepare consolidated financial statements, the separate financial statements being the Fund's only financial statements. The Fund has reassessed the criteria for being an investment entity for the nine-month period ended 30 September 2021 and continues to meet them.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates

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

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

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

During the nine-month period ended 30 September 2021 the Fund's Sole Director performed a periodic analysis of multiples values of publicly traded peers companies and adjusted the value of unlisted holdings accordingly, where the case (see Note 5 for further details on fair value adjustments).

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

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

3. Significant accounting policies

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

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

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

	Other financial assets at amortised cost	Fair value through profit or loss	Other financial liabilities at amortised cost	Total carrying amount	Fair value
30 September 2021					
Cash and current accounts	603,940	-	-	603,940	603,940
Distributions bank accounts	76,353,453	-	-	76,353,453	76,353,453
Deposits with banks	445,123,482	-	-	445,123,482	445,123,482
Government bonds	-	77,895,726	-	77,895,726	77,895,726
Equity investments	-	11,770,368,839	-	11,770,368,839	11,770,368,839
Other financial assets	30,030	-	-	30,030	30,030
Other financial liabilities	-	-	(104,760,742)	(104,760,742)	(104,760,742)
	522,110,905	11,848,264,565	(104,760,742)	12,265,614,728	12,265,614,728

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

4. Financial assets and financial liabilities (continued)

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

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

	9 months ended 30 September 2021	9 months ended 30 September 2020
Unrealised gain from equity investments at fair value through profit or loss	2,620,292,075	42,188,248
Unrealised loss from equity investments at fair value through profit or loss	(107,103,335)	(1,741,025,393)
Realised loss from equity investments at fair value through profit or loss	-	(198,900,000)
Realised gain from equity investments at fair value through profit or loss	-	12,028,386
Total	2,513,188,740	(1,885,708,759)

The unrealised gain from equity investments at fair value through profit or loss for the nine-month period ended 30 September 2021 was mainly generated by the change in fair value for the holding in Hidroelectrica SA (unrealised gain of RON 2,104,184,890) and OMV Petrom SA (unrealised gain of RON 370,591,745), as a result of the strong performance of these companies. The unrealised gain from equity investments at fair value through profit or loss for the nine-month period ended 30 September 2020 was mainly generated by the change in fair value for the holding in Nuclearelectrica SA (unrealised gain of RON 39,538,643).

The unrealised loss from equity investments at fair value through profit or loss the nine-month period ended 30 September 2021 was mainly generated by the decrease in fair value for the holding in CN Aeroporturi Bucuresti SA (unrealised loss of RON 32,200,000), E-Distributie Banat SA (unrealised loss of RON 21,400,000) and E-Distributie Muntenia SA (unrealised loss of RON 20,000,000). The unrealised loss from equity investments at fair value through profit or loss for the nine-month period ended 30 September 2020 was generated by the negative change in fair value of the Fund's holdings as a result of the negative impact of the COVID-19 pandemic on the economic activity and global capital markets. The most significant decreases of fair value were recorded by the holdings in OMV Petrom (unrealised loss of RON 443,917,385), E-Distributie companies (total unrealised loss of RON 639,300,000), CN Aeroporturi Bucuresti SA (unrealised loss of RON 287,100,000) and Hidroelectrica SA (unrealised loss of RON 179,000,000).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

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

The realised gain from disposal of equity investments at fair value through profit or loss was calculated as the difference between the proceeds from the disposal and the fair value of the equity investments disposed of at the last annual financial statements date. The realised gain from disposal of equity investments at fair value through profit or loss for the nine-month period ended 30 September 2020 was generated by the partial disposal of the holding in Nuclearelectrica SA.

6. Gross dividend income

	9 months ended 30 September 2021	9 months ended 30 September 2020
Hidroelectrica SA	455,991,603	399,532,431
OMV Petrom SA	122,869,990	175,569,990
E-Distributie Muntenia SA	20,119,733	187,961,077
E-Distributie Banat SA	18,653,091	213,812,923
Engie Romania SA	17,941,285	12,084,099
CN Administratia Porturilor Maritime SA	6,691,538	5,492,149
Societatea Nationala a Sarii SA	5,626,066	19,803,298
ENEL Energie Muntenia SA	4,800,019	10,586,397
ENEL Energie SA	1,800,000	-
Alcom SA	233,725	275,360
CN Aeroporturi Bucuresti SA	-	36,700,452
E-Distributie Dobrogea SA	-	121,130,893
Nuclearelectrica SA	-	34,883,435
Others	410,158	824,503
	655,137,209	1,218,657,007

The dividend income was subject to 5% Romanian withholding tax during the nine-month periods ended 30 September 2021 and 30 September 2020. In cases where the relevant shareholding of the Fund was above 10% of total share capital of the paying company, for at least one year prior to the dividend distribution date, a withholding tax exemption is applied.

According to the Annual Cash Distribution Policy of the Fund, the special cash distributions received from portfolio companies are not subject to Fund's dividend distribution to shareholders. The Fund Manager may propose the distribution to shareholders of such amounts after considering the on-going measures imposed by the Discount Control Mechanism and the available cash. For the purpose of the Annual Cash Distribution Policy of the Fund, the special cash distributions are the amounts distributed by the portfolio companies from other sources than the annual net profit included in the latest annual financial statements. From the total gross dividend income for the nine-month period ended 30 September 2021 a total amount of RON 252,330,382 represented special cash distributions (nine-month period ended 30 September 2020: RON 683,070,542).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

7. Operating expenses

	9 months ended 30 September 2021	9 months ended 30 September 2020
FTIS administration fees (i)	61,887,734	41,519,890
FSA monthly fees (ii)	7,606,373	7,104,612
Third party services (iii)	4,974,302	5,683,385
BON remunerations and related taxes (iv)	1,083,237	1,061,412
Depository bank fee	413,351	440,997
Intermediaries and other fees related to disposal of portfolio holdings	11,922	4,384,874
Other operating expenses	771,776	939,082
	76,748,695	61,134,252

(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. An additional base fee of 0.05% is payable to FTIS as performance fee when the discount of the Fund's share price to net asset value per share is below or equal to 20% but above 15% and a further 0.05% when the discount is equal or below 15%.

