



Fondul Proprietatea SA

Preliminary Results Report
for the Financial Year Ended
31 December 2023



This is a translation from the official Romanian version.

CONTENTS

List of Abbreviations	3
Company Information	4
Preliminary Financial Results.....	7
Overview of 2023.....	10
Net Asset Value.....	23

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 functioning 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
ATS	Alternative Trading System
BoN	Board of Nominees of Fondul Proprietatea SA
BVB	Bucharest Stock Exchange
CAEN	Classification of Economic Activities in Romania
CE Oltenia	Complexul Energetic Oltenia SA
CIIF	Certification of Registration of Financial Instruments
DCM	Discount Control Mechanism
Depositary Bank/ Depositary	BRD – Groupe Societe Generale SA
Depozitarul Central SA	Romanian Central Depositary
EGM	Extraordinary General Shareholders Meeting
EU	European Union
Fondul Proprietatea/ the Fund/ FP	Fondul Proprietatea SA
FSA	Romanian Financial Supervisory Authority
FT	Franklin Templeton
FTIS/ AIFM/ Sole Director/ Fund Manager	Franklin Templeton International Services S.à r.l.
GDR	Global Depositary Receipt
GEO	Government Emergency Ordinance
GSM	General Shareholders Meeting
IFRS	International Financial Reporting Standards as endorsed by the European Union
IPO	Initial Public Offering
IPS	Investment Policy Statement
LSE	London Stock Exchange
NAV	Net Asset Value
NBR	National Bank of Romania
OGM	Ordinary General Shareholders Meeting
Q1/ Q2/ Q3/ Q4	First/ second/ third/ fourth quarter
REGS	Main market (Regular) of Bucharest Stock Exchange

Company Information

The company

Fondul Proprietatea was incorporated on 28 December 2005 as a joint stock company operating as a closed-end investment company. The duration of Fondul Proprietatea is until 31 December 2031 and this may be extended by the EGM with additional periods of 5 years each.

On 28 January 2022, FSA authorised Fondul Proprietatea as an AIF closed-end type intended to retail investors, with BRD Groupe Société Générale as depositary. The Fund is registered within the FSA Register – Section 9 – ‘Alternative Investment Funds’ under no. PJR09FIAIR/400018 as Alternative Investment Fund intended for retail investors.

The Fund is registered with the Bucharest Trade Register under the number J40/21901/2005 and has the sole registration code 18253260.

The main activities of the Fund according to the National Statistics CAEN and the Fund’s own Constitutive Act are the business of operating mutual funds and other similar financial entities (CAEN reference 643) and the main activity is financial investments (CAEN reference 6430).

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.

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

Share information

Primary listing	Bucharest Stock Exchange – since 25 January 2011
Secondary listing	London Stock Exchange – since 29 April 2015
BVB symbol	FP
LSE symbol	FP.
Bloomberg ticker on BVB	FP RO
Bloomberg ticker on LSE	FP/ LI
Reuters ticker on BVB	FP.BX
Reuters ticker on LSE	FPq.L
ISIN	ROFPTAACNOR5
FSA register no	PJR09FIAIR/400018/28.01.2022
LEI code	549300PVO1VWBFH3DO07
CIIF registration no	AC-4522-10/16.10.2023

The list of countries where the Fund has notified CSSF for marketing activities under AIFM Directive includes Denmark, the United Kingdom, France, Germany, Austria, and Romania.

Management

Franklin Templeton has been the Sole Director of the Fund starting 29 September 2010, with successive mandates of two or four years.

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 2022 – 31 March 2024. The portfolio management and the administrative activities are performed by FTIS via its Bucharest Branch.

As at 31 December 2023, Mr. Johan Meyer is the permanent representative of the AIFM, being also the portfolio manager of the Fund.

During 25 September 2023 GSM the shareholders approved the renewal of FTIS mandate as Sole Director and AIFM of Fondul Proprietatea for a duration of 1 year (1 April 2024 - 31 March 2025). During the same GSM the shareholders also approved that the BoN should launch a transparent and competitive selection procedure for the appointment of a new Sole Director starting 1 April 2025.

The new management agreement for the period 1 April 2024 – 31 March 2025 is subject to shareholders approval during 26 March 2024 GSM. For more details regarding the new management agreement, please see the Fund's webpage - section *Investor Relations - GSM Information*.

Share capital information

Changes in share capital during the reporting period

	31 December 2023	31 December 2022	31 December 2021
Issued share capital (RON)	2,947,779,186.56	3,233,269,110.76	3,334,342,422.84
Paid in share capital (RON)	2,947,779,186.56	3,233,269,110.76	3,145,160,000.84
Number of shares in issue	5,668,806,128	6,217,825,213	6,412,196,967
Number of paid shares	5,668,806,128	6,217,825,213	6,048,384,617
Nominal value per share (RON)	0.52	0.52	0.52

Source: National Trade Registry

On 12 October 2023, the Bucharest Trade Registry registered Resolution no. 2 /21 April 2023 of the Fund's EGM, approving the decrease of the subscribed share capital from RON 3,233,269,110.76 to RON 2,947,779,186.56 pursuant to the cancellation of 549,019,085 own shares acquired by Fondul Proprietatea during 2022 within the 13th buy-back programme.

The amendment of the Fund's Constitutive Act following the decrease was endorsed by the FSA through Endorsement no. 140/5 October 2023.

Consequently, as of 12 October 2023, the new value of the Fund's subscribed and paid-up share capital is RON 2,947,779,186.56, divided into 5,668,806,128 shares with a nominal value of RON 0.52 per share.

GDR facility

The GDR facility is limited to one-third of the Fund's subscribed share capital under the Romanian securities regulations, or 37,792,040 GDRs (1,889,602,000 shares equivalent) as at 31 December 2023, each GDR representing 50 shares. As at 31 December 2023, 124,530,650 of the Fund's issued shares were held by The Bank of New York Mellon, the GDR depositary bank, accounting for 2,490,613 GDRs, representing 6.59% of the GDR facility.

Shareholder structure information

Shareholder structure as at 31 December 2023

Shareholder categories ¹	% of subscribed and paid-up share capital	% of total voting rights	% of total exercisable voting rights
Treasury shares ²	37.26%	37.26%	-
Romanian institutional shareholders	24.41%	24.41%	38.91%
Romanian private individuals	23.42%	23.42%	37.32%
Romanian State represented by Ministry of Finance	6.53%	6.53%	10.42%
Foreign private individuals	3.25%	3.25%	5.18%
Foreign institutional shareholders	2.93%	2.93%	4.67%
The Bank of New York Mellon (GDRs) ³	2.20%	2.20%	3.50%

Source: Depozitarul Central SA

1. Information provided based on settlement date of transactions. The suspended voting rights related to the Fund's treasury shares acquired under the buyback programmes, either in the form of shares and/or GDRs, were not included in the computation of the exercisable voting rights.

2. 2,112,378,889 treasury shares acquired in 2023 within the 14th buyback program (either in the form of shares and/or GDRs)

3. The shares underlying the GDRs issued by The Bank of New York Mellon are held in the name of The Bank of New York Mellon and for the account of the GDRs holders. Out of The Bank of New York Mellon holding, the GDRs held by the Fund were excluded, namely 0 GDRs (0 shares equivalent – the Fund did not hold any GDR as at 31 December 2023)

As at 31 December 2023, the Fund had 22,673 shareholders. The total number of voting rights was 5,668,806,128, out of which a total of 3,556,427,239 exercisable voting rights.

The ownership disclosures submitted by shareholders during 2023 are included in the current reports published by the Fund, which are available on the Fund's website, section *Investor Relations – Investor reports*.

The Depositary of the Fund

The Fund has appointed BRD – Groupe Societe Generale SA as its depositary and custodian, to hold and transfer the Fund's assets, and to certify the Fund's NAV, and the computation of the Fund Manager fees through a depositary and custody agreement in force until 20 May 2025.

The auditor of the Fund

The auditor of the Fund for the year ended 31 December 2023 is Ernst & Young Assurance Services SRL, registered with the Trade Registry under no. J40/5964/1999, having Sole Registration Code RO11909783, member of the Chamber of Financial Auditors of Romania and registered in the Public Registry of Financial Auditors of ASPAAS with number FA77.

