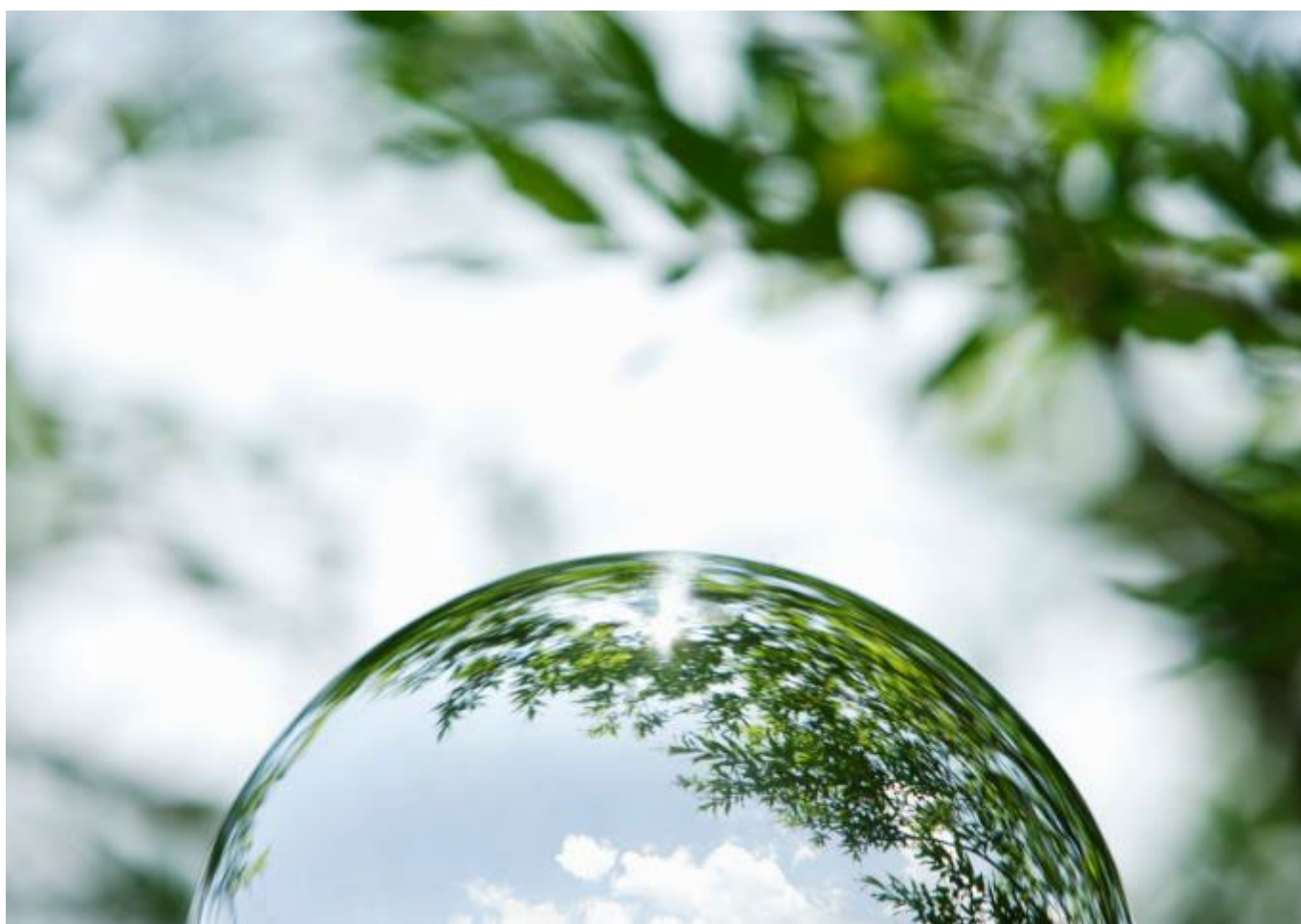




# Fondul Proprietatea SA

Quarterly Report for the Quarter Ended  
31 March 2023



*This is a translation from the official Romanian version.*

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## Annexes

- Annex 1** Condensed Interim Financial Statements for the three-month period ended 31 March 2023, 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 31 March 2023, prepared in accordance with FSA Regulation no. 7/2020 (Annex no. 11)

# List of Abbreviations

<b>ABB</b>	Accelerated Bookbuild
<b>AIF</b>	Alternative Investment Fund
<b>AIF Law</b>	Romanian Law no. 243/2019 on the regulation of alternative investment funds and amending and supplementing certain normative acts
<b>AIF Regulation</b>	Regulation no. 7/2020 on the authorisation and functioning of alternative investment funds, issued by the Financial Supervisory Authority
<b>AIFM</b>	Alternative Investment Fund Manager
<b>AIFM Directive</b>	Directive 2011/61/EU on Alternative Investment Fund Managers
<b>ANRE</b>	Romanian National Energy Regulatory Authority
<b>ATS</b>	Alternative Trading System
<b>BoN</b>	Board of Nominees of Fondul Proprietatea SA
<b>BVB</b>	Bucharest Stock Exchange
<b>CAEN</b>	Classification of Economic Activities in Romania
<b>CE Oltenia</b>	Complexul Energetic Oltenia SA
<b>CIIF</b>	Certification of Registration of Financial Instruments
<b>CSRD</b>	Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting
<b>DCM</b>	Discount Control Mechanism
<b>Depository Bank/ Depository</b>	BRD – Groupe Societe Generale SA
<b>Depozitarul Central SA</b>	Romanian Central Depository
<b>EBIT</b>	Operating profit
<b>EBITDA</b>	Operating profit before depreciation and amortisation
<b>EGM</b>	Extraordinary General Shareholders Meeting
<b>ESG</b>	Environmental, Social and Governance
<b>EU</b>	European Union
<b>Fondul Proprietatea/ the Fund/ FP</b>	Fondul Proprietatea SA
<b>FSA</b>	Romanian Financial Supervisory Authority
<b>FT</b>	Franklin Templeton
<b>FTIS/ AIFM/ Sole Director</b>	Franklin Templeton International Services S.à r.l.
<b>GDP</b>	Gross Domestic Product
<b>GDR</b>	Global Depository Receipt
<b>GEO</b>	Government Emergency Ordinance
<b>GEO no. 1/2020</b>	GEO no. 1/ 9 January 2020 regarding some fiscal-budgetary measures and the amendment and completion of some normative acts
<b>GEO no. 74/2020</b>	GEO no. 74/ 19 May 2020 for modifying the Romanian Energy Law no. 123/2012
<b>GEO no. 108/2022</b>	GEO no. 108/2022 regarding the decarbonisation of the energy sector
<b>GEO no. 119/2022</b>	GEO no. 119/2022 regulating the Romanian energy market and which further amends GEO no. 27/2022 on the measures applicable to final consumers of electricity and natural gas for the period 1 April 2022 to 31 March 2023
<b>GO</b>	Government Ordinance
<b>GRI</b>	Global Reporting Initiative
<b>GSM</b>	General Shareholders Meeting
<b>H1/ H2</b>	First/ second semester