The administration fees recorded during the first nine months of 2021 and the first nine months of 2020 are presented in the table below:

	9 months ended 30 September 2021	9 months ended 30 September 2020
Base fee	45,846,544	36,375,474
Distribution fee related to dividend distributions to shareholders	8,400,210	4,179,654
Performance fee	7,640,980	964,762
Administration fees recognised in profit or loss	61,887,734	41,519,890
Distribution fees related to buy-backs recognised in equity	2,562,173	7,923,176
Total administration fees	64,449,907	49,443,066

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

(ii) FSA monthly fees

During the nine month periods ended 30 September 2021 and 30 September 2020, the FSA fee was 0.0078% per month applied on the total net asset value. For the period 1 April – 14 May 2020, FSA granted a 25% discount on the monthly fees to all market issuers as result of the emergency state declared due the COVID-19 pandemic.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

7. Operating expenses (continued)*(iii) Third party services*

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

	9 months ended 30 September 2021	9 months ended 30 September 2020
Legal consultancy and litigation assistance	1,920,503	2,611,590
Portfolio valuation services	669,608	572,405
Financial auditor's fees	521,326	463,271
Board of Nominees accommodation, transport and insurance costs	366,928	333,089
Tax compliance and advisory services	328,596	269,986
Public relations services	234,540	298,546
Investors' relations expenses	121,747	336,698
Other services	811,056	797,800
	4,974,302	5,683,385

(iv) BON remunerations and related taxes

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

8. Finance cost

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

The Fund did not use the credit facility until the date of these condensed interim financial statements. The finance costs for the nine month period ended 30 September 2021 of RON 68,250 (nine month period ended 30 September 2020: RON 53,500) comprise the commitment fee on undrawn amounts from the credit facility.

There are no outstanding amounts from the credit facility as at 30 September 2021 and 31 December 2020.

9. Income tax

No current tax and no deferred tax were recorded during the nine month periods ended 30 September 2021 and 30 September 2020.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

9. Income tax (continued)

	9 months ended 30 September 2021	9 months ended 30 September 2020
Reconciliation of effective tax rate		
Net gain/ (loss) profit for the period	3,097,735,666	(726,440,678)
Withholding tax on the dividend income	(6,143,500)	(10,522,671)
Profit/(Loss) excluding income tax	3,103,879,166	(715,918,007)
Income tax (expense)/ benefit using the standard tax rate (16%)	(496,620,667)	114,546,881
<i>Impact on the income tax of:</i>		
Taxation applied on dividend income	98,678,453	184,462,450
Non-taxable income (other than dividend income)	403,921,996	152,326,071
Non-deductible expenses	(68,734,073)	(363,167,556)
Elements similar to revenues (taxable equity items)	(290,848)	-
Fiscal result impact in the current period	56,901,639	(98,690,517)
Tax on income (i.e. withholding tax on the dividend income)	(6,143,500)	(10,522,671)

The fiscal result impact as at 30 September 2021 of RON 56,901,639 included in the table above represents the current tax on profit for the first nine months of 2021 which was offset by the Fund's tax losses carried forward. The fiscal result impact as at 30 September 2020 of RON 98,690,517 included in the table above represents the unrecognised deferred tax for the tax losses recorded in the first nine months of 2020.

As at 30 September 2021 and 31 December 2020 there is no income tax due or to be recovered from the State Budget by the Fund.

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

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

Basic earnings/(loss) per share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary paid shares in issue during the period, excluding the average number of ordinary shares purchased by the Fund and held as treasury shares (based on their settlement date). As at 30 September 2021 and 30 September 2020, none of the Fund's issued shares or other instruments had dilutive effect, therefore basic and diluted earnings/(loss) per share are the same.

	9 months ended 30 September 2021	9 months ended 30 September 2020
Profit/(Loss) for the period	3,097,735,666	(726,440,678)
Weighted average number of ordinary shares	5,951,115,030	6,597,116,014
Basic and diluted earnings/(loss) per share	0.5205	(0.1101)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

11. Cash and current accounts and deposits with banks

	30 September 2021	31 December 2020
Petty cash	36	114
Current accounts with banks	603,904	174,553
Distributions bank accounts	76,353,453	34,255,963
Cash and current accounts	76,957,393	34,430,630
	30 September 2021	31 December 2020
Bank deposits with original maturities of less than three months	445,083,779	659,913,925
Interest accrued on bank deposits	39,703	68,648
Deposits with banks	445,123,482	659,982,573

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

12. Deferred tax

As at 30 September 2021 and 31 December 2020 there is no difference between the carrying amount and tax base of assets and liabilities that could result in amounts that are deductible/ taxable when determining taxable profit or tax loss of future periods. In consequence, as at 30 September 2021 and 31 December 2020, the net deferred tax position is nil as the Fund did not recognise any deferred tax asset or deferred tax liability.

As at 30 September 2021 the unused fiscal loss carried forward amounts to RON 3,064,945,130 (31 December 2020: RON 3,420,608,901) out of which RON 2,564,420,345 will expire on 31 December 2022 and RON 500,524,785 will expire on 31 December 2027.

As at 30 September 2021 and 31 December 2020 the Fund did not recognise any deferred tax asset for the unused tax losses carried forward as there is a high probability that there will be insufficient future taxable profit against which the loss carried forward can be utilised.

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

There was no movement in the deferred tax position during the nine month periods ended 30 September 2021 and 30 September 2020. The deferred tax balances during both these periods were zero.