On 28 April 2021 the shareholders of the Fund approved the appointment of the Ernst & Young Assurance Services SRL as the financial auditor of Fondul Proprietatea for the financial years 2022, 2023, 2024.

Preliminary Financial Results

This section provides an overview of the Fund's preliminary financial position and performance for the year ended 31 December 2023.

In these preliminary unaudited financial results of the Fund for the financial year ended 31 December 2023, the Fund's holding in CN Aeroporturi Bucuresti SA was valued using the same assumptions and valuation methodology as in the previous valuation reports prepared during 2023.

For more details regarding the assessment performed and the impact of a potential negative ruling on the valuation of CN Aeroporturi Bucuresti SA following the final resolution of the Bucharest Court of Appeal to be communicated on 29 February 2024 (subsequent to the release of this report), please see section *Key portfolio updates*.

The final audited IFRS financial statements of the Fund for the financial year ended 31 December 2023 will be published by the Fund by the end of March 2024, as part of the documentation of the Fund's Annual GSM to be held on 30 April 2024.

Preliminary Unaudited Statement of Financial Position

RON million	31 December 2023 Unaudited	31 December 2022 Audited	31 Dec 2023 vs. 31 Dec 2022 (%)
Cash and current accounts	547.6	73.8	>100%
Deposits with banks	191.4	912.6	-79.0%
Equity investments	1,792.4	13,696.6	-86.9%
Non-current assets held for sale	432.6	-	+100.0%
Other assets	-	0.6	-100.0%
Total assets	2,964.0	14,683.6	-79.8%
Payables	67.4	27.3	>100%
Other liabilities	546.5	86.8	>100%
Total liabilities	613.9	114.1	>100%
Total equity	2,350.1	14,569.5	-83.9%
Total liabilities and equity	2,964.0	14,683.6	-79.8%

Source: preliminary unaudited IFRS financial results of the Fund

The **liquid assets** of the Fund during 2023 included current accounts, term deposits with banks, T-bills and government bonds issued by the Ministry of Public Finance of Romania. All instruments were denominated in RON, with maturities of up to one year.

The most important **cash inflows** during 2023 were related to the proceeds from Hidroelectrica SA IPO (RON 9.28 billion), disposal of the entire stake in Enel companies (RON 650 million) and the net dividends received from portfolio companies (RON 955.8 million), while the most significant **cash outflows** were related to net dividends paid (RON 8.23 billion) and to the acquisition of treasury shares within the 14th buyback programme, including the tender offers settled in March 2023 and December 2023 (RON 1.83 billion in total).

The net decrease in **Equity investments** of RON 11.90 billion during 2023 was mainly related to the disposal of the entire holdings in Enel holdings (RON 588.8 million) and in Hidroelectrica SA (RON 9.28 billion), including the fair value decrease of Hidroelectrica SA before the IPO date (RON 1.87

billion) and to the reclassification of the holding in Engie Romania SA as non-current assets held for sale (RON 432.6 million).

At 31 December 2023 the **Payables** caption mainly comprises the withholding tax due to the State budget related to dividend distributions performed during 2023 (RON 44.2 million) and the Q4 2023 fees payable to the Fund Manager (RON 21.3 million). At the same date, **Other liabilities** caption comprised the dividends payable to shareholders, out of which the most significant amounts are related to the 29 September 2023 special dividend distribution (RON 464.8 million).

Preliminary Unaudited Statement of Comprehensive Income

RON million	2023 Unaudited	2022 Audited
Net (loss)/ gain from equity investments at fair value through profit or loss	(1,604.3)	1,843.8
Gross dividend income	962.8	934.9
Interest income	157.5	25.1
Net gain/ (loss) from non-current assets held for sale	61.2	(157.0)
Net gain from other financial instruments at fair value through profit or loss	1.2	250.2
Other (expenses)/ income, net ¹	(0.1)	4.4
Net operating (loss)/ income	(421.7)	2,901.4
Administration fees recognised in profit or loss	(202.2)	(79.4)
Other operating expenses	(265.1)	(45.8)
Operating expenses	(467.3)	(125.2)
Finance costs	(0.1)	(0.1)
(Loss)/ Profit before income tax	(889.1)	2,776.1
Withholding tax on the dividend income	(7.0)	(6.7)
(Loss)/ Profit for the year	(896.1)	2,769.4
Other comprehensive income	-	-
Total comprehensive income for the year	(896.1)	2,769.4

Source: preliminary unaudited IFRS financial results of the Fund

1. This caption mainly includes the net foreign exchange gain/ (loss), annual income from the depositary bank of the Fund's GDRs and other operating income/(expenses).

The **operating income** mainly comprises the gross dividend income, the changes in fair value of financial instruments at fair value through profit or loss, interest income and the net realised gains/ losses from transactions with financial instruments. The changes in fair value of the equity investments of the Fund are recognised in profit or loss. The operating income is influenced by the performance of the portfolio companies and their decisions on dividend distributions, by the changes in the share price of listed companies as well as by money market performance.

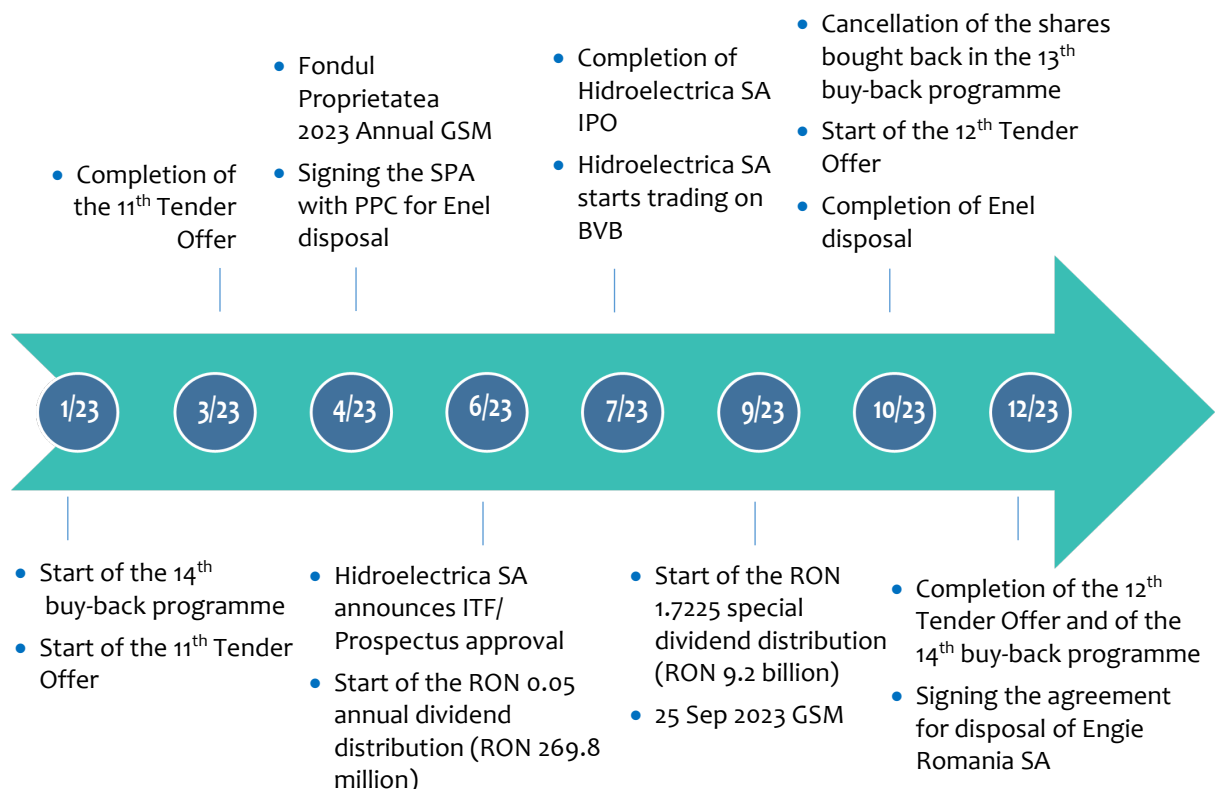
The **loss from equity investments at fair value through profit or loss** during 2023 was mainly generated by the valuation of the holding in Hidroelectrica SA at expected IPO proceeds before the reclassification to non-current assets held for sale (impact RON 1.87 billion), which was partially offset by the increase in fair value of CN Aeroporturi Bucuresti SA (impact RON 164.7 million), CE Oltenia SA (impact RON 64.8 million), CN Administratia Porturilor Maritime SA (impact RON 45.3 million) and Societatea Nationala a Sarii SA (impact RON 44.7 million).