<b>IFRS</b>	International Financial Reporting Standards as endorsed by the European Union
<b>INS</b>	Romanian National Institute of Statistics
<b>IMF</b>	International Monetary Fund
<b>IPO</b>	Initial Public Offering
<b>IPS</b>	Investment Policy Statement
<b>Law no. 334/2022</b>	Law no. 334/2022 regarding the approval of GEO no. 108/2022 regarding the decarbonisation of the energy sector
<b>LSE</b>	London Stock Exchange
<b>NAV</b>	Net Asset Value
<b>NBR</b>	National Bank of Romania
<b>OGM</b>	Ordinary General Shareholders Meeting
<b>PNRR</b>	National Recovery and Resilience Plan
<b>Q1/ Q2/ Q3/ Q4</b>	First/ second/ third/ fourth quarter
<b>REGS</b>	Main market (Regular) of Bucharest Stock Exchange
<b>RRR</b>	Regulatory Rate of Return
<b>Salrom</b>	Societatea Nationala a Sarii SA
<b>SME</b>	Small and Medium Enterprise
<b>TO</b>	Tender Offer
<b>Water Law</b>	Romanian Water Law no. 107/1996
<b>9M/ 9MO</b>	9-month period

# Activity of the Fund

## The Fund

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.

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.

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.

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

### Share information

Primary listing	Bucharest Stock Exchange – since 25 January 2011
Secondary listing	London Stock Exchange – since 29 April 2015
BVB symbol	FP
LSE symbol	FP.
Bloomberg ticker on BVB	FP RO
Bloomberg ticker on LSE	FP/ LI
Reuters ticker on BVB	FP.BX
Reuters ticker on LSE	FPq.L
ISIN	ROFPTAACNOR5
FSA register no	PJR09FIAIR/400018/28.01.2022
LEI code	549300PVO1VWBFH3DO07
CIIF registration no	AC-4522-9/27.10.2022

## Management of the Fund

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 March 2023, Johan Meyer is the permanent representative of the AIFM, being also the portfolio manager of the Fund.

## Shareholder structure

### Shareholder structure as at 31 March 2023

Shareholder categories <sup>1</sup>	% of subscribed and paid-up share capital	% of voting rights
Romanian institutional shareholders	37.01%	42.38%
Romanian private individuals	20.91%	23.94%
Foreign institutional shareholders	10.64%	12.18%
The Bank of New York Mellon (GDRs) <sup>2</sup>	9.75%	11.12%
Romanian State represented by Ministry of Finance	5.96%	6.82%
Foreign private individuals	3.10%	3.56%
Treasury shares <sup>3</sup>	12.63%	-

Source: Depozitarul Central SA

1. Information provided based on settlement date of transactions

2. 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. Fondul Proprietatea held 50,957 GDRs (2,547,850 shares equivalent) as at 31 March 2023

3. 549,019,085 treasury shares acquired in 2022 within the 13<sup>th</sup> buyback program and 236,424,897 treasury shares acquired in 2023 within the 14<sup>th</sup> buyback program. The GDRs held by the Fund and not converted are included under The Bank of New York Mellon's position for the paid-up shareholders structure, similar with the records provided by the Central Depository. The GDRs held by the Fund are deducted from The Bank of New York Mellon's position for the voting rights shareholder structure

As at 31 March 2023, the Fund had 17,723 shareholders and the total number of voting rights was 5,429,833,381.

### Largest shareholders

Shareholder	Latest ownership disclosure	% of voting rights
NN Private Pension Funds	11 April 2022	11.24%
Ministry of Finance	30 March 2022	5.97%
Allianz-Tiriac Private Pension Funds	1 July 2019	5.05%
Metropolitan Life Private Pension Fund	12 April 2023	5.01%
Silver Point Capital Funds	5 April 2023	4.89%

Source: ownership disclosures submitted by shareholders

For more details regarding the ownership disclosures submitted by Metropolitan Life Private Pension Fund and Silver Point Capital Funds in April 2023, please see section *Subsequent events*.

### GDR facility

The GDR facility is limited to one-third of the Fund's subscribed share capital under the Romanian securities regulations, or 41,452,168 GDRs (2,072,608,400 shares equivalent) as at 31 March 2023, each GDR representing 50 shares. As at 31 March 2023, 606,485,750 of the Fund's issued shares were held by The Bank of New York Mellon, the GDR depository bank, accounting for 12,129,715 GDRs, representing 29.3% of the GDR facility.

## Share capital information

	31 March 2023	31 December 2022	31 March 2022
Issued share capital (RON)	3,233,269,110.76	3,233,269,110.76	3,334,342,422.84
Paid in share capital (RON)	3,233,269,110.76	3,233,269,110.76	3,334,342,422.84
Number of shares in issue	6,217,825,213	6,217,825,213	6,412,196,967
Number of paid shares	6,217,825,213	6,217,825,213	6,412,196,967
Nominal value per share (RON)	0.52	0.52	0.52

Source: National Trade Registry

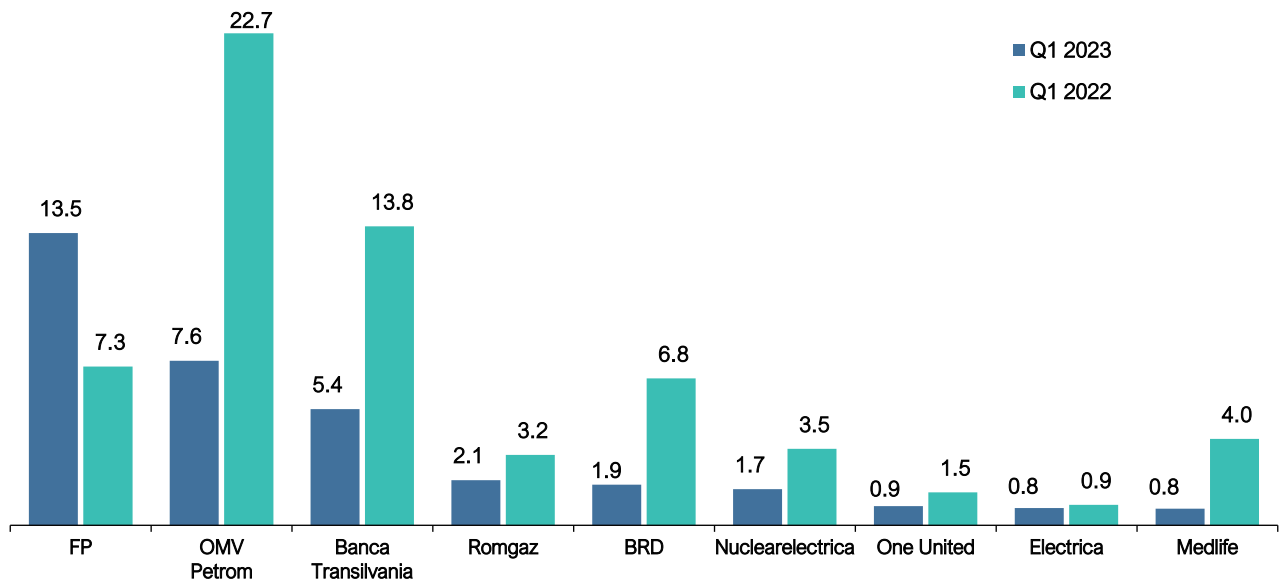
## Capital markets

In the first quarter of 2023, BVB registered the second-best performance compared to the largest markets in Central Europe, in both local and EUR, as shown in the table below:

% Change in Q1 2023	In local currency	in EUR
PX (Czech Republic)	+12.54%	+15.74%
<b>BET-XT (Romania)</b>	<b>+3.53%</b>	<b>+3.49%</b>
ATX (Austria)	+2.66%	+2.66%
WIG20 (Poland)	-1.87%	-1.85%
BUX (Hungary)	-3.37%	+1.42%

Source: Bloomberg

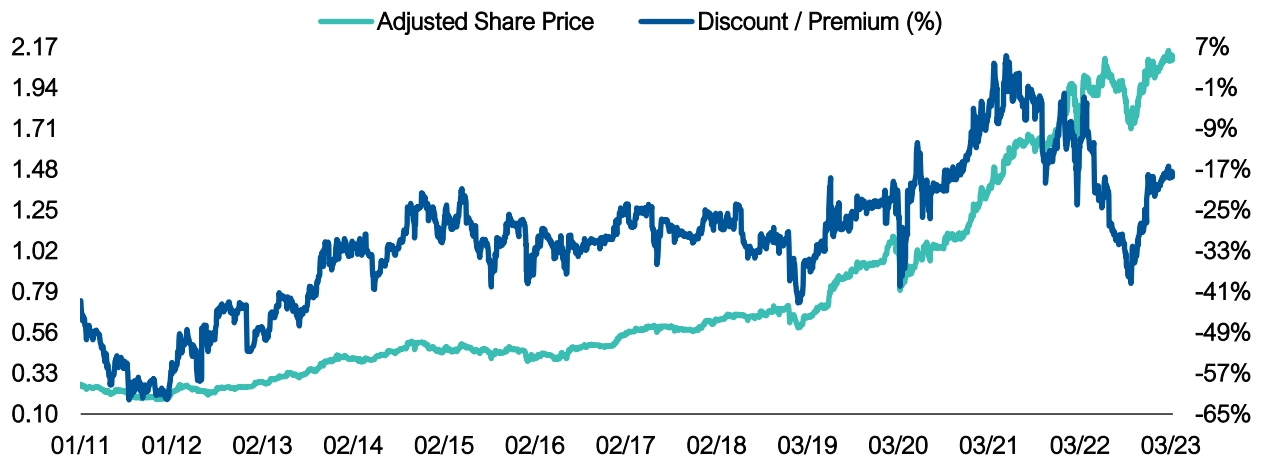
## Average Daily Turnover in Q1 2023 (RON million)



Source: BVB, Bloomberg

Note: The values for FP, OMV Petrom, Romgaz and Electrica also include the GDR trading on LSE. The values for FP include the tender offer settled in March 2023. The values for OMV Petrom include the ABB finalised by the Fund in January 2022.

## 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

## Performance objectives

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

In accordance with the Fund's IPS, there are two performance objectives that the AIFM is aiming to achieve. The NAV objective refers to an Adjusted NAV per share<sup>1</sup> 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 – interim monitoring

In the period 1 January 2023 - 31 March 2023, the discount to NAV was above 15% in all trading days.

	Discount at 3 Jan 2023	Discount at 31 Mar 2023	Average Discount 3 Jan – 31 Mar 2023	Discount Range 3 Jan – 31 Mar 2023
Share price	-18.8%	-18.2%	-19.0%	min -16.4%/ max -22.3%
GDR	-20.1%	-17.1%	-19.2%	min -15.9%/ max -20.8%

Source: Fund Manager calculations

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

The AIFM 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.

<sup>1</sup> 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 – interim monitoring

The Adjusted NAV per share as at 31 March 2023 was 0.62% higher than the 31 December 2022 NAV per share of RON 2.5701.

NAV Objective	Amount RON	Details
<b>Total NAV as at 31 March 2023</b>	<b>13,999,617,719</b>	
Costs related to buy-backs after 31 December 2022	5,929,693	Fees related to the buy-back programmes, excluding the distribution fees for buy-backs
Distribution fees for buy-backs after 31 December 2022	13,399,551	Distribution fees for buy-backs
Costs related to dividends paid after 31 December 2022	1,020	Fees charged by the Central Depository and Paying Agent for the dividend payments performed
<b>Total Adjusted NAV as at 31 March 2023</b>	<b>14,018,947,983</b>	
Number of Fund's paid shares, less treasury shares and GDRs held as at 31 March 2023	5,421,221,124	
<b>Adjusted NAV per share as at 31 March 2023</b>	<b>2.5860</b>	
<b>NAV per share as at 31 December 2022</b>	<b>2.5701</b>	
<b>Difference</b>	<b>0.0159</b>	
<b>%</b>	<b>0.62%</b>	

Source: Fund Manager calculations

The Sole Director 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 January the AIFM started the implementation of the 14<sup>th</sup> buyback programme, including a Tender offer for 225 million shares of the Fund (in the form of ordinary shares and GDRs) that was completed on 13 March 2023. Following the above, the total distributions to the Fund's shareholders during the first quarter of 2023 amount to RON 539.5 million. Also, the Sole Director proposed, and shareholders approved during the 21 April 2023 GSM, a dividend distribution of RON 0.05 per share with payment date on 6 June 2023. For more details, please see *Subsequent events* section.

## Investor relations

In the first three months of the year, in our efforts to increase the visibility and the profile of the Fund, as well as the local capital market, and Romania, to a broader international institutional investor base, the Fund's management team organised three road-shows in London and met with 19 investment firms interested in finding out more details about Fondul Proprietatea and its equity story, and in receiving updates on the Fund, its corporate actions, and the main portfolio holdings, as well as on the Romanian macroeconomic environment.

During the first quarter, we also participated to three investor conferences in London, meeting with 20 representatives of international institutional investors.

On 28 February, we organised the 2022 Annual Results Conference Call with institutional investors and financial analysts, where 30 investment professionals participated.

Furthermore, during the first quarter, we organised 13 conference calls and 10 in-person meetings with institutional investors and financial analysts covering Fondul Proprietatea, interested in the latest developments regarding the Fund's corporate actions, and its portfolio companies.

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

## ESG

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.

### Taxonomy Regulation

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.

### Corporate Sustainability Reporting Directive

On 28 November 2022, the European Parliament adopted Directive (EU) 2022/2464 regarding corporate sustainability reporting (CSRD), published in the Official Journal of the European Union on 16 December 2022. The requirements will start to apply between 2024 and 2028, and the Member States have to transpose the directive into local legislation so that it applies from 1 January 2024. The Fund will analyse the impact of the CSRD requirements on its activity and will monitor the implementation of the directive requirements within the national legislation during the following reporting periods.

## Outlook for 2023

According to the IMF<sup>1</sup>, the global economy experiences a gradual recovery from the powerful blows of the COVID 19 pandemic and of Russia's unprovoked war on Ukraine, with supply-chain disruptions unwinding and inflation moving back toward its targets as a result of the significant tightening of monetary policy by most central banks.