13. Equity investments

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

13. Equity investments (continued)

The movement in the carrying amounts of equity investments at fair value through profit or loss during the nine month periods ended 30 September 2021 and 30 September 2020 is presented below:

	9 months ended 30 September 2021	9 months ended 30 September 2020
Opening balance	9,246,709,268	11,413,083,382
Net gain/(loss) from equity investments at fair value through profit or loss (see <i>Note 5</i>)	2,513,188,741	(1,885,708,759)
Subscriptions to share capital increase of portfolio companies (see <i>Note 17 (b)</i>)	10,470,830	-
Disposals	-	(635,365,962)
Closing balance	11,770,368,839	8,892,008,661

Portfolio

As at 30 September 2021 and 31 December 2020 the Fund's portfolio comprised the following holdings:

	30 September 2021	31 December 2020
Hidroelectrica SA	7,233,500,000	5,128,900,000
OMV Petrom SA	1,811,341,472	1,440,749,726
Engie Romania SA	603,900,000	538,800,000
CN Aeroporturi Bucuresti SA	591,900,000	624,100,000
Administratia Porturilor Maritime SA	264,100,000	235,800,000
E-Distributie Banat SA	251,300,000	272,700,000
E-Distributie Muntenia SA	207,800,000	227,800,000
Alro SA	204,077,199	163,261,759
E-Distributie Dobrogea SA	188,500,000	177,200,000
Societatea Nationala a Sarii SA	182,800,000	201,200,000
Romaero SA	45,909,185	56,140,375
Enel Energie SA	52,500,000	52,500,000
Enel Energie Muntenia SA	43,100,000	43,100,000
Zirom SA	30,253,600	24,884,700
CN Administratia Canalelor Navigabile SA	17,751,740	17,751,740
Other	41,635,643	41,820,968
Total equity investments	11,770,368,839	9,246,709,268

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

Fair value hierarchy

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

13. Equity investments (continued)

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

30 September 2021	Level 1	Level 2	Level 3	Total
Equity investments:	2,015,418,671	-	9,754,950,168	11,770,368,839
<i>Power utilities: generation</i>	-	-	7,233,500,000	7,233,500,000
<i>Oil and gas</i>	1,811,341,472	-	-	1,811,341,472
<i>Power and gas utilities: distribution, supply</i>	-	-	1,347,100,000	1,347,100,000
<i>Infrastructure</i>	-	-	936,161,134	936,161,134
<i>Heavy industry</i>	-	-	213,053,600	213,053,600
<i>Aluminium</i>	204,077,199	-	-	204,077,199
<i>Postal services</i>	-	-	13,100,000	13,100,000
<i>Others</i>	-	-	12,035,434	12,035,434
Government bonds	77,895,726	-	-	77,895,726
Total	2,093,314,397	-	9,754,950,168	11,848,264,565

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

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

The table below presents the movement in Level 3 equity investments during nine month periods ended 30 September 2021 and 30 September 2020:

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(all amounts are in RON unless otherwise stated)

13. Equity investments (continued)

	9 months ended 30 September 2021	9 months ended 30 September 2020
Opening balance	7,642,697,782	8,407,640,418
Net unrealised gain/(loss) recognised in profit or loss	2,101,781,556	(1,267,491,059)
Subscriptions to share capital increase of portfolio companies	10,470,830	-
Transfers in/(out) of Level 3	-	-
Closing balance	9,754,950,168	7,140,149,359

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

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

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

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

As at 30 September 2021, the fair value for 89% of the Level 3 equity investments (31 December 2020: for 85% of the Level 3 equity investments) was determined by applying the market comparison technique using comparable trading multiples for EBITDA, while the fair value for almost 11% of the Level 3 equity investments (31 December 2020: for almost 15% of the Level 3 equity investments) was determined by applying the income approach using the discounted cash flow method.

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

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

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(all amounts are in RON unless otherwise stated)

13. Equity investments (continued)

The valuation for the Level 3 equity investments as at 30 September 2021 was prepared as follows:

- 74.2% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the independent valuer as at 31 August 2021 incorporating the impact of any significant corporate action that took place until 30 September 2021;
- 23.5% of the fair value of Level 3 equity investments was determined based on the valuation reports updated with the assistance of the independent valuer as at 31 May 2021 incorporating the impact of any significant corporate action that took place until 30 June 2021;
- 1.6% of the fair value of Level 3 equity investments was determined based on the valuation reports prepared with the assistance of an independent valuer as at 31 October 2020;
- 0.4% of the fair value of Level 3 equity investments representing listed but illiquid holdings was determined based on the last available Bucharest Stock Exchange reference price;
- 0.3% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the independent valuer as at 31 July 2021 incorporating the impact of any significant corporate action that took place until 31 August 2021;
- the holdings in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity were valued at nil.

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

13. Equity investments (continued)

Given the current context of the COVID-19 pandemic, the valuations are based on prevailing market, economic and other conditions at the valuation date and correspond with a period of significant volatility in global financial markets and widespread macro-economic uncertainty. To the extent possible, these conditions were reflected in the valuation. However, the factors driving these conditions can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and on the Fund's portfolio holdings specifically, could impact the estimated fair values in the future, either positively or negatively.

In light of the spread of the coronavirus and the emergence to find some solutions, the existing uncertainty regarding the impact for businesses could persist for sometime. As a result, the current valuation may not have identified, or reliably quantified the impact of all such uncertainties and implications.

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

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

Based on the analysis of market multiples evolution between the date of the valuation reports and the date of these condensed interim financial statements, it resulted that the multiples, generally, followed an increasing trend, the main drivers including: the decrease in yields, the descending trend in market risk premiums and additional factors related to market excitement due to improved perspectives regarding COVID-19 and specific developments of energy and gas market.

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

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

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

13. Equity investments (continued)

The following tables set out information about the significant unobservable inputs used at 30 September 2021 and 31 December 2020 in measuring equity instruments classified as Level 3 in the fair value hierarchy:

Financial assets	Fair value as at 30 September 2021	Valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
Total	9,754,950,168			
Unlisted equity instruments	8,605,880,349	Market approach - comparable companies (based on EBITDA multiple)	EBITDA multiple ranging from 4.45 - 11.85 (11.01) Discount for lack of marketability: 14.7% or 20% (14.72%)	The higher the EBITDA multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments and Listed illiquid equity instruments	1,088,816,129	Income approach - discounted cash flow method	Weighted average cost of capital ranging from 10.40% - 14.60% (11.13%) Discount for lack of marketability ranging from 9.6% - 16.3% (14.68%) Discount for lack of control: 0% - 26.7% (17.75%) Long-term revenue growth rate: 2% or 2.5% (2.49%)	The lower the weighted average cost of capital, the higher the fair value. The lower the discount for the lack of marketability, the higher the fair value. The lower the discount for the lack of control, the higher the fair value. The higher the long-term revenue growth rate, the higher the fair value.
Unlisted equity instruments	13,100,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price/Earnings value: 8.09 (8.09) Discount for lack of marketability: 24.0% (24.0%)	The higher the Price /Earnings multiple, the higher the fair value. The lower the discount for the lack of marketability, the higher the fair value.
Unlisted equity instruments	0	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.35 (0.35)	Irrespective of the evolution of the unobservable inputs, the value of this investment is zero due to the negative equity value of this company generated by a high level of net debts.
Listed illiquid equity instruments	47,153,690	Bucharest Stock Exchange reference price	These shares are traded infrequently and have little price transparency. Fair values for these equity instruments were considered to be those used in the calculation of the net asset value of the Fund, in accordance with the regulations issued by the Financial Supervisory Authority.	