Gross dividend income was mainly generated by the amounts recorded from Hidroelectrica SA (RON 867.4 million), Societatea Nationala a Sarii SA (RON 56.0 million) and CN Aeroporturi Bucuresti SA (RON 31.5 million).

The significant increase in **interest income** during 2023 was recorded following the placement of Hidroelectrica SA IPO proceeds in various short term money market instruments for the period between the IPO settlement date (10 July 2023) and the related dividend distribution Payment date (29 September 2023). These instruments included bank deposits, treasury bills and government bonds.

Net gain from non-current assets held for sale of RON 61.2 million represents the fair value movement of the holdings in the Enel group companies following their reclassification to non-current assets held for sale on 31 March 2023.

Overview of 2023



- Continued efforts to promote the Fund and raise its visibility, as well as the visibility of the Romanian capital market, the local companies (listed or candidates for being listed), and of Romania in general, in online and in person conferences, roadshows and events;
- Completion of the Hidroelectrica SA IPO, in which the Fund sold its entire stake in Hidroelectrica SA and the company was listed on Bucharest Stock Exchange;
- Payment to shareholders in June 2023 of the dividend distribution from 2022 annual profit of RON 0.05 per share (RON 269.8 million) – 96.8% of the distribution collected until 31 December 2023;
- Payment to shareholders in September 2023 of the special dividend distribution of RON 1.7225 per share (RON 9.2 billion) from Hidroelectrica SA IPO proceeds – 94.5% of the distribution collected until 31 December 2023;
- Disposal of the entire Fund's holding in Enel companies within a transaction completed in October 2023, for a total consideration of RON 650 million;
- Signing of the agreement to sell the Fund's shareholding in Engie Romania SA, subject to shareholders approval during 2024;
- Completion of the 14th buy-back programme for 2.1 billion shares (1.89 billion in the form of shares and 219.5 million in the form of GDRs). The total value of the programme excluding transaction costs was RON 1,816.7 million;
- Completion of the 11th and 12th Tender Offers of 1,895 million shares (1,693.4 million in the form of shares and 201.6 million in the form of GDRs), executed to accelerate the 14th buy-back programme;
- Main shareholders' approvals during 2023:
 - Decrease of the subscribed and paid-up share capital from RON 3,233,269,110.76 to RON 2,947,779,186.56 pursuant to the cancellation of 549,019,085 own shares acquired during 2022 within the 13th buyback programme
 - Distribution of a gross dividend of RON 0.05 per share from the 2022 net accounting profit (Payment Date 6 June 2023)
 - Distribution of a special gross dividend of RON 1.7225 per share from Hidroelectrica SA IPO proceeds (Payment Date 29 September 2023)
 - Renewal of the mandate for two BoN members for a 3-year period following the expiration of their mandates 15 November 2023 and 25 November 2023, respectively
 - Renewal of FTIS mandate as AIFM and Sole Director of FP for a period 1 year (1 April 2024 – 31 March 2025)
 - Empowerment of the BoN to organise a selection procedure for the appointment of a new Sole Director for a mandate not exceeding 4 years from 1 April 2025
 - Coverage of the negative reserves related to 12th buy-back programme
 - Decrease of the legal reserve in line with the share capital decrease
 - Various changes to the Constitutive Act of the Fund

Capital markets

In 2023, BVB registered an average performance in both local and EUR terms compared to the largest markets in Central Europe, as shown in the table below:

% change in 2023	in local currency	in EUR
BUX (Hungary)	38.42%	44.24%
WIG20 (Poland)	30.75%	40.81%
BET-XT (Romania)	29.96%	29.23%
PX (Czech Republic)	17.67%	14.96%
ATX (Austria)	9.87%	9.87%

Source: Bloomberg

Trading on the Bucharest Stock Exchange

- 3.64 billion shares were traded on BVB in 2023, equivalent to 64.2% of the Fund's paid shares as at 31 December 2023;

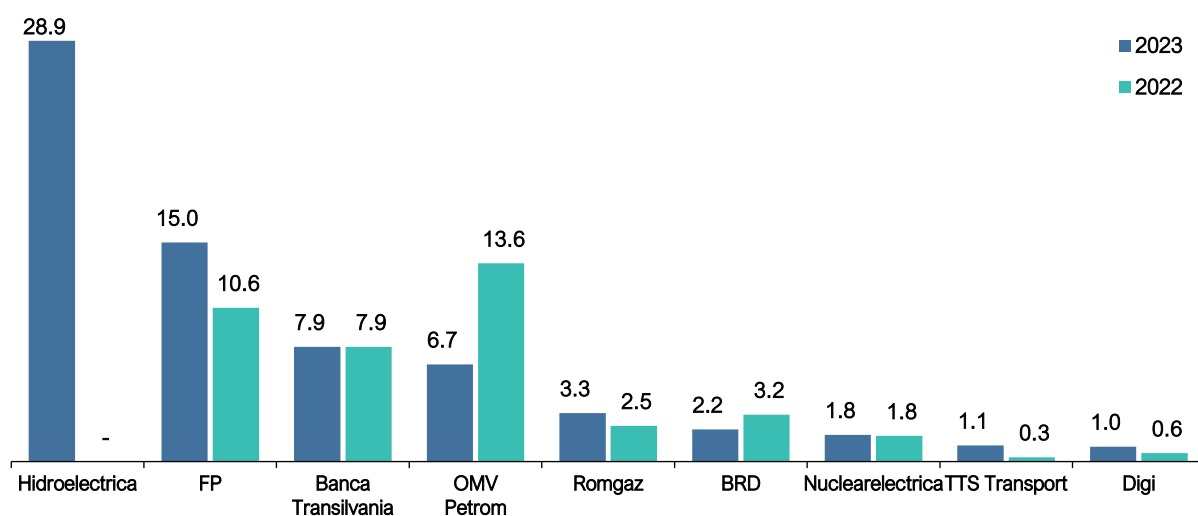
In 2023, the value of trading in the Fund shares was RON 3.19 billion / USD 709.1 million¹ / EUR 640.8 million¹. The total trading value since the listing reached RON 33.8 billion / USD 7.5 billion¹ / EUR 6.8 billion¹;

- The average daily trading volume in 2023 was 14.7 million shares.

Trading on the London Stock Exchange

- In 2023, 7.4 million GDRs were traded on LSE, for a total value of USD 122.2 million¹ / EUR 110.4 million¹ / RON 549.3 million;
- Since the listing on the LSE on 29 April 2015, the total trading volume was 151.6 million GDRs, reaching USD 2.0 billion¹ / EUR 1.8 billion¹ / RON 9.1 billion;
- The average daily trading volume in 2023 was 29.7 thousand GDRs.