**Global growth** is projected at 2.8% in 2023, then slightly rise to 3.0% in 2024. For Romania, according to April 2023 World Economic Outlook published by IMF, the **real GDP growth** for 2022 was 4.8% and this is expected to drop to 2.4% in 2023 and increase to 3.7% in 2024<sup>1</sup>.

IMF projections from April 2023<sup>1</sup> forecast **global inflation** to fall from 8.7% in 2022 to 7.0% in 2023 and 4.9% in 2024. According to Eurostat<sup>2</sup>, the EU annual inflation rate was 6.9% in March 2023, down from 8.5% in February. For Romania, according with National Statistics Institute<sup>3</sup> the annual **inflation rate** in March 2023 was 14.5%.

According to the monthly BVB report<sup>4</sup> for March 2023, the **capital market** in Romania increased by 3.8% in the first quarter, taking into account the BET-TR index, but this development took place against the backdrop of decreasing liquidity. Also, at the end of March 2023 the number of investors in the Romanian capital market reached 133,000, a level that represents an all-time high.

On 11 January 2023, the Board of the National Bank of Romania once again raised its key **monetary policy rate** by 0.25% to 7.0%, the eighth consecutive rate hike in the last 12 months, in line with the trend followed by most central banks across the world.

Whilst the potential for further interest rates increases is high, we expect inflationary pressure to be more subdued through 2023. With the right mix of fiscal and economic policy, Romania once again has strong prospects to become one of the best performing economies in the European Union.

<sup>1</sup> World Economic Outlook, April 2023, [www.imf.org](http://www.imf.org)

<sup>2</sup> Eurostat – Euro Indicators Publication no. 44/19 April 2023, [www.ec.europa.eu/eurostat](http://www.ec.europa.eu/eurostat)

<sup>3</sup> National Statistics Institute, Press Release no. 89/13 April 2023, [www.insse.ro](http://www.insse.ro)

<sup>4</sup> BVB – Monthly report – March 2023, [www.bvb.ro](http://www.bvb.ro)

# 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 Register.

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

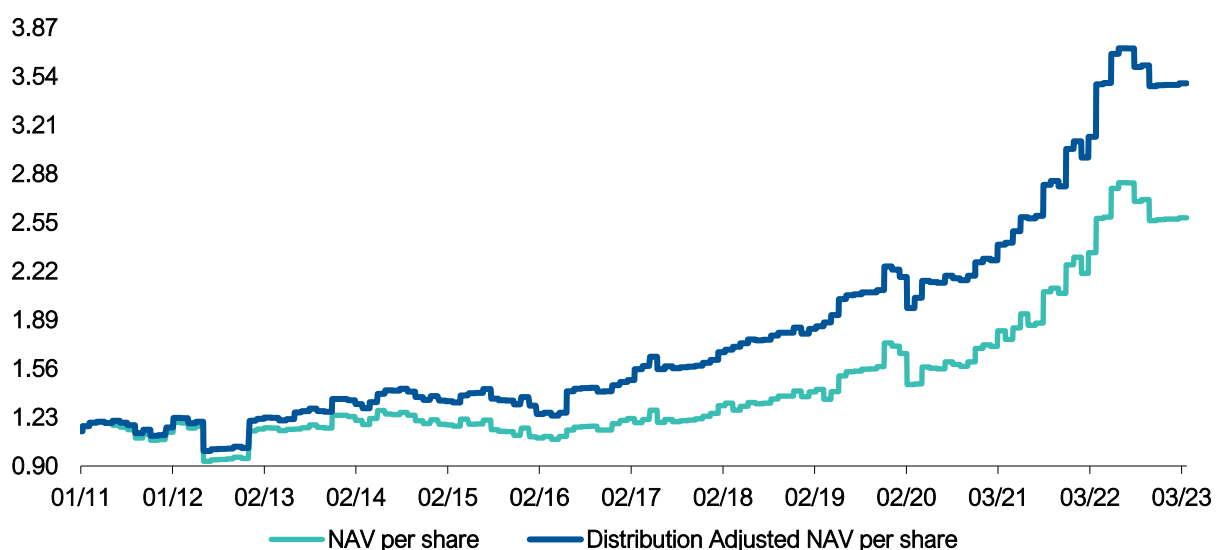
Starting with 28 January 2022, the date when the Fund's registration process as an AIF with the FSA was finalised, the Fund started to apply the Romanian AIF Law (Law no. 243/2019) and AIF Regulation (Regulation no. 7/2020).

Listed securities are valued either at closing market prices if listed on regulated markets, or at reference prices if listed on an ATS. Illiquid and unlisted securities are valued using the fair value determined either by reference to published prices on the stock exchange where shares are traded (listed securities) or assessed using valuation techniques in accordance with International Valuation Standards. The holdings in the companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity are valued at zero.

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

## NAV evolution

### Evolution of distribution adjusted NAV per share

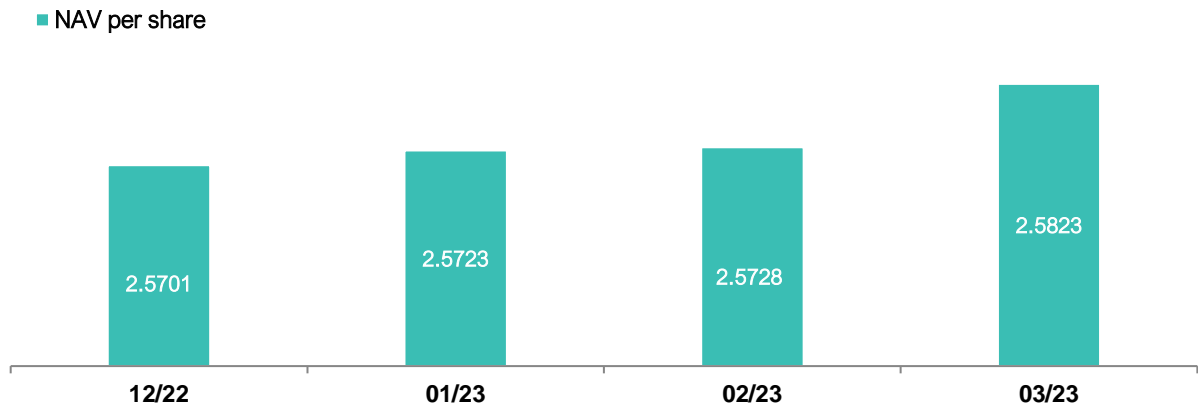


Source: Fund Manager calculations

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 31 December 2022 to 31 March 2023:



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 14<sup>th</sup> buyback programme that was finalised in March and 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.