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(all amounts are in RON unless otherwise stated)

13. Equity investments (continued)

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

As at 30 September 2021 and 31 December 2020, the Fund's investments in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity are valued at nil.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

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13. Equity investments (continued)

Significant unobservable inputs are the following:

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

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

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

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

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

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

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

14. Liabilities
(a) Payable to shareholders

	30 September 2021	31 December 2020
Dividends payable to shareholders, <i>out of which:</i>	78,878,221	34,228,491
- <i>Net dividends payable to shareholders</i>	76,308,185	34,228,491
- <i>Dividend withholding tax payable to State Budget</i>	2,570,036	-
Returns of capital due to shareholders	151,946	151,946
	79,030,167	34,380,437

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

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

	9 months ended 30 September 2021	9 months ended 30 September 2020
Opening balance	34,380,437	31,988,947
Gross distributions approved during the period, <i>out of which</i> :		
- <i>Net distributions payable to shareholders</i>	840,627,930	417,965,383
- <i>Dividend withholding tax due to State Budget</i>	813,655,716	403,263,206
	26,972,214	14,702,177
Payments of net distributions performed from the dedicated bank accounts	(769,758,225)	(396,566,332)
Withholding tax payable to State Budget corresponding to the net dividends paid during the period	(24,402,178)	(13,875,003)
Distributions for which the statute of limitation occurred	(1,817,797)	-
Closing balance	79,030,167	39,512,995

(b) Other liabilities and provisions

	30 September 2021	31 December 2020
FTIS Administration fees	23,571,477	16,447,827
Tax on dividends due to State Budget	814,609	772,075
Payables related to treasury shares under settlement	1,866,898	-
Financial Supervisory Authority fees	860,279	778,355
Other liabilities	319,458	1,849,833
Provision for litigations	-	856,247
	27,432,721	20,704,337

15. Shareholders' equity
(a) Share capital

There was no change in the share capital of the Fund recorded during the first nine months of 2021.

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(all amounts are in RON unless otherwise stated)

15. Shareholders' equity (continued)

The shareholders structure as at 30 September 2021 was as follows:

Shareholder categories	% of subscribed share capital	% of paid share capital
Romanian institutional investors	32.74%	34.48%
Romanian private individuals	17.57%	18.51%
The Bank of New York Mellon (depository bank for the Fund's GDRs)	15.61%	16.44%
Foreign institutional investors	12.87%	13.55%
Foreign private individuals	2.88%	3.03%
Romanian State	0.09%	0.10%
Treasury shares	13.19%	13.89%
Unpaid shares (see Note 15(b))	5.05%	-
Total	100.00%	100.00%

Source: Depozitarul Central SA (Central Depository)

(b) Reserves related to the unpaid share capital

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

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

	30 September 2021	31 December 2020
Legal reserve	533,826,946	533,826,946
Other reserves	671,941,939	236,026,121
Distributions for which the statute of limitation occurred	-	5,573,278
Losses from cancellation of treasury shares (negative equity reserves)	-	(236,026,121)
	<u>1,205,768,885</u>	<u>539,400,224</u>

The legal reserve cannot be used for distributions to shareholders.

The amounts allocated to other reserves are to be used to cover the losses (negative reserves) recorded from cancellation of shares acquired through the buy-back programmes. The other reserves balance as at 31 December 2020 of RON 236,026,121 was used to cover the negative equity reserves recorded from cancellation of shares acquired during the tenth buy-back programme, according to the resolution of the Fund's General Shareholders' Meeting ("GSM") held on 28 April 2021. In the same time, the Fund's shareholders' approved during the 28 April 2021 GSM, the allocation to other reserves of an amount of RON 671,941,939 from retained earnings and reserves resulted from the distributions for which the statute of limitation occurred, in order to be available for covering the negative reserves estimated to arise from cancellation of shares acquired during 2020 through the eleventh 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 may be covered from retained earnings and other equity elements, in accordance with the resolution of the General Shareholders Meeting.

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

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

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

	GSM date approving the buy-back programme	Starting date	Completion date	Acquisition price range as approved by GSM
Twelfth buy-back programme	13-Nov-2020	1-Jan-2021	31-Dec-2021	RON 0.2 – 2.5 per share

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

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

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

	Opening balance 1 January 2020	Acquisitions during the period	Cancellations during the period	Closing balance 30 September 2020
10 th buy-back	403,812,443	-	(403,812,443)	-
11 th buy-back	-	606,738,884	-	606,738,884
	403,812,443	606,738,884	(403,812,443)	606,738,884

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

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

The difference between the total 11th buy-back cost as at 30 September 2021 (i.e. RON 1,086,881,807) included in the table above and the buy-back carrying amount presented in the audited financial statements for the year ended 31 December 2020 (i.e. RON 1,086,443,209) is due to the difference between the actual invoiced amounts as per invoices received by the Fund in 2021 and the related accrued costs booked in the Fund's accounting as at 31 December 2020.

	Opening balance 1 January 2020	Cost of treasury shares acquired	Cancellation of treasury shares	Closing balance 30 September 2020
10 th buy-back	446,008,591	-	(446,008,591)	-
11 th buy-back	-	817,849,737	-	817,849,737
	446,008,591	817,849,737	(446,008,591)	817,849,737

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

15. Shareholders' equity (continued)**(e) Dividend distribution**

During the 28 April 2021 General Shareholders Meeting, the Fund's shareholders approved the distribution of a gross dividend of RON 0.072 per share from 2016 and 2017 unallocated profits. The shareholders registered in the shareholders' registry with the Central Depository on 28 May 2021 have the right to receive a gross dividend of RON 0.072 per share, proportionally with their participation in the paid-in share capital of the Fund. The payment started on 22 June 2021 and until the date of these condensed interim financial statements, shareholders had collected 96% of the total distribution.