Average Daily Turnover in 2023 (RON million)



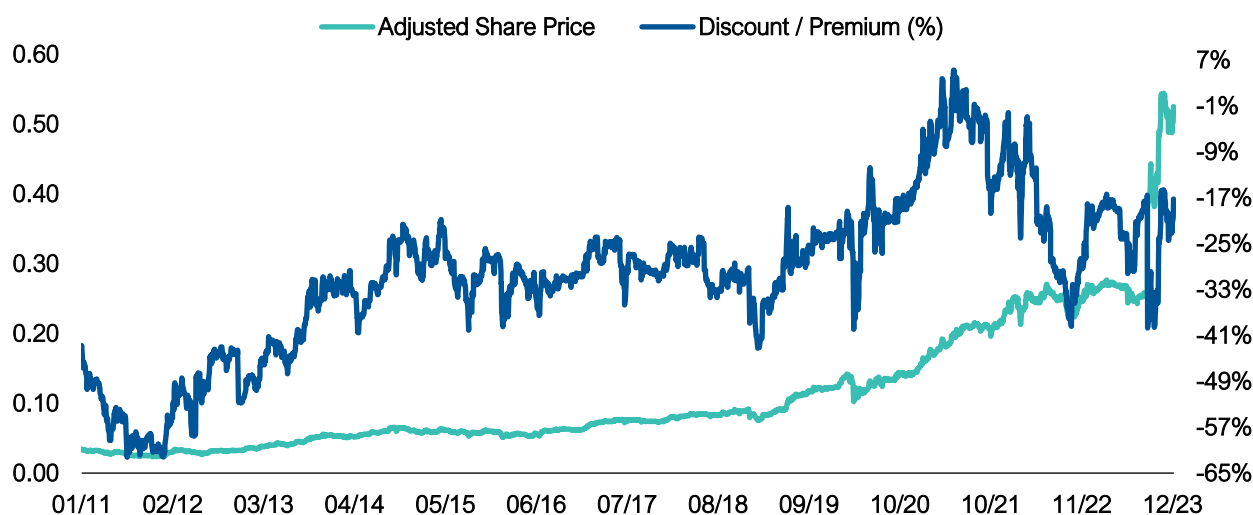
Source: BVB, Bloomberg

¹ based on NBR exchange rates as at 31 December 2023

Note: The values for FP, OMV Petrom and Romgaz also include the GDR trading on LSE (OMV Petrom GDRs were delisted from LSE and their trading was cancelled on 26 October 2023). The values for FP include the tender offers settled in December 2023, March 2023, and June 2022. The values for OMV Petrom include the 4.1 billion shares sold by FP in January 2022 and December 2022 under accelerated bookbuild offerings.

The average daily turnover for Hidroelectrica SA was calculated for the period 12 July 2023 (first trading day on BVB) – 31 December 2023 and does not include the value of the IPO carried by the Fund and settled on 10 July 2023.

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



Source: Bloomberg for Adjusted Share Price (price adjusted with cash distributions), Fund Manager calculations 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. However, the discount to NAV for the trading days 7-14 September 2023 was calculated based on the 31 August 2023 NAV (published on 15 September 2023), in order to eliminate the mismatch between the NAV per share and FP BVB market price that was adjusted on 7 September 2023 (the Ex-date of 29 September 2023 dividend distribution).

Key financial highlights

The tables below show a summary of the Fund's financial performance for the last 3 years and during each quarter of 2023.

NAV ¹ and share price developments ²	Notes	31 December 2023	31 December 2022	31 December 2021
Total shareholders' equity at the end of the period (RON million)	k	2,350.1	14,569.5	13,757.5
Total shareholders' equity change in period (%)	k	-83.9%	+5.9%	+34.0%
Total NAV at the end of the period (RON million)	a	2,350.1	14,569.5	13,244.6
Total NAV change in period (%)		-83.9%	+10.0%	+29.0%
NAV per share at the end of the period (RON)	a	0.6608	2.5701	2.2624
NAV per share at the end of the period (USD)	a	0.1470	0.5546	0.5176
NAV per share (RON) change in the period (%)		-74.3%	+13.6%	+33.3%
NAV per share total return in the period (%)	g	-2.4%	+19.1%	+47.8%
Share price as at the end of the period (RON)	b	0.5230	2.0400	1.9900
Share price low in the period (RON)	b	0.3810	1.7080	1.4400
Share price high in the period (RON)	b	2.1500	2.1900	1.9900
Share price change in the period (%)		-74.4%	+2.5%	+37.2%
Share price total return in the period (%)	h	+45.0%	+12.2%	+48.5%

NAV ¹ and share price developments ²	Notes	31 December 2023	31 December 2022	31 December 2021
Share price discount to NAV as at the end of the period (%)	d	-20.9%	-20.6%	-12.0%
Average share price discount in the period (%)	d	-22.8%	-21.6%	-5.7%
Average daily share turnover in the period (RON million)	c, j	12.9	9.1	3.6
GDR price as at the end of the period (USD)	e	5.70	21.60	22.60
GDR price low in the period (USD)	e	4.12	17.50	17.40
GDR price high in the period (USD)	e	23.80	24.20	22.60
GDR price change in the period (%)		-73.6%	-4.4%	+32.2%
GDR price total return in the period (%)	i	+34.9%	+3.9%	+42.0%
GDR price discount to NAV as at the end of the period (%)	d	-22.4%	-22.1%	-12.7%
Average GDR price discount in the period (%)	d	-23.4%	-22.4%	-7.6%
Average daily GDR turnover in the period (USD million)	f, j	0.49	0.3	1.0

Source: BVB (for shares), Bloomberg (for GDRs), Fund Manager calculations

1. NAV for the end of each period was computed in the last working day of the month until 31 December 2021 NAV and in the last calendar day of the month starting with the 31 January 2022 NAV.

2. Period should be read as year 2023/ year 2022/ year 2021, respectively

NAV ¹ and share price developments ²	Notes	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Total NAV at the end of the period (RON million)	a	13,999.6	13,008.0	3,372.8	2,350.1
Total NAV change in period (%)		-3.9%	-7.1%	-74.1%	-30.3%
NAV per share at the end of the period (RON)	a	2.5823	2.4103	0.6431	0.6608
NAV per share at the end of the period (USD)	a	0.5680	0.5268	0.1372	0.1470
NAV per share total return in the period (%)	g	0.5%	-4.9%	-0.6%	2.8%
Share price as at the end of the period (RON)	b	2.1050	1.9460	0.4200	0.5230
Share price total return in the period (%)	h	3.2%	-5.3%	19.2%	24.5%
Share price discount to NAV as at the end of the period (%)	d	-18.5%	-19.3%	-34.7%	-20.9%
GDR price as at the end of the period (USD)	e	23.00	21.00	4.34	5.70
GDR price total return in the period (%)	i	6.5%	-6.8%	3.5%	31.3%
GDR price discount to NAV as at the end of the period (%)	d	-19.0%	-20.3%	-36.7%	-22.4%

Source: BVB (for shares), Bloomberg (for GDRs), Fund Manager calculations

1. NAV for the end of each period was computed in the last calendar day of the month.

2. Period should be read as Q1 2023/ Q2 2023/ Q3 2023/ Q4 2023, respectively

Notes:

- Prepared based on local rules issued by the capital market regulator (NAV in USD calculated using the NBR FX rate at the reporting date)
- Source: BVB - REGS market - Closing prices
- Source: BVB
- Share Price/ GDR Price discount/premium to NAV as at the end of the period (%) is calculated as the discount/premium between FP share closing price on BVB - REGS/ FP GDR closing price on LSE on the last trading day of the period and the NAV per share at the end of the period; as a general rule, the average discount/premium is calculated according to IPS, using the latest published NAV per share at the date of the calculation (NAV in USD is calculated using the NBR FX rate at the reporting date) and

includes both the days with premium and with discount. However, the discount to NAV for the trading days 7-14 September 2023 was calculated based on the 31 August 2023 NAV (published on 15 September 2023), in order to eliminate the mismatch between the NAV and BVB market price that was adjusted on 7 September 2023 (the Ex-date of 29 September 2023 dividend distribution).

- e. Source: Bloomberg - Closing prices
- f. Source: Bloomberg
- g. The NAV per Share Total Return is calculated in RON by geometrically linking total returns for all intermediate periods when official NAV is published. Each total return for a single period is calculated using the following formula: the NAV per share at the end of the period plus any cash distribution during the period, dividing the resulting sum by the official NAV per share at the beginning of the period. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS
- h. The Share Price Total Return is calculated in RON by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS
- i. The GDR Price Total Return is calculated in USD by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS
- j. Including the tender offers finalised by the Fund in June 2022/ March 2023/ December 2023
- k. The total shareholders' equity at the end of 2023 is based on the preliminary unaudited financial results; the total shareholders' equity at the end of 2022 and 2021 is based on the final audited financial results

Key portfolio updates

Hidroelectrica SA IPO

On 5 July 2023, the Fund announced its agreement to sell 89,708,177 shares, representing 19.94% of Hidroelectrica SA total issued share capital, and the Fund's entire holding in the company, under the following structure:

Category of shares	No. of shares sold	IPO price (RON)	Total gross proceeds (RON)
Base Deal shares	78,007,110		8,064,301,072
• Retail Tranche – with discount	15,525,118	RON 100.88	
• Retail Tranche – no discount	2,416,517	RON 104	
• Institutional Tranche	60,065,475	RON 104	
Over-Allotment shares	11,701,067		1,216,910,968
• Institutional Tranche	11,701,067	RON 104	
Total	89,708,177		9,281,212,040

Source: internal records of the Fund

The **Institutional Tranche** was allocated 80% of the total shares while **Retail Tranche** was allocated 20% of the total shares (with pro rata allocation factor 0.3209762650).