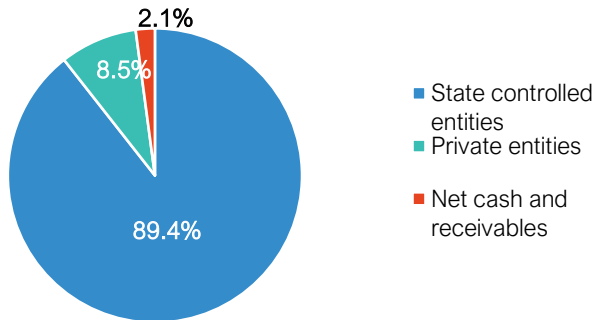
The Fund will continue to closely monitor the evolution of financial markets and that of the specific industries the unlisted holdings operate in, and for each NAV reporting date will assess if an updated valuation is required.

# Portfolio

## Portfolio structure

The equity exposure amounted to 97.9% of the Fund’s NAV as at 31 March 2023. As at that date, the portfolio was composed of holdings in 31 companies (5 listed and 26 unlisted), a combination of privately held and state-controlled entities.

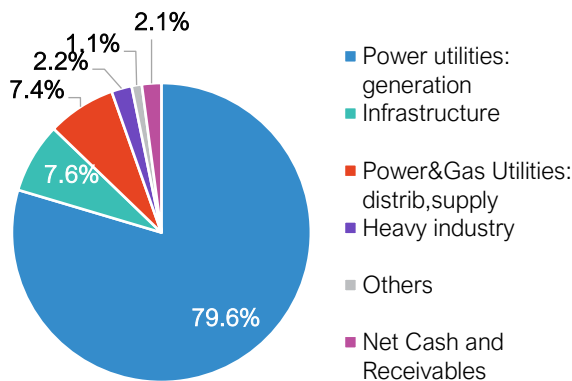
### Portfolio structure – by controlling ownership



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

Source: Fund Manager calculations  
 Note: % in total NAV as at 31 March 2023

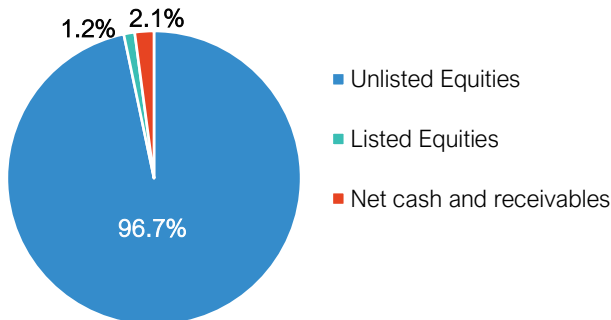
### Portfolio structure – by sector



The portfolio remains heavily weighted in power and gas sectors (approx. 87.0% of the NAV), through several unlisted Romanian companies.

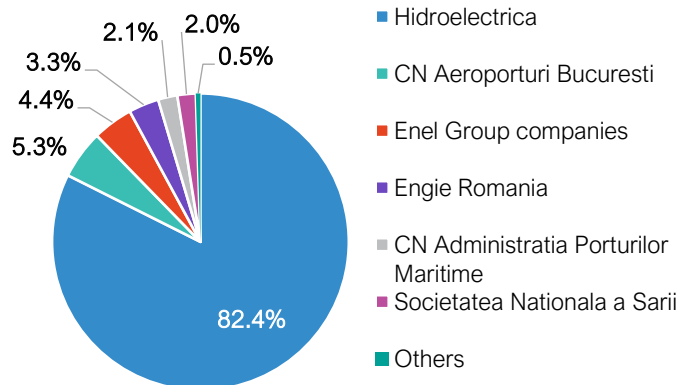
Source: Fund Manager calculations  
 Note: % in total NAV as at 31 March 2023

### Portfolio structure – by asset type



Source: Fund Manager calculations  
 Note: % in total NAV as at 31 March 2023

## Portfolio structure – unlisted holdings

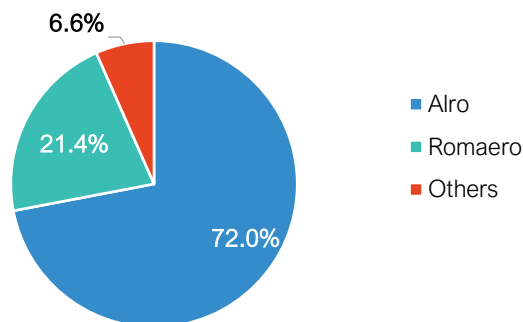


The largest unlisted holding is Hidroelectrica SA (79.6% of the NAV)

Source: Fund Manager calculations

Note: as at 31 March 2023. The chart reflects the company's NAV value as a % in total NAV value of unlisted holdings.

## Portfolio structure – listed holdings



The largest listed holding is Alro SA (0.9% of the NAV)

Source: Fund Manager calculations

Note: as at 31 March 2023. The chart reflects the company's NAV value as a % in total NAV value of listed holdings.

## Key portfolio developments

### Listings

#### Hidroelectrica SA

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

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

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

The Fund's shareholders approved the sale of the shares held by FP in Hidroelectrica SA during the 15 November 2022 GSM.

The Fund and Hidroelectrica SA continue to prepare for an IPO during 2023. The Romanian State committed in PNRR to the listing of Hidroelectrica by the end of H1 2023.

## Societatea Nationala a Sarii SA

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

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

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

The Fund continues to engage with the majority shareholder and the company in relation to preparations for a potential IPO in the context of the protracted process for the appointment of the company's directors under the corporate governance rules applicable to state owned entities.

## Participation in share capital increases/ decreases

### Hidroelectrica SA share capital increase

On 20 April 2023, the Fund subscribed to the share capital increase of Hidroelectrica SA with a cash contribution of RON 2,678,640. The registration of the share capital increase with the Romanian Trade Register is currently ongoing.

### CN Aeroporturi Bucuresti SA share capital increase

CN Aeroporturi Bucuresti called a GSM that took place on 25 October 2021 through the convening notice published in the Official Gazette of Romania Part IV no. 3873/20.09.2021, for the approval of a share capital increase with the land inside Baneasa airport, brought as Romanian State's contribution in kind to the company's capital. The initial proposed value for the share capital increase was RON 3,814,809,171. This 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 Register;
- The amount of RON 953,702,290 represents the value of shares offered to be subscribed by Fondul Proprietatea for maintaining the 20% participation to the share capital. The preference rights may be used by the Fund within 60 days calculated starting with the date when the shareholders' resolution is published in the Official Gazette 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.

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 the Fund and 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. The litigation related to the claim for annulment of the aforementioned GSM is ongoing in front of the Romanian courts (Tribunalul Ilfov).

Considering the above, the dilution risk was assessed as not significant and thus no additional adjustments were applied to the valuation of the company for 31 March 2023.

### **CN Administratia Porturilor Maritime share capital increase**

On 9 February 2022, during the CN Administratia Porturilor Maritime GSM, the majority shareholder approved the increase of the share capital from RON 132,906,430 to RON 323,311,340, respectively with the amount of RON 190,404,910, through incorporation of part of reserves. The Fund maintained its stake holding, as new shares issued were distributed proportionally to existing shareholders. As at the date of issuing this report, the Fund held 6,466,226 shares, representing 20% of the company's share capital. However, the Fund decided to challenge in Court the validity of the GSM which approved the share capital increase. The first instance court has rejected the complaint. The Fund has appealed the decision and the Court set the next hearing on 13 September 2023.