During the 16 July 2021 General Shareholders Meeting, the Fund's shareholders approved the distribution of a gross dividend of RON 0.070 per share from the remaining balance of 2017 and 2019 unallocated profits. The shareholders registered in the shareholders' registry with the Central Depository on 6 August 2021 have the right to receive a gross dividend of RON 0.070 per share, proportionally with their participation in the paid-in share capital of the Fund. The payment started on 27 August 2021 and until the date of these condensed interim financial statements, shareholders had collected almost 92% of the total distribution.

16. Contingencies**(a) Litigations**

At 30 September 2021, the Fund was involved in certain litigations, either as defendant or claimant. After analysing the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the Fund considers that there are no litigations which may have significant effects on the Fund's financial position or profitability.

(b) Other contingencies

Other contingencies of the Fund included the receivables from World Trade Center Bucuresti SA and the debts 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.

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

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

(b) Debts regarding CN Aeroporturi Bucuresti SA share capital increase

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

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

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

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

Fondul Proprietatea started court cases 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 and will continue to update its shareholders regarding this process.

The duration of court cases in Romania is not predictable. However, the Fund uses all legal available means to have a solution for this issue as soon as possible.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

	9 months ended 30 September 2021	9 months ended 30 September 2020
Total Fund's cost with BON remuneration, <i>out of which</i> :	1,083,237	1,061,412
- Net remuneration paid to BON members	862,026	757,710
- Related taxes and contributions payable to State Budget	221,211	303,702

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

Other transactions between the Fund and the members of the Board of Nominees mainly comprise accommodation, transport and professional insurance costs (see Note 7).

There were no loans between the Fund and the members of the Board of Nominees neither in the first nine months of 2021 nor in the first nine months of 2020.

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

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

(ii) Sole Director and Investment Manager

FTIS is the Sole Director and Alternative Investment Fund Manager of the Fund starting with 1 April 2016. Until 30 November 2020, FTIS had delegated the role of Investment Manager, as well as certain administrative functions to FTIML. Starting 1 December 2020, the activity carried out by FTIML through the delegation agreement ceased by mutual consent of the parties. Starting this date, the portfolio management and the administrative activities previously delegated to FTIML are performed by FTIS through its Bucharest Branch.

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

Transactions	9 months ended 30 September 2021	9 months ended 30 September 2020
Administration fees	64,449,907	49,443,066

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

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

Transactions	9 months ended 30 September 2021	9 months ended 30 September 2020
Rent expense charged to the Fund	60,650	-
Operating cost charged to the Fund	20,436	-
	81,086	-

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

Transactions	9 months ended 30 September 2021	9 months ended 30 September 2020
Rent expense charged to the Fund	-	59,552
Operating cost charged to the Fund	-	20,119
	-	79,671

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

During the first nine months of 2020, the Fund recorded RON 392,342 representing expenses incurred by FTIML Bucharest Branch on its behalf.

These expenses were primarily related to expenses in the interest of protecting and promoting the image of the Fund and its securities (investor relations). The recharge of these expenses to the Fund followed the provisions of the management agreement in place at the respective moment and was subject to Board of Nominees' approval.

The outstanding liabilities owed by the Fund were as follows:

Amounts due to:	30 September 2021	31 December 2020
FTIS Luxembourg	23,571,477	16,447,827
FTIS Bucharest Branch	79,322	9,546
	23,650,800	16,457,372

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

(b) Subsidiaries

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

	30 September 2021	31 December 2020
Ownership interest		
Zirom SA	100%	100%
Alcom SA	72%	72%
Comsig SA	70%	70%

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

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

During the first nine months of 2021, the Fund recorded and collected the dividend distributed by Alcom SA in amount of RON 233,725 and participated in the cash share capital increase of Zirom SA, subscribing 1,000,000 new shares, at the nominal value of RON 10 per share (in total of RON 10,000,000).

During the first nine months of 2020, the Fund recorded and collected from Alcom SA dividends in total amount of RON 275,360.

As at 30 September 2021 and 31 December 2020, Comsig SA was in administrative liquidation process, which is still ongoing at the date of these condensed interim financial statements. In April 2021, the Fund received from Comsig SA as liquidation proceeds an amount of RON 62,154. Until the date of these condensed interim financial statements, Comsig SA was not deregistered from Trade Registry.

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

	30 September 2021	31 December 2020
Zirom SA	30,253,600	24,884,700
Alcom SA	8,863,429	8,863,429
Comsig SA	-	-
	39,117,029	33,748,129

As at 30 September 2021 and 31 December 2020, the Fund had no commitment to provide financial or other support to its subsidiaries, including commitments to assist the subsidiaries in obtaining financial support.

(c) Associates

As 30 September 2021 and 31 December 2020 the Fund had two associates, both incorporated in Romania:

	30 September 2021	31 December 2020
Ownership interest		
Societatea Nationala a Sarii SA	49%	49%
Plafar SA	49%	49%

During the first nine months of 2021, the Fund recorded and collected a dividend of RON 5,626,066 (first nine months of 2020: RON 19,803,298) distributed by Societatea Nationala a Sarii SA and a dividend of RON 116,856 (first nine months of 2020: RON 100,097) distributed by Plafar SA.

Also, as at 30 September 2021 there was a balance due by Societatea Nationala a Sarii SA to the Fund amounted RON 7,429 (31 December 2020: RON 7,178) which comprised the outstanding dividend receivable distributed in 2018 of RON 6,378 (31 December 2020: RON 6,378) and the penalties for delay payment of dividends of RON 1,051 (31 December 2020: RON 800). This outstanding balance due by Societatea Nationala a Sarii SA to the Fund is fully impaired.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021

(all amounts are in RON unless otherwise stated)

18. Subsequent events**a) Share capital decrease**

On 25 October 2021, Bucharest Trade Registry registered the Resolution no. 3 / 28 April 2021 of the Fund's EGSM for approving the decrease of the subscribed registered share capital from RON 3,749,282,292.08 to RON 3,334,342,422.84 pursuant to the cancellation of 797,961,287 own shares acquired by Fondul Proprietatea during 2020, endorsed by FSA through Endorsement no. 344/11 October 2021.