Admission and start of trading on BVB under the symbol “H2O” took place on **12 July 2023** and Hidroelectrica SA shares were included in the BET index of the BVB immediately following the Admission.

The **Stabilisation Period** ended on 19 July 2023, following the notification received by the Fund according to the details presented in the current report published on the same date. Further to this, on 21 July 2023, the Fund collected the additional gross proceeds in the amount of RON 1,216,910,968 as the sale of the 11,701,067 additional shares in Hidroelectrica SA was completed.

The Fund received gross proceeds of **RON 9.2 billion** following the completion of the transaction, that were distributed to shareholders as a special dividend distribution of RON 1.7225 per share with Payment date 29 September 2023.

The Fund does not hold any shares in Hidroelectrica SA following the completion of the IPO.

The total costs incurred by the Fund in 2023 in respect of the IPO were of approximately RON 243 million and mainly included investment bank fees, legal fees, and other consultancy fees.

Disposal of the entire shareholding in Enel companies

On 26 October 2023, the sale of the Fund’s entire holding in E-Distributie Muntenia SA, Enel Energie Muntenia SA, E-Distributie Dobrogea SA, E-Distributie Banat SA, and Enel Energie SA to Greek company Public Power Corporation SA was finalised. The Fund received gross proceeds of RON 650,000,000 following the completion of the transaction. Following the transaction, the Fund no longer holds any shares in the Enel Group companies in Romania.

Agreement to sell the entire shareholding in Engie Romania SA

On 22 December 2023 the Fund as seller and GDF International SA as purchaser entered into an agreement for the sale of the entire shareholding in Engie Romania SA in exchange for a total consideration of RON 432,616,167.75. The sale under the agreement was approved by the Fund’s shareholders during 13 February 2024 GSM and it was finalised on 20 February 2024.

Following the transaction, the Fund collected all proceeds and no longer holds any shares in Engie Romania SA.

Litigation with CN Aeroporturi Bucuresti SA

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

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

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

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

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

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

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

In the litigation related to the claim for annulment of the aforementioned GSM, on 25 May 2023, Ilfov Court (Tribunalul Ilfov) dismissed the Fund's claim as unfounded. The Court's decision is not final. The Fund filed the appeal against the decision and a new hearing took place on 15 February 2024. Following the hearing, the Bucharest Court of Appeal postponed the issuance of the final resolution for 29 February 2024 (subsequent to the issuing of this preliminary results report).

The Fund Manager has analysed the legal argumentation and related outcomes of the Appeal together with the external counsels appointed to represent the Fund. In the view of the Fund Manager, the arguments that are likely to be admitted by the court and lead to a favourable ruling on the appeal are the following: (i) nullity grounds related to the convening notice (lack of precise, correct and complete information necessary to identify the land parcels), (ii) breach of the special legal regime of the land parcels that are subject of the capital increase, (iii) the flawed valuation report of the land parcels and (iv) FP should have obtained 20% of the shares issued as a result of the capital increase, without any contribution, as CN Aeroporturi Bucuresti already owned the land parcels when FP was established.

In the 31 December 2023 NAV reporting published on 12 January 2024 as well as in these preliminary unaudited results of the Fund for the financial year ended 31 December 2023, the Fund's holding in CN Aeroporturi Bucuresti SA was valued using the same assumptions and valuation methodology as in the previous valuation reports prepared during 2023.

If the Bucharest Court of Appeal should issue a final decision that would be unfavourable to the Fund, the share capital increase of CN Aeroporturi Bucuresti could potentially be finalised by the company.

It is the Fund's Manager intention not to contribute any cash due to the significant overstatement in the land valuation. If the Fund Manager would be unsuccessful with the legal actions taken to prevent the Company for completing the share capital increase (currently ongoing or to be started in such a scenario), the dilution risk would materialise and the Fund's shareholding in CN Aeroporturi Bucuresti would decrease from 20% to 0.73% (assuming the shares allocated to Fondul are cancelled and not paid by the majority shareholder, as approved during the GSM).

In this scenario, the value of the Fund's holding in CN Aeroporturi Bucuresti would decrease from RON 877.7 million to RON 31.9 million and the Fund would record a corresponding additional loss from change in fair value of equity investments for the financial year ended 31 December 2023.

The total potential impact in the Fund's Preliminary financial results is illustrated below:

RON million	31 Dec 2023 Preliminary results Unaudited	Impact if dilution risk materialises Unaudited	31 Dec 2023 Adjusted Preliminary results Unaudited
Equity investments	1,792.4	(845.8)	946.6
Total assets	2,964.0	(845.8)	2,118.2
Total equity	2,350.1	(845.8)	1,504.3
Loss for the period	(896.1)	(845.8)	(1,741.9)

Source: Preliminary unaudited results of the Fund

Once available, the Fund Manager will analyse the Court decision and will take all necessary actions to protect the interests of the Fund's shareholders. These may involve initiating additional legal actions against CN Aeroporturi Bucuresti and other relevant parties, with a view of annulment of the share capital increase process which is based on a fundamentally flawed land valuation report. All relevant information will be communicated to the market through the current reports and/ or other reports (e.g. NAV reporting, audited IFRS financial statements).

Any potential impact following the announcement on 29 February 2024 of Bucharest Court of Appeal's final decision in the litigation started by the Fund against CN Aeroporturi Bucuresti SA will be reflected in subsequent NAV reports and in the final audited IFRS financial statements of the Fund for the year ended 31 December 2023.

Prior NAV reports already published will not be amended as the potential negative impact is assessed by the Fund Manager as a subsequent non-adjusting event for those particular NAV reports.

Valuation of portfolio holdings

The Fund continued to closely monitor the evolution of financial markets and that of the specific industries the portfolio companies operate in for each NAV reporting date and whenever necessary, valuation reports for the portfolio holdings were prepared.

For 31 December 2023 NAV, valuation updates in accordance with the International Valuation Standards were prepared for 16 holdings with the assistance of KPMG Advisory and Darian DRS, representing all the unlisted portfolio and 3 listed companies with low liquidity. The valuation date was 31 October 2023, and the reports were based on the financial data of the companies as at 30 September 2023.

Following this update, the value of portfolio holdings for which valuation reports were prepared (both unlisted and listed illiquid companies) increased by RON 267.7 million (1.8%) in 31 December 2023 NAV compared to 31 December 2022 NAV.

As at the date of this report, the Fund is currently analysing the potential effect on the valuation of portfolio holdings of the events that took place between 30 September 2023 and 31 December 2023 and any significant impact will be reflected in the final audited IFRS financial statements of the Fund for the year ended 31 December 2023 and in subsequent NAV reports.

For more details regarding the valuation of CN Aeroporturi Bucuresti SA in the 31 December 2023 NAV as well as in the preliminary financial results of the Fund for the financial year ended 31 December 2023, please see the above section.

Dividends from portfolio companies

During 2023, 10 companies in the Fund's portfolio declared annual dividends related to the 2022 financial year and/ or special dividends¹. The total amount of the gross dividend income recorded by the Fund in 2023 is RON 962.8 million, and the most significant amounts relate to Hidroelectrica SA.

¹ According to the definition of "special dividends" from the Annual cash Distribution Policy of the Fund

Performance objectives

According to the Management Agreement in force starting with 1 April 2022, the first reporting period of the mandate is from 1 January 2022 until 31 December 2022 and the second reporting period is from 1 January 2023 until 31 December 2023.