### **Aeroportul International Timisoara SA share capital increase**

The company's management called an EGM on 8 June 2023 to approve a share capital increase of RON 25.2 million, by issuing 2,523,850 new shares at a nominal value of RON 10 per share. If Fondul Proprietatea chooses not to participate to this share capital increase, its stake could be diluted from 20% to 1.5%.

### **Restructuring plan of CE Oltenia and related roadmap**

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

As approved in the general shareholders meetings of CE Oltenia, the Company will develop 4 solar parks with a total capacity of 455 MW together with OMV Petrom, 4 solar parks with a total capacity of 280 MW and a 475 MW natural gas energy block with Tinmar Energy and an 850 MW combined cycle power plant on natural gas with Alro.

In 2023, CE Oltenia will receive approximately EUR 91 million (RON 449 million) in state aid as part of the Restructuring Plan. The state aid is intended to finance the purchase of greenhouse gas emission certificates in 2023. The company has received grants worth EUR 776 million so far.

Assuming Fondul Proprietatea will not participate in the share capital increases foreseen in the Restructuring Plan, the participation of the Fund in CE Oltenia will be diluted at approximately 5% based on the Fund's current estimates.

The recent change in the legislation brought by GEO 26/2023 allowing land valuation to be carried out at fair value would facilitate the share capital increase with the value of the lands that will be contributed by CE Oltenia in the new investment companies.



## Enel companies and Enel Spa exit from Romania

For more details regarding the factors impacting the business of Enel group companies in Romania during 2022, please see the Fund's Annual Report for 2022.

On 14 December, Enel Spa announced that it entered into an exclusivity agreement with Greek company Public Power Corporation (PPC) in relation to the potential disposal of all the equity held by Enel Group in Romania (Target Assets). During the exclusivity period that ended on 28 February 2023, the parties negotiated the transaction documentation and PPC carried out appropriate due diligence on the Target Assets.

On 9 March 2023 Enel Spa announced<sup>1</sup> that the two companies signed an agreement to sell the equity stakes held by the Enel Group in Romania to PPC for a total consideration of approximately EUR 1,260 million, equivalent to an enterprise value of about EUR 1,900 million (on a 100% basis). According to the announcement, the closing of the sale, which is expected by Q3 2023, is subject to certain conditions precedent customary for this kind of transactions, including the clearance from competent antitrust authorities.

On 14 March 2023 the AIFM of the Fund informed the shareholders about the receipt of the tag along right under the Privatisation Agreement entered into between Electrica SA and Enel on 11 June 2007 relating to the acquisition of and subscription for shares in the subsidiary for Electricity Distribution and Supply Electrica Muntenia Sud SA, in relation to the Fund's shareholding in Enel Energie Muntenia SA and E-Distributie Muntenia SA. The tag along notice was triggered following the entry by Enel and PPC into the agreement for the sale of all the equity stakes held by the Enel Group in Romania.

Please see section *Subsequent events* for further information on this topic.

## Top portfolio holdings

Name	Fund's stake (%)	Value as at 31 March 2023 (RON mil)	% of NAV as at 31 March 2023
Hidroelectrica SA	19.94%	11,148.8	79.6%
CN Aeroporturi Bucuresti SA	20.00%	713.0	5.1%
Engie Romania SA	12.00%	440.7	3.1%
CN Administratia Porturilor Maritime SA	20.00%	283.0	2.0%
Societatea Nationala a Sarii SA	49.00%	273.7	2.0%
E-Distributie Banat SA	24.13%	212.9	1.5%
E-Distributie Muntenia SA	12.00%	183.9	1.3%
E-Distributie Dobrogea SA	24.09%	170.4	1.2%
<b>Top equity holdings</b>		<b>13,426.4</b>	<b>95.9%</b>
<b>Total equity holdings</b>		<b>13,700.6</b>	<b>97.9%</b>
<b>Net cash and receivables</b>		<b>299.0</b>	<b>2.1%</b>
<b>Total NAV</b>		<b>13,999.6</b>	<b>100.0%</b>

Source: Fund Manager calculations

<sup>1</sup> <https://www.enel.com/media/explore/search-press-releases/press/2023/03/enel-signs-agreement-to-sell-its-romanian-operations-to-ppc>

## Hidroelectrica SA

### Financial and operational results

RON million	Q1 2022 <sup>2</sup>	Q1 2023 <sup>2</sup>	%	2021 <sup>1</sup>	2022 <sup>1</sup>	%
Revenues	2,460.9	3,369.9	+36.9%	6,501.3	9,277.9	+42.7%
Operating profit	1,493.7	1,993.3	+33.4%	3,478.0	4,902.2	+40.9%
EBITDA <sup>3</sup>	1,642.2	2,191.8	+33.5%	4,603.6	5,794.8	+25.9%
Net profit	1,300.2	1,741.6	+33.9%	3,019.5	4,394.4	+45.5%
Dividends <sup>4</sup>	-	-	-	2,830.9	3,914.4	+38.3%

1. Individual audited IFRS financial statements (as adopted in Romania through Ministry of Finance Order no. 2844/2016)

2. Based on Hidroelectrica preliminary management data, on an individual basis

3. Adjusted EBITDA, as defined in the Individual audited IFRS financial statements (as adopted in Romania through Ministry of Finance Order no. 2844/2016)

4. Do not include the special dividends declared by Hidroelectrica

For the full-year 2022, on a stand-alone basis Hidroelectrica SA registered total costs with the windfall tax of RON 557.1 million as compared to RON 113.2 million in 2021 and total costs with turbinated water of RON 451.0 million, down 16.5% y.o.y driven by lower electricity production volume.

At 31 December 2022, the company's cash and equivalents position stood at RON 4.13 billion. At the same date, total interest-bearing debt amounted to RON 498.4 million as compared to RON 579.3 million at the end of December 2021. Over the period, operating cash-flow amounted to RON 4,146.1 million compared to RON 3,952.9 million during 2021.

CAPEX carried out by the company over full year 2022 amounted to RON 167.2 million as compared to RON 829.3 million the previous year (out of which RON 635.2 million was related to the acquisition of Crucea Wind Park).

On a consolidated IFRS basis (as adopted in Romania through Ministry of Finance Order no. 2844/2016), Hidroelectrica reported for the full year 2022, a net profit of RON 4,461.2 million, up 44.6% y.o.y and an adjusted EBITDA of RON 5,932.8 million, up 26.2% y.o.y.

Individual basis	2021	2022	%	Q1 2022	Q1 2023	%
Total electricity sold (TWh)	17.11	14.32	-16.3%	3.34	4.83	+44.7%
Electricity sold out of own production (TWh)	16.52	13.25	-19.8%	3.19	4.41	+38.2%
Average realised electricity selling price (RON/MWh)	339.2	574.8	+69.5%	655.8	656.3	+0.1%

Source: based on Hidroelectrica Directorate report, on an individual basis

According to management, over the first three months of the year, Hidroelectrica SA paid a windfall tax of RON 230.6 million, down 32.2% y.o.y. and registered a cost with turbinated water of RON 163.6 million, up 47.5% y.o.y. At the end of March 2023, the company's cash and equivalents position stood at RON 4.89 billion. At the same date, total interest-bearing debt amounted to RON 473.5 million as compared to RON 555.0 million at the end of March 2022. In Q1 2023, operating cash-flow amounted to RON 1,210.7 million as compared to RON 1,214.8 million during Q1 2022. CAPEX carried out by the company in Q1 2023 amounted to RON 40.6 million as compared to RON 15.7 million during Q1 2022.