Consequently, starting with 25 October 2021, the new value of the Fund's subscribed 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), while the value of the paid-up share capital is RON 3,145,160,000.84 (divided into 6,048,384,617 shares with the same par value as above-mentioned). The difference between the subscribed and paid-up share capital derives from unpaid subscriptions owed by the Romanian State represented by the Ministry of Public Finance in amount of RON 189,182,422.00 (i.e. 363,812,350 shares with the same par value as above-mentioned).

As a result, the new limit for the GDR Facility is 42,747,979 GDRs.

b) Convening the General Shareholders' Meeting for 15 December 2021

On 15 October 2021 the Fund published the convening notice for the General Shareholders' Meeting to be held on 15 December 2021 having on the agenda the following points:

- Approval of the 2022 buyback programme for a maximum number of 800,000,000 treasury shares (either in the form of shares and/or shares equivalent) which will be valid until 31 December 2022. The buy-back shall be performed at a price that cannot be lower than RON 0.2 / share or higher than RON 2.5 / share;
- Approval of the Fund's amended Investment Policy Statement applicable starting with 1 April 2022;
- Approval of the Fund's 2022 budget;
- Approval of a gross dividend distribution of RON 0.06 per share from the remaining balance of 2019 unallocated profit, payable starting with 18 February 2022;
- Approval of the terms along with the execution of the draft Management Agreement between Fondul Proprietatea and FTIS for a duration of 2 years starting with 1 April 2022.

Annex 2

Statement of Assets and Obligations of Fondul Proprietatea SA as at 30 September 2021, prepared in accordance with CNVM Regulation 4/2010 (Annex no. 4)

Item	31 December 2020				30 September 2021				Differences RON
	% of the net asset	% of the total asset	Currency	RON	% of the net asset	% of the total asset	Currency	RON	
I. Total assets	100.5399%	100.0000%		10,322,346,256.28	100.8680%	100.0000%		12,370,731,012.44	2,048,384,756.16
1 Securities and money market instruments, out of which: *	19.9739%	19.8669%		2,050,713,400.44	17.5251%	17.3744%		2,149,331,512.12	98,618,111.68
1.1. securities and money market instruments admitted or traded on a regulated market from Romania, out of which:									
1.1.1 listed shares traded in the last 30 trading days	19.9739%	19.8669%	-	2,050,713,400.44	17.5251%	17.3744%	-	2,149,331,512.12	98,618,111.68
1.1.2 listed shares not traded in the last 30 trading days	16.1838%	16.0970%	-	1,661,581,690.23	16.8076%	16.6630%	-	2,061,327,855.85	399,746,165.62
1.1.3 Government bonds	0.0863%	0.0859%	-	8,863,425.29	0.0824%	0.0817%	-	10,107,929.90	1,244,504.61
1.1.4 allotment rights not admitted at trading on a regulated market	3.7038%	3.6840%	-	380,268,284.92	0.6351%	0.6297%	-	77,895,726.37	(302,372,558.55)
1.2. securities and money market instruments admitted or traded on a regulated market from a member state, out of which:									
1.2.1 listed shares traded in the last 30 trading days	-	-	-	-	-	-	-	-	-
1.2.2 listed shares not traded in the last 30 trading days	-	-	-	-	-	-	-	-	-
1.3. securities and money market instruments admitted on a stock exchange from a state not a member or negotiates on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public, approved by the Financial Supervisory Authority ("FSA")	-	-	-	-	-	-	-	-	-
2 New issued securities	-	-	-	-	-	-	-	-	-
3 Other securities and money market instruments mentioned at art. 187 letter a) of the Regulation no. 15/2004, out of which:									
- shares not admitted at trading on a regulated market	73.7930%	73.3967%	-	7,576,256,630.47	79.0828%	78.4025%	-	9,698,927,441.04	2,122,670,810.57
4 Bank deposits, out of which:	73.7930%	73.3967%	-	7,576,256,630.47	79.0828%	78.4025%	-	9,698,927,441.04	2,122,670,810.57
4.1. bank deposits made with credit institutions from Romania	6.4282%	6.3937%	-	659,982,573.15	3.6295%	3.5982%	-	445,123,481.80	(214,859,091.35)
- in RON	6.4282%	6.3937%	-	659,982,573.15	3.6295%	3.5982%	-	445,123,481.80	(214,859,091.35)
- in euro	-	-	-	-	-	-	-	-	-
4.2. bank deposits made with credit institutions from an EU state	-	-	-	-	-	-	-	-	-
4.3. bank deposits made with credit institutions from a non-EU state	-	-	-	-	-	-	-	-	-
5 Derivatives financial instruments traded on a regulated market	-	-	-	-	-	-	-	-	-
6 Current accounts and petty cash out of which:	0.3354%	0.3336%		34,430,629.84	0.6275%	0.6220%		76,957,392.29	42,526,762.45
- in RON	0.3343%	0.3325%	-	34,325,895.24	0.6231%	0.6177%	-	76,421,692.77	42,095,797.53
- in euro	0.0000%	0.0000%	EUR	610.18	0.0001%	0.0001%	EUR	1,406.34	3,986.09
- in USD	0.0010%	0.0010%	USD	25,026.03	0.0043%	0.0042%	USD	123,264.20	426,505.56
- in GBP	0.0000%	0.0000%	GBP	463.12	0.0000%	0.0000%	GBP	519.48	473.27
7 Money market instruments, others than those traded on a regulated market, according to art. 101 par. (1) letter g) of Law no. 297/2004 regarding the capital market, with subsequent additions and amendments, out of which:									
- Treasury bills with original maturities of less than 1 year	-	-	-	-	-	-	-	-	-
8 Participation titles of OCII and/or of UCITS (A.O.P.C./ O.P.C.V.M.)	-	-	-	-	-	-	-	-	-
9 Other assets out of which:	0.0095%	0.0091%		963,022.38	0.0031%	0.0029%		391,185.19	(571,837.19)
- receivables related to the cash contributions to the share capital increases performed by portfolio companies	0.0043%	0.0042%	-	445,140.00	0.0002%	0.0002%	-	30,030.00	(415,110.00)
- tax on dividends to be recovered from the State Budget	0.0034%	0.0033%	-	348,524.00	-	-	-	-	(348,524.00)
- intangible assets	0.0000%	0.0000%	-	-	-	-	-	-	-
- advance payments for intangible assets	0.0003%	0.0002%	-	28,384.79	0.0004%	0.0003%	-	48,597.77	20,212.98
- other receivables out of which:	0.0002%	0.0001%	-	5,180.00	0.0000%	0.0000%	-	9.00	(5,171.00)
- in RON	0.0001%	0.0001%	-	5,180.00	0.0000%	0.0000%	-	9.00	(5,171.00)
- in USD	-	-	-	-	-	-	-	-	-
- prepaid expenses	0.0013%	0.0013%	-	135,793.59	0.0025%	0.0024%	-	312,548.42	176,754.83
II. Total liabilities	0.5399%	0.5370%		55,434,352.18	0.8680%	0.8606%		106,462,888.09	51,028,535.91
Liabilities in relation with the payments of fees due to the investment management company (S.A.I.)	0.1602%	0.1593%	-	16,447,826.86	0.1922%	0.1905%	-	23,571,477.30	7,123,650.44
1 Liabilities related to the fees payable to the depositary bank	0.0004%	0.0004%	-	42,297.22	0.0004%	0.0004%	-	45,757.66	3,460.44
2 Liabilities related to the fees payable to intermediaries	0.0046%	0.0046%	-	475,920.00	-	-	-	-	(475,920.00)
3 Liabilities related to commissions and other bank services	-	-	-	-	-	-	-	-	-
4 Interest payable	-	-	-	-	-	-	-	-	-
5 Liabilities related to issuance costs	-	-	-	-	-	-	-	-	-
6 Liabilities in relation with the fees/commissions to FSA	0.0076%	0.0075%	-	778,355.05	0.0070%	0.0070%	-	860,278.82	81,923.77
7 Liabilities related to audit fees	0.0018%	0.0018%	-	189,408.19	-	-	-	-	(189,408.19)