In accordance with the Fund's IPS, there are two performance objectives that the Fund Manager is aiming to achieve. The NAV objective refers to an Adjusted NAV per share¹ in the last day of the reporting period higher than the reported NAV per share as at the end of the previous reporting period. The discount objective implies the discount between the closing price of the Fund's shares on BVB – REGS and the latest reported NAV per share to be equal to, or lower than 15%, in at least 2/3 of the trading days in the reporting period.

Discount Objective – second reporting period

In the period 1 January 2023 - 31 December 2023, the discount to NAV was above 15% in all trading days. The discount for the period 7-14 September 2023 was calculated based on 31 July 2023 NAV per share (in which the dividend distribution from Hidroelectrica IPO proceeds, approved during 18 August 2023 GSM, was not reflected) and the corresponding FP closing price on BVB, which was adjusted on 7 September 2023, the Ex-date for 29 September 2023 dividend distribution. This mismatch was eliminated following the publication of 31 August 2023 NAV on 15 September 2023.

	Discount at 3 Jan 2023	Discount at 31 Dec 2023	Average Discount 3 Jan – 31 Dec 2023	Discount Range 3 Jan – 31 Dec 2023
Share price	-18.8%	-17.5%	-23.9%	min -15.6%/ max -84.0%
GDR	-20.1%	-18.6%	-24.5%	min -15.6%/ max -84.5%

Source: Fund Manager calculations

Note: discount is calculated according to the IPS, based on the latest published NAV per share available for the day of the calculation

The table below presents information regarding the average discount and discount range under the assumption that discount for 7-14 September 2023 is calculated based on 31 August 2023 NAV (in order to eliminate the mismatch between the NAV and FP BVB market price adjustment):

	Average Discount 3 Jan – 31 Dec 2023	Discount Range 3 Jan – 31 Dec 2023
Share price	-22.8%	min -15.6%/ max -39.7%
GDR	-23.4%	min -15.6%/ max -40.8%

Source: Fund Manager calculations

Note: discount is calculated according to the IPS, based on the latest published NAV per share available for the day of the calculation except for the period 7-14 September 2023, when discount is calculated based on 31 August 2023 NAV, published on 15 September 2023

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

¹ The adjusted NAV for a given date is calculated as the sum of: (i) the reported NAV as at the end of the Reporting Period; (ii) any distributions to shareholders, being either dividend or non-dividend ones (i.e. in the last case following reductions of the par value of the shares and distribution to the shareholders), implemented after the end of the previous Reporting Period, and (iii) any distribution fee and any transaction/ distribution costs relating to either dividend or non-dividend distributions including buy-backs of shares/ GDRs/ depositary interests executed through daily acquisitions or public tenders after the end of the previous Reporting Period. The adjusted NAV per share is equal to the adjusted NAV divided by the total number of the Fund's paid shares, less FP ordinary shares bought back and less equivalent in FP ordinary shares of FP GDRs acquired and not yet converted into FP ordinary shares, on the last day of the Reporting Period. For more details, please refer to the IPS available on the Fund's webpage.

NAV Objective – second reporting period

According to the IPS, the Adjusted NAV per share as at 31 December 2023 is calculated based on the 31 December 2023 NAV, that was published on 12 January 2024, and applying the adjustments presented below. The Adjusted NAV per share as at 31 December 2023 was RON 3.3805 per share, 31.5% higher than the 31 December 2022 NAV per share of RON 2.5701.

NAV Objective	Amount RON	Details
Total NAV as at 31 Dec 2023	2,350,138,488	
Dividend distributions after 31 Dec 2022	9,450,090,560	Gross dividend distributions of (1) RON 0.05 per share with Payment Date 6 Jun 2023 and of (2) RON 1.7225 per share with Payment date 29 Sep 2023
Distribution fees for dividend distributions performed after 31 Dec 2022	165,046,268	Distribution fee for the 2 dividend distributions mentioned above
Distribution fees for buy-backs after 31 Dec 2022	36,015,541	Distribution fees for buy-backs
Costs related to buy-backs after 31 Dec 2022	20,774,299	Fees related to the buy-back programmes, excluding the distribution fees for buy-backs
Costs related to dividends paid after 31 Dec 2022	140,922	Central Depository and Paying Agent fees
Total Adjusted NAV as at 31 Dec 2023	12,022,206,078	
Number of Fund's paid shares, less treasury shares and GDRs held as at 31 Dec 2023	3,556,427,239	
Adjusted NAV per share as at 31 Dec 2023	3.3805	
NAV per share as at 31 Dec 2022	2.5701	
Difference	0.8104	
%	31.5%	

Source: Fund Manager calculations

The Fund Manager is committed to its continued efforts towards protecting shareholders' value and implementing the necessary measures in accordance with the IPS to address the volatile environment which marked the last years.

In 2023 the Fund Manager implemented the 14th buyback programme, including two Tender offers for 225 million shares and 1.67 billion shares of the Fund respectively (in the form of ordinary shares and GDRs) that were completed in March 2023 and December 2023 respectively.

Also, during the 21 April 2023 GSM and 18 August 2023 GSM the shareholders approved the following dividend distributions: (1) of RON 0.05 per share with payment date on 6 June 2023 and (2) of RON 1.7225 per share with payment date on 29 September 2023.

Following the above, the total distributions to the Fund's shareholders during 2023 (including dividend distributions and buy-back transactions) amount to RON 11.3 billion.

Extension of two BoN members' mandates

During 25 September 2023 GSM the shareholders of the Fund approved the appointment of Mr. Ciprian Ladunca and of Mrs. Ilinca von Derenthall as members of the BoN for a period of 3 years, following the expiration of their mandates on 15 November 2023 and 25 November 2023, respectively.

Corporate actions

Annual Dividend Distribution from 2022 profit

On 21 April 2023, the shareholders approved the distribution of a gross dividend of RON 0.05 per share from 2022 annual profit, with Ex-date on 11 May 2023 and Registration date on 12 May 2023. The Fund started the payment of dividends on 6 June 2023 and by 31 December 2023 approximately 96.8% of the total distribution amount was collected by shareholders.

Special Dividend Distribution from Hidroelectrica SA IPO proceeds

On 18 August 2023, the shareholders approved the distribution of a gross dividend of RON 1.7225 per share from Hidroelectrica SA IPO proceeds, with Ex-date on 7 September 2023 and Registration date on 8 September 2023. The Fund started the payment of dividends on 29 September 2023 and by 31 December 2023 approximately 94.5% of the total distribution amount was collected by shareholders.

Buy-back programmes

During 2023 the Fund completed the cancellation of the shares acquired within the 13th buy-back programme (carried on during 2022) and acquired shares within the 14th buy-back programme, which will be proposed for cancellation to shareholders during 30 April 2024 Annual GSM.

In 2023, the Fund bought back a total number of 2,112,378,889 own shares within the 14th buy-back programme (out of which 1,892,873,339 ordinary shares and 219,505,550 ordinary shares corresponding to GDRs), representing 37.3% of the total issued shares as at 31 December 2023, for a total acquisition value of RON 1,816,723,906, excluding transaction costs. The total number of own shares (including shares corresponding to GDRs) held by the Fund as at 31 December 2023 is 2,112,378,889, having a total nominal value of RON 1,098,437,022.28 (RON 0.52 per share). As at 31 December 2023 the Fund did not hold any GDRs.

The 14th buy-back programme was carried out through daily transactions on BVB and LSE and two Tender Offers finalised by the Fund in March and December 2023, for 225 million shares and 1.67 billion shares respectively.

The 15th buy-back programme to be implemented during 2024 was approved by shareholders during the 13 February 2024 GSM.

Share capital decrease

On 12 October 2023, the Fund finalised the registration of the decrease of the subscribed share capital from RON 3,233,269,110.76 to RON 2,947,779,186.56 pursuant to the cancellation of 549,019,085 shares acquired during 2022 within the 13th buy-back programme, which was endorsed by FSA through Endorsement no. 140/5 October 2023.

Investor relations

In 2023, in our efforts to increase the visibility and the profile of the Fund, as well as the local capital market, and Romania, to a broader international institutional investor base, and to keep investors and shareholders up to date with the effects of the geopolitical and macroeconomic developments, the Fund's management team organised 10 road-shows in the United States and the United Kingdom, and met with 76 investment professionals interested in finding out more details about Fondul Proprietatea and its equity story, and in receiving updates on the Fund, its corporate actions, and the main portfolio holdings, as well as on the Romanian macroeconomic environment.