### GSM

On 29 April 2023, shareholders approved the distribution of a gross dividend of RON 3.91 billion out of Hidroelectrica 2022 net profit. Also, shareholders approved the distribution of a special dividend out of retained earnings in total amount of RON 435.0 million. The annual and the special dividends

will be paid to the Ministry of Energy and Fondul Proprietatea by 16 June 2023 and 29 September 2023 respectively.

### Corporate governance

On 28 March 2023, the shareholders appointed a new Supervisory Board with a 4-year mandate. Out of the seven board appointments Mr. George Niculescu, Mr. Silviu Avram and Mr. George Toniuc were acting for the first time as board members on the Supervisory Board of Hidroelectrica while Mr. Mihai Mihalache, Ms. Carmen Radu, Mr. Karoly Borbely and Mr. Daniel Naftali have been reappointed. Subsequently, on 21 April 2023, the shareholders approved the revocation of Mr. George Niculescu from the Supervisory Board of Hidroelectrica, following the termination of his mandate contract through mutual agreement. Mr. Niculescu was appointed by decision of the Romanian Parliament as President of the ANRE starting with 23 April 2023.

Following a court case initiated in 2020 by an employee of the company, in April 2022 the Bucharest Court annulled the recruitment procedure and the selection process that was carried out by the company during 10 April – 4 June 2019, for the selection of the 5 members of the Directorate. According to the decision, the company is obliged to issue a new decision for a new recruitment process. The appeal filed by Hidroelectrica was rejected by the Bucharest Court of Appeal in a ruling issued in March 2023.

Starting with 7 April 2023, all five members of the Directorate: Mr. Bogdan Badea, Mr. Andrei Gereaa, Mr. Marian Bratu, Mr. Razvan Pataliu and Mr. Cristian Vladoianu were reappointed on an interim basis for a 4-months period.

### ESG

According to the management, Hidroelectrica is aiming to publish its first separate Sustainability Report prepared in accordance with GRI Standards in 2023. Also, in line with best practices, the company is in the process of reviewing its sustainability strategy and objectives in its focus areas, in the context of its overall business and development strategy. Up until now, Hidroelectrica has been publishing its non-financial statement, in line with the requirements of the EU Directive 2014/95/EU and the Romanian Ministry of Finance Order no. 1938/ 2016 and Order no. 2844/ 2016. The latest non-financial statements have been published by Hidroelectrica in June 2022 for the year 2021.

## CN Aeroporturi Bucuresti SA

### Financial and operational results

RON million	2021	2022	%	Budget 2022	Budget 2023	%
Operating revenue	578.0	999.6	+72.9%	750.1	1,118.9	+49.2%
Operating profit	40.8	344.7	>100%	59.3	288.3	>100%
Net profit	34.0	304.0	>100%	56.5	229.1	>100%
Dividends	-	157.4	n/a	-	121.3	n/a

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

Traffic continued to pick up, reaching 3.1 million passengers in Q1 2023, up by 3% vs pre-Covid levels and 54% higher year-over-year.

### Corporate governance

All Board members have interim mandates. Selection process for full mandates did not start yet.

## ESG

CN Aeroporturi Bucuresti SA does not publish sustainability reports.

## Engie Romania SA

### Financial results

RON million	2021	2022 <sup>1</sup>	%	Budget 2022	Budget 2023 <sup>2</sup>	%
Turnover	6,683.5	13,585.6	103.3%	10,268.8	13,256.0	+29.1%
Operating profit/ (loss)	85.9	1,079.3	>100%	(150.6)	556.0	>100%
Net profit/ (loss)	69.9	851.9	>100%	(127.8)	309.0	>100%
Dividends	-	-	-	-	-	-

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

1. Audited figures subject to shareholders approval

2. Subject to shareholders approval

### Tariffs

The gas distribution tariffs for Engie's subsidiary Distrigaz Sud Retelele, operating in the gas distribution sector, were increased by ANRE in March 2023 by 57.2% on average vs. previous level:

Annual consumption (MWh)	Tariffs applicable starting 1 Apr 2022 (RON/MWh)	Tariffs applicable starting 1 Apr 2023 (RON/MWh)	Change (%)
between 0-280	32.32	51.67	55.1%
between 280-2,800	30.44	48.67	59.9%
between 2,800-28,000	29.02	46.39	59.9%
between 28,000-280,000	22.39	35.80	59.9%
higher than 280,000	11.30	18.07	59.9%
clients benefitting from proximity distribution tariff	5.36	6.64	23.9%

Source: ANRE Orders no. 39/29.03.2022, and 48/29.03.2023.

\*2023 tariffs include a small component representing the capitalisation of the additional costs necessary to cover the grid losses

## ESG

Engie Romania SA published<sup>1</sup>, its latest sustainability report in November 2022, in accordance with GRI Standards, while Engie Group reports<sup>2</sup> frequently on ESG issues and has a sustainability plan at parent company level.

<sup>1</sup> [www.engie.ro/wp-content/uploads/2022/12/Strategia-de-Sustenabilitate-a-ENGIE-Romania.pdf](http://www.engie.ro/wp-content/uploads/2022/12/Strategia-de-Sustenabilitate-a-ENGIE-Romania.pdf)

<sup>2</sup> [www.engie.com/en/news/2022-integrated-report](http://www.engie.com/en/news/2022-integrated-report)

## CN Administratia Porturilor Maritime SA

### Financial results

RON million	2021	2022 <sup>1</sup>	%	Budget 2022	Budget 2023	%
Operating revenue	418.9	479.5	+14.5%	489.2	542.3	+10.9%
Operating profit	140.6	131.5	-6.5%	84.2	91.4	+8.6%
Net profit	130.5	114.5	-12.3%	88.2	89.8	+1.8%
Dividends	33.3	28.6	-14.1%	23.8	23.2	-2.5%

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

1. Pending shareholders' approval

### Corporate governance

All Board members have interim mandates. Selection process for full mandates did not start yet.

### ESG

CN Administratia Porturilor Maritime SA does not publish sustainability reports.

## Societatea Nationala a Sarii SA

### Financial results

RON million	2021	2022 <sup>1</sup>	%	Budget 2022	Budget 2023 <sup>2</sup>	%
Operating revenue	374.5	495.3	+32.3%	506.4	597.5	+18.0%
Operating profit	70.1	134.4	+91.7%	97.3	146.3	+50.4%
Net profit	60.2	120.7	+100.5%	84.4	129.7	+53.7%
Dividends	59.9	114.3	+90.8%	84.4	129.7	+53.7%

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

1. Audited figures subject to shareholders approval

2. Adjusted budget subject to shareholders approval

### Corporate governance

In January 2023, shareholders approved the re-launch of the selection process for Board Members based on GEO no. 109/2011, with the selection procedure being conducted at the level of the Ministry of Economy.