Fondul Proprietatea SA

Item	31 December 2020				30 September 2021				Differences RON
	% of the net asset	% of the total asset	Currency	RON	% of the net asset	% of the total asset	Currency	RON	
9 Other Liabilities, out of which:	0.3653%	0.3634%	-	37,500,544.86	0.6684%	0.6627%	-	81,985,374.31	44,484,829.45
- liabilities to the Fund's shareholders related to the dividend distribution	0.3334%	0.3316%	-	34,228,490.76	0.6432%	0.6376%	-	78,878,221.36	44,649,730.60
- liabilities related to the return of capital	0.0015%	0.0015%	-	151,945.60	0.0012%	0.0012%	-	151,945.60	-
- liabilities related to Government securities under settlement	0.0000%	0.0000%	-	-	-	-	-	-	-
- provisions	0.0083%	0.0083%	-	856,247.22	-	-	-	-	(856,247.22)
- liabilities related to buybacks under settlement	-	-	-	-	0.0152%	0.0151%	-	1,866,897.77	1,866,897.77
- remunerations and related contributions	0.0003%	0.0003%	-	34,857.00	0.0002%	0.0002%	-	27,258.00	(7,599.00)
- VAT payable to State Budget	0.0000%	0.0000%	-	904.81	-	-	-	-	(904.81)
- tax on dividends payable to State Budget	0.0110%	0.0110%	-	1,120,599.00	0.0066%	0.0066%	-	814,609.00	(305,990.00)
- other liabilities out of which:	0.0108%	0.0107%	-	1,107,500.47	0.0020%	0.0020%	-	246,442.58	(861,057.89)
- in RON	0.0108%	0.0107%	-	1,107,500.47	0.0020%	0.0020%	-	246,442.58	(861,057.89)
- in EUR	-	-	-	-	-	-	-	-	-
III. Net Asset Value (I - II)	100.0000%	99.4630%		10,266,911,904.10	100.0000%	99.1394%		12,264,268,124.35	1,997,356,220.25

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

Unitary Net Asset Value

Item	30 September 2021	31 December 2020	Differences
Net Asset Value	12,264,268,124.35	10,266,911,904.10	1,997,356,220.25
Number of outstanding shares	5,892,750,059	6,048,384,617	(155,634,558)
Unitary net asset value	2.0812	1.6974	0.3838

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

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alro Slatina SA	ALR	30/Sep/2021	72,884,714	0.5	2.8000	204,077,199.20	10.21%	1.6497%	1.6640%	Closing price
OMV Petrom SA	SNP	30/Sep/2021	3,963,548,078	0.1	0.4570	1,811,341,471.65	6.99%	14.6422%	14.7693%	Closing price
Romaero SA	RORX	28/Sep/2021	1,311,691	2.5	35.0000	45,909,185.00	18.87%	0.3711%	0.3743%	Reference price
Total						2,061,327,855.85		16.6630%	16.8076%	

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

Issuer	Symbol	Date of the last trading session	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Alcom SA	ALCQ	10/Feb/2017	89,249	2.5	99.3112	8,863,425.29	71.89%	0.0716%	0.0723%	Fair value / share (Value based on valuation report as at 31 October 2020)
IOR SA	IORB	17/Aug/2021	2,622,273	0.1	0.1700	445,786.41	0.82%	0.0036%	0.0036%	Fair value (Last trading price)
Mecon SA	MECP	30/Jun/2021	60,054	11.6	13.3000	798,718.20	12.51%	0.0065%	0.0065%	Fair value (Last trading price)
Total						10,107,929.90		0.0817%	0.0824%	