During the year, we participated to one online investor conference and six conferences organised by international brokers and investment banks in London, Zürs, Prague and Bucharest, where we discussed with representatives of 44 international asset managers. Furthermore, we had 36 meetings and 73 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.

As part of our communication strategy to update the institutional investors and analysts covering Fondul Proprietatea on its financial results, the latest events involving the Fund and its portfolio companies, and the planned corporate actions, we organised the 2022 annual results, 2023 first quarter, 2023 first half, and 2023 third quarter results conference calls, with 26 analysts and investors participating on average to the calls.

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

Information regarding GSMs organised during 2024

On 27 December 2023, the Fund Manager convened a GSM for **13 February 2024** with the following main points on the agenda:

- approval the disposal of the Fund's entire stake in Engie Romania SA;
- approval of a new buy-back programme to be carried during the financial year 2024;
- approval of a mandate for executing discretionary disposals exceeding 20% of the total value of the non-current assets, less receivables of the Fund.

During 13 February 2024 GSM the shareholders approved the first two points, while the last one was rejected.

Also, on 5 February 2024 the Fund Manager called a GSM for **26 March 2024**, and the Annual GSM of the Fund is scheduled for **30 April 2024** according to the Fund's financial calendar for 2024.

For more details regarding the full text of the resolutions adopted by shareholders during the 13 February 2024 GSM and the GSM called for 26 March 2024, please see the current reports issued by the Fund and the dedicated website section *Investor Relations – GSM Information*.

Net Asset Value

NAV methodology

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 Registry.

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

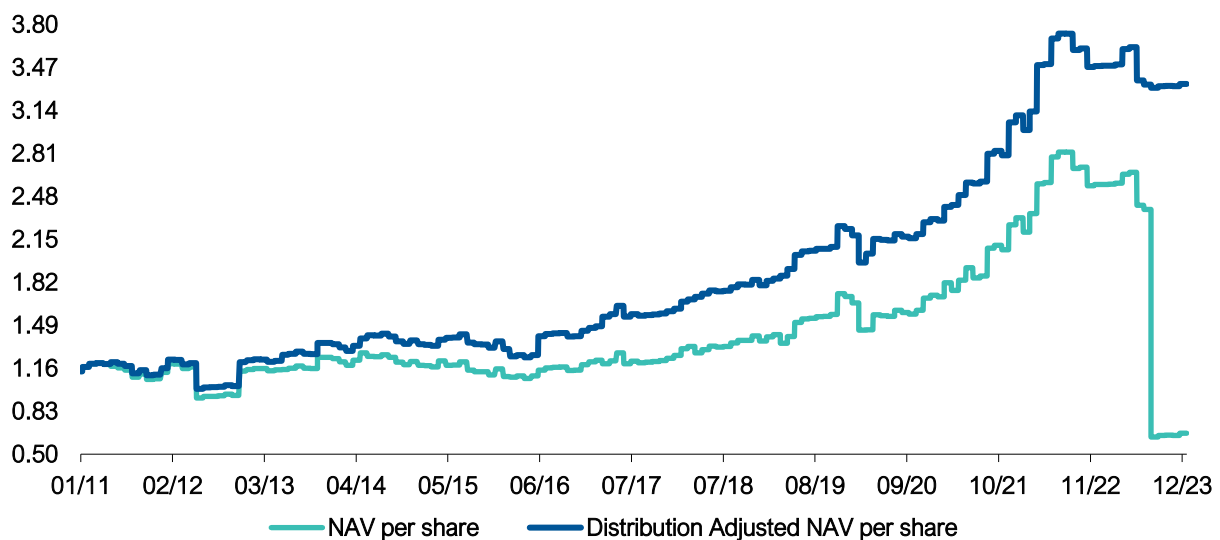
Starting with 28 January 2022, the date when the Fund's registration process as an AIF with the FSA was finalised, the Fund started to apply the Romanian AIF Law (Law no. 243/2019) and AIF Regulation (Regulation no. 7/2020).

Listed liquid shares are valued either at closing market prices if listed on regulated markets, or at reference prices if listed on an ATS. Listed illiquid and unlisted shares are valued using valuation techniques in accordance with International Valuation Standards. The holdings in the companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity are valued at zero.

The treasury shares acquired through buy-backs are excluded from the number of shares used in the NAV per share computation. Due to the fact that in substance the Fund's GDRs are similar to the ordinary shares to which they correspond, in the computation of the number of shares used for the NAV per share calculation, the equivalent number of shares corresponding to the GDRs bought back and held by the Fund as at the NAV reporting date is also deducted, together with the number of ordinary own shares bought back and held.

NAV evolution

Evolution of distribution adjusted NAV per share

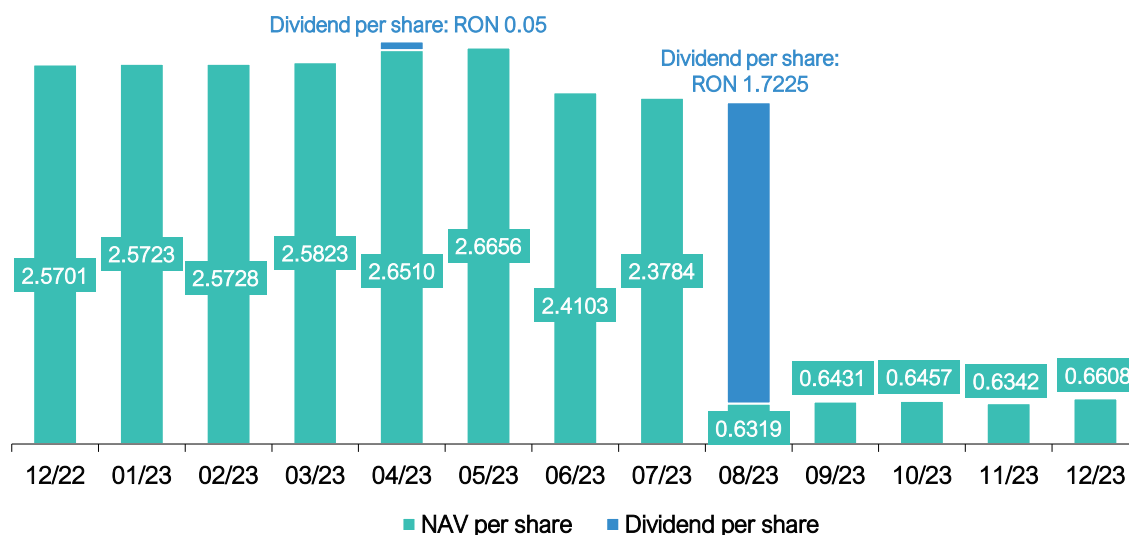


Source: Fund Manager calculations

Note: Distribution Adjusted NAV per share is calculated as the NAV per share for the respective month plus the cumulated cash distributions per share since the start of FT mandates

Evolution of the NAV per share (RON)

The following chart shows information on the monthly published NAVs per share for the period from 31 December 2022 to 31 December 2023. The 31 December 2023 NAV reporting was published on 12 January 2024.



Source: Fund Manager calculations

During the **first quarter of 2023**, the NAV per share had an increase of 0.5% compared to the end of the previous year, mainly due to the tender offer within the 14th buyback programme that was finalised in March and also due to the slight net increase in the value of listed holdings.

During the quarter, the Fund has also performed an analysis of the unlisted holdings valuation based on the most recent information available (market multiples, updated financial information, business plans, changes in legislation) and concluded that there were no significant changes. As a result, no updates were required to the valuation of the unlisted holdings in the portfolio.

During the **second quarter of 2023**, the NAV per share had an overall decrease of 6.7% compared to the end of the first quarter, mainly due to the valuation update of the holding in Hidroelectrica SA at the end of June (details included below), which was partially netted of by the (1) dividends recorded from portfolio companies (impact on the Fund's NAV of RON 962.5 million), (2) the valuation update of the other significant unlisted holdings in the portfolio (details included below), and (3) the 14th buyback programme carried out by the Fund during this period.