Fondul Proprietatea SA

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

Unlisted shares

Issuer	No. of shares held	Date of acquisition *	Acquisition price (total price of acquisition of shares)**	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Company status	Evaluation method
Aeroportul International Mihail Kogalniceanu - Constanta SA	23,159	19/Jul/2005	1,490,898	111.0410	2,571,598.52	20.00%	0.0208%	0.0210%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Aeroportul International Timisoara - Traian Vuia SA	32,016	19/Jul/2005	2,652,588	199.9000	6,399,998.40	20.00%	0.0517%	0.0522%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
CN Administratia Canalelor Navigabile SA	203,160	19/Jul/2005	15,194,209	87.3781	17,751,734.80	20.00%	0.1435%	0.1447%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	19/Jul/2005	675,810	84.7332	2,334,738.59	20.00%	0.0189%	0.0190%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
CN Administratia Porturilor Dunarii Maritime SA	21,237	19/Jul/2005	1,351,671	244.5669	5,193,867.26	20.00%	0.0420%	0.0423%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
CN Administratia Porturilor Maritime SA	2,658,128	19/Jul/2005	52,691,564	99.3556	264,099,902.32	19.99%	2.1349%	2.1534%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 May 2021)
CN Aeroporturi Bucuresti SA ***	2,875,443	5/Feb/2010	131,168,263	205.8465	591,899,877.50	20.00%	4.7847%	4.8262%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Complexul Energetic Oltenia SA****	27,387,940	31/May/2012	670,353,852	-	-	21.55%	-	-	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Cosig SA	75,655	19/Jul/2005	132,633	-	-	69.94%	-	-	Administrative liquidation	Priced at zero
E-Distributie Banat SA	9,220,644	19/Jul/2005	141,578,929	27.2540	251,299,431.58	24.12%	2.0314%	2.0490%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 May 2021)
E-Distributie Dobrogea SA	6,753,127	19/Jul/2005	114,760,053	27.9129	188,499,358.64	24.09%	1.5238%	1.5370%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 May 2021)
E-Distributie Muntenia SA	3,256,396	19/Jul/2005	107,277,263	63.8128	207,799,746.67	12.00%	1.6798%	1.6944%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 May 2021)
Enel Energie Muntenia SA	444,054	19/Jul/2005	2,833,769	97.0602	43,099,970.05	12.00%	0.3484%	0.3514%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Enel Energie SA	1,680,000	19/Jul/2005	26,124,808	31.2500	52,500,000.00	12.00%	0.4244%	0.4281%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Engie Romania SA	2,390,698	19/Jul/2005	62,610,812	252.6040	603,899,877.59	11.99%	4.8817%	4.9241%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 May 2021)
Gerovital Cosmetics SA	1,350,988	19/Jul/2005	340,996	-	-	9.76%	-	-	Bankruptcy	Priced at zero
Hidroelectrica SA	89,437,916	19/Jul/2005	3,020,007,106	80.8773	7,233,497,163.71	19.94%	58.4727%	58.9803%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 August 2021)
Plafar SA	132,784	28/Jun/2007	3,160,329	14.5160	1,927,492.54	48.99%	0.0156%	0.0157%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Posta Romana SA	14,871,947	19/Jul/2005	84,664,380	0.8808	13,099,210.92	6.48%	0.1059%	0.1068%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 October 2020)
Romplumb SA	1,595,520	28/Jun/2007	19,249,219	-	-	33.26%	-	-	Bankruptcy	Priced at zero
Salubriserv SA	43,263	19/Jul/2005	207,601	-	-	17.48%	-	-	Bankruptcy	Priced at zero
Simtex SA	132,859	28/Jun/2007	3,059,858	-	-	30.00%	-	-	Juridical reorganisation	Priced at zero
Societatea Nationala a Sariei SA	2,011,456	28/Jun/2007	76,403,435	90.8794	182,799,914.41	48.99%	1.4777%	1.4905%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 May 2021)
World Trade Center Bucuresti SA	198,860	19/Jul/2005	42,459	-	-	19.90%	-	-	Insolvency	Priced at zero
World Trade Hotel SA	17,912	19/Jul/2005	17,912	-	-	19.90%	-	-	Unlisted companies, in function	Priced at zero (lack of annual financial statements for the last 8 financial years including the financial statements for the year-ended 31 December 2020; last available financial statements are those for the year-ended 31 December 2012)
Zirom SA	7,542,083	28/Jun/2007	75,208,072	4.0113	30,253,557.54	100.00%	0.2446%	0.2467%	Unlisted companies, in function	Fair value / share (Value based on valuation report as at 31 July 2021)
Total	174,384,799		4,613,258,489		9,698,927,441.04		78.4025%	79.0828%		

Legend:

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

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

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

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

Fondul Proprietatea SA

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

Government bonds

Issuer	ISIN code	No. of instruments	Date of acquisition	Coupon date	Due Date	Initial Value	Daily interest	Cumulated interest	Cumulated discount/premium	Market price / Reference composite price	Current value	Stake in FP total assets	Stake in FP net asset	Valuation method
Ministry of Finance	RO1821DBN052	15,000	22/Jan/2021	27/Oct/2021	27/Oct/2021	75,000,000.00	8,219.18	2,786,301.37	-	100.1459%	77,895,726.37	0.6297%	0.6351%	Fair value (reference composite price published by Markit, including the cumulated interest)
Total								2,786,301.37			77,895,726.37	0.6297%	0.6351%	

Bank deposits

Name of the bank	Starting date	Maturity date	Initial value	Daily interest	Cumulative interest	Current value	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Evaluation method
Unicredit Tiriac Bank	22/Sep/2021	6/Oct/2021	51,800,000.00	1,295.00	11,655.00	51,811,655.00	0.4188%	0.4225%	Bank deposit value cumulated with the daily related interest for the period from starting date
ING BANK	23/Sep/2021	7/Oct/2021	67,400,000.00	1,497.78	11,982.22	67,411,982.22	0.5449%	0.5497%	
CITI Bank	29/Sep/2021	6/Oct/2021	83,100,000.00	2,192.91	4,385.83	83,104,385.83	0.6718%	0.6776%	
Raiffeisen Bank	29/Sep/2021	13/Oct/2021	83,100,000.00	2,192.91	4,385.83	83,104,385.83	0.6718%	0.6776%	
Unicredit Tiriac Bank	29/Sep/2021	13/Oct/2021	83,100,000.00	2,770.00	5,540.00	83,105,540.00	0.6718%	0.6776%	
BRD Groupe Societe Generale	30/Sep/2021	1/Oct/2021	9,783,779.43	269.05	269.05	9,784,048.48	0.0791%	0.0798%	
BRD Groupe Societe Generale	30/Sep/2021	1/Oct/2021	66,800,000.00	1,484.44	1,484.44	66,801,484.44	0.5400%	0.5447%	
Total			445,083,779.43			445,123,481.80	3.5982%	3.6295%	

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

	31 December 2019	31 December 2020	30 September 2021
Net Asset	11,871,445,439.59	10,266,911,904.10	12,264,268,124.35
NAV/share	1.7339	1.6974	2.0812

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 Depository Department



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