In April 2023, the valuation of the holding in Hidroelectrica SA was updated with assistance from KPMG Advisory, using the Discounted Cash Flow method as primary valuation method and taking into consideration the final (audited) financial statements as at 31 December 2022, the financial information as at 31 March 2023, the dividends approved by the company's shareholders on 28 April GSM and the Company's Business plan.

Also, following the signing on 19 April 2023 of the Sale and Purchase Agreement between the Fund, as seller, and Public Power Corporation SA, as purchaser, for the sale of all the equity stakes held by the Fund in E-Distributie Muntenia SA, Enel Energie Muntenia SA, E-Distributie Dobrogea SA, E-Distributie Banat SA, and Enel Energie SA, in exchange for a total consideration of RON 650,000,000, the Fund update the valuation of these holdings accordingly.

Portfolio company	Value in	Value in	30 Apr 2023 NAV vs. 31 Dec 2022 NAV
	30 Apr 2023 NAV	31 Mar 2023 NAV/ 31 Dec 2022 NAV	
	RON million	RON million	%
Hidroelectrica SA	10,863.1	11,148.8	-2.6%
E-Distributie Banat SA	212.9	212.9	-
E-Distributie Muntenia SA	223.5	183.9	+21.5%
E-Distributie Dobrogea SA	170.4	170.4	-
Enel Energie SA	21.6	21.6	-
Enel Energie Muntenia SA	21.6	-	+100.0%
Total	11,513.1	11,737.6	-1.9%

Source: Fondul Proprietatea internal records

For 30 June 2023 NAV, following the completion of the offer period and publication of the pricing announcement on 5 July 2023 for Hidroelectrica SA IPO, the Fund updated the valuation of Hidroelectrica SA based on the total gross IPO proceeds of RON 9,281.2 million, resulting in a 14.6% discount vs. the valuation in 31 May 2023 NAV. The price used in valuation (RON 103.46 per share) was the weighted average between the final IPO price (RON 104 per share) and the discounted price for the retail investors (RON 100.88 per share).

In addition, in June the Fund performed valuation updates for the remaining 4 large unlisted holdings, which together with Hidroelectrica SA and Enel holdings represent 98.0% of the Fund's total unlisted portfolio as at 30 June 2023. The valuation was performed with the assistance of KPMG Advisory, in accordance with International Valuation Standards. The valuation date for the updated reports was 31 May 2023 (date for the market multiples) and it was based on the financial data of the companies as at 31 March 2023. The reports also considered all relevant subsequent events until 30 June 2023 (dividends declared, changes in legislation, etc.). Total impact of the valuation update was an increase of RON 218.4 million vs. 31 December 2022 NAV.

Portfolio company	Value in	Value in	Value in	30 Jun 2023 NAV vs. 31 Dec 2022 NAV	
	30 Jun 2023 NAV	30 Apr 2023 NAV	31 Mar 2023 NAV/ 31 Dec 2022 NAV	RON million	%
	RON million	RON million	RON million	RON million	%
Hidroelectrica SA	9,281.2	10,863.1	11,148.8	(1,867.6)	-16.8%
CN Aeroporturi Bucuresti SA	828.1	713.0	713.0	115.1	16.1%
Engie Romania SA	490.3	440.7	440.7	49.6	11.3%
CN Administratia Porturilor Maritime SA	313.2	283.0	283.0	30.2	10.7%
Societatea Nationala a Sariei SA	297.2	273.7	273.7	23.5	8.6%
Total	11,210.0	12,573.5	12,859.2	(1,649.2)	-12.8%

Source: Fondul Proprietatea internal records

During the **third quarter** of 2023, the NAV per share had an overall decrease of 73.3% compared to the end of the second quarter, mainly as a result of the disposal of the Fund's entire holding in Hidroelectrica SA within the IPO finalised in July 2023, followed by the shareholders' approval for the distribution of the related proceeds in total amount of RON 9.2 billion as dividends, during 18 August 2023 GSM. There were no significant valuation updates in Q3 2023 for the other holdings in the Fund's portfolio.

During the **last quarter** of 2023 the NAV per share recorded an increase of 2.8%. The most important events that impacted the NAV per share were the tender offer within the 14th buyback programme finalised in December 2023 for 1.67 billion own shares and the valuation update process for the portfolio holdings.

In November, the Fund has updated the valuation of the holding in Engie Romania SA, based on the binding offer received from GDF International SA (total impact was a decrease of RON 57.7 million, to RON 432.6 million).

Portfolio company	Value in	Value in	Value in	30 Nov 2023 NAV vs.	
	30 Nov 2023 NAV	30 Jun 2023 NAV	31 Dec 2022 NAV	31 Dec 2022 NAV	%
	RON million	RON million	RON million	RON million	
Engie Romania SA	432.6	490.3	440.7	(8.1)	-1.8%

Source: Fondul Proprietatea internal records

For 31 December 2023 NAV, valuation updates in accordance with the International Valuation Standards were prepared for 16 holdings with the assistance of KPMG Advisory and Darian DRS, representing all the unlisted portfolio and 3 listed companies with low liquidity. The valuation date was 31 October 2023, and the reports were based on the financial data of the companies as at 30 September 2023. The overall impact of the valuation adjustments Fund's holdings is detailed in the table below:

Portfolio company	Value in	Value in	Value in	31 Dec 2023 NAV vs.	
	31 Dec 2023 NAV	30 Jun 2023 NAV	31 Dec 2022 NAV	31 Dec 2022 NAV	%
	RON million	RON million	RON million	RON million	%
CN Aeroporturi Bucuresti SA	877.7	828.1	713.0	164.7	+23.1%
Engie Romania SA	432.6	490.3	440.7	(8.1)	-1.8%
CN Administratia Porturilor Maritime SA	328.3	313.2	283.0	45.3	+16.0%
Societatea Nationala a Sarii SA	318.4	297.2	273.7	44.7	+16.3%
Complexul Energetic Oltenia SA	64.8	-	-	64.8	+100.0%
Zirom SA	28.6	28.8	28.8	(0.2)	-0.7%
Posta Romana SA	17.4	21.7	21.7	(4.3)	-19.8%
CN Administratia Canalelor Navigabile SA	15.6	13.5	13.5	2.1	+15.6%
Aeroportul Int Timisoara - Traian Vuia SA	6.0	5.5	5.5	0.5	+9.1%
CN Administratia Porturilor Dunarii Maritime SA	3.2	3.8	3.8	(0.6)	-15.8%
CN Administratia Porturilor Dunarii Fluviale SA	3.1	3.3	3.3	(0.2)	-6.1%
Aeroportul Int Mihail Kogalniceanu - Constanta SA	2.1	2.1	2.1	-	-
Plafar SA	2.0	2.2	2.2	(0.2)	-9.1%
Societatea Electrocentrale Craiova SA	-	-	-	-	-
Total unlisted holdings	2,099.8	2,009.7	1,791.3	308.5	+17.2%
Alcom SA	10.1	10.4	10.4	(0.3)	-2.9%
Mecon SA	2.4	1.0	0.6	1.8	+300.0%
Romaero SA	-	31.2	42.0	(42.0)	-100.0%
Total listed holdings	12.5	42.6	53.0	(40.5)	-76.4%
Total	2,112.3	2,052.3	1,844.3	268.0	+14.5%

Source: Fondul Proprietatea internal records

As at the date of this report, the Fund is currently analysing the potential effect on the valuation of portfolio holdings of the events that took place between 30 September 2023 and 31 December 2023 and any significant impact will be reflected in the final audited IFRS financial statements of the Fund for the year ended 31 December 2023 and in subsequent NAV reports.

For more details regarding the valuation of CN Aeroporturi Bucuresti SA in the 31 December 2023 NAV as well as in the preliminary financial results of the Fund for the financial year ended 31 December 2023, please see section *Key portfolio updates* above.

The Fund will continue to closely monitor the evolution of financial markets and that of the specific industries the portfolio companies operate in, and for each NAV reporting date will assess if an updated valuation is required.

Signatures:

28 February 2024

Johan Meyer

Permanent Representative

Prepared by

Catalin Cadaru

Financial Reporting Manager

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

Contact

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

Web: www.fondulproprietatea.ro

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

Telephone: +40 21 200 9600

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