### ESG

Societatea Nationala a Sarii reports on environmental and social responsibility issues in its non-financial annual report, in accordance with GRI Standards, published on its website [www.salrom.ro](http://www.salrom.ro).

## Enel Group companies

### Financial results

#### E-Distributie Banat SA

RON million	2021	2022	%	Budget 2022	Budget 2023	%
Operating revenue	593.5	1,009.5	+70.1%	893.0	734.0	-17.8%
EBITDA	58.2	117.3	+101.5%	107.0	174.0	+62.6%
Net profit/ (Loss)	(33.3)	59.9	>100%	(13.0)	(23.0)	-76.9%

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

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

#### E-Distributie Muntenia SA

RON million	2021	2022	%	Budget 2022	Budget 2023	%
Operating revenue	1,038.7	1,753.8	+68.8%	1,463.0	1,346.0	-8.0%
EBITDA	168.1	313.2	+86.3%	264.0	471.0	+78.4%
Net profit	55.8	248.7	>100%	48.0	127.0	>100%

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

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

#### E-Distributie Dobrogea SA

RON million	2021	2022	%	Budget 2022	Budget 2023	%
Operating revenue	554.8	937.2	+68.9%	846.0	727.0	-14.1%
EBITDA	86.9	144.0	+65.6%	119.0	216.0	+81.5%
Net profit	11.5	75.9	>100%	15.0	9.0	-40.0%

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

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

### Distribution tariffs

According to the ANRE orders, the specific electricity distribution tariffs for the companies in the Fund's portfolio operating in power distribution sector, applicable starting with 1 April 2023, compared to those applicable starting 1 April 2022, are the following:

Company	Voltage level	Tariffs applicable starting 1 Apr 2022 (RON/MWh)	Tariffs applicable starting 1 Apr 2023 (RON/MWh)	Change (%)
		(1)	(2)	(2)/(1)-1
E-Distributie Banat	High Voltage	17.90	18.01	0.61%
	Medium Voltage	51.01	55.07	7.96%
	Low Voltage	147.89	161.68	9.32%
	High Voltage	26.36	27.29	4.12%

Company	Voltage level	Tariffs applicable starting 1 Apr 2022 (RON/MWh)	Tariffs applicable starting 1 Apr 2023 (RON/MWh)	Change (%)
E-Distributie Dobrogea	Medium Voltage	59.71	65.88	12.17%
	Low Voltage	173.28	186.18	5.05%
E-Distributie Muntenia	High Voltage	12.56	14.83	9.22%
	Medium Voltage	45.71	56.06	14.12%
	Low Voltage	143.96	172.21	6.10%

Source: ANRE Orders no. 30/23.03.2022, 31/23.03.2022 and 32/23.03.2022, no. 22/29.03.2023, no. 23/29.03.2023, no. 24/29.03.2023

## ESG

Enel's subsidiaries in Romania publish sustainability reports since 2019, while Enel Spa reports<sup>1</sup> frequently on ESG issues and has a sustainability plan at parent company level.

<sup>1</sup> <https://www.enel.com/investors/sustainability>

# Energy Sector

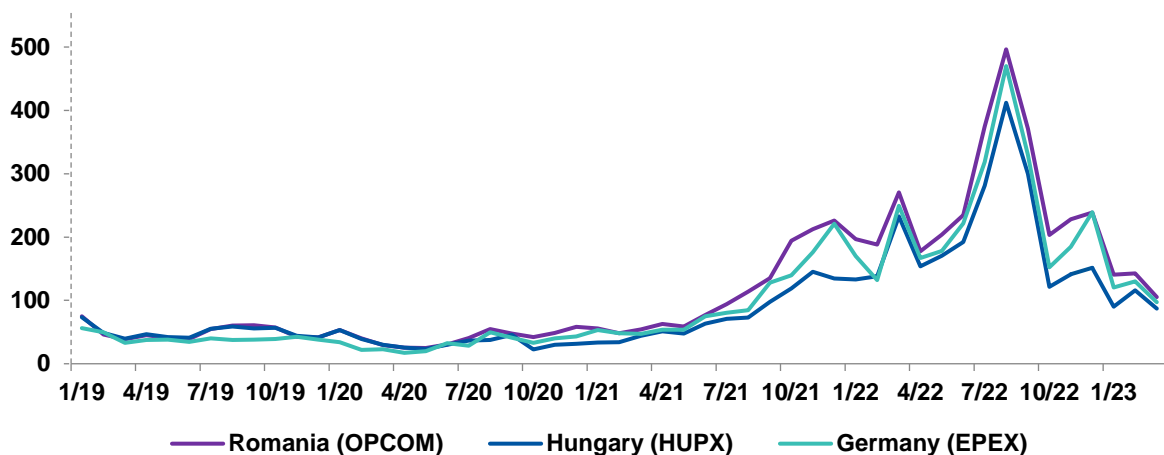
## Energy market developments

As per currently available information from the grid operator, national electricity consumption decreased by 10% y.o.y. in Q1 2023, while national production increased by 4%. Romania continued to be a net power exporter in Q1 2023, as in Q4 2022.

As per OMV Petrom's estimates, national gas consumption significantly decreased by approximately 13% compared to Q1 2022, the lowest level for a first quarter so far in the last two decades, as a result of warm weather and industry not being able to recover from 2022 lows.

On the Romanian centralised markets, the weighted average price of natural gas for transactions with medium and long-term standardised products concluded in Q1 2023, irrespective of delivery period, was RON 253/MWh (Q1 2022: RON 469/MWh). The average price for the quantities delivered during the quarter was RON 381/MWh (Q1 2022: RON 372/MWh). Regarding short-term deliveries, on BRM day-ahead market, the average price in Q1 2023 was RON 270/MWh (Q1 2022: RON 485/MWh).

### Electricity prices (EUR/MWh)



Source: Bloomberg

## Energy market regulatory environment

### Updates on the energy market regulatory environment

There were no major updates in the energy market regulatory environment during the quarter ended 31 March 2023. However, for ease of reference, we have included below an overview of main regulatory requirements, also presented in the 2022 Annual report of the Fund.

### Overview of main regulatory requirements in the energy sector

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

GEO no. 108/2022 was further modified on 16 December 2022 through Law no. 334/2022. According to Law no. 334/2022 the total installed capacity of lignite and coal-fired electricity that will be phased out of service by 2032 at the latest is 4,920 MW, of which 3,780 MW by the end of 2025.



The energy capacities based on coal and lignite remaining available on 31 December 2021 are gradually taken out of operation and can be transferred to the technical reserve at the disposal of the national energy dispatcher, as follows:

- a) by the end of 2022, 660 MW of lignite-based electricity production capacity;
- b) by the end of 2025, another 1,425 MW of remaining lignite-based electricity production capacities;
- c) until the end of 2032 at the latest, additional electricity production capacities based on lignite and coal of 1,140 MW.



### Windfall tax

In the context of high energy price, the electricity sector was subject to several forms of windfall taxation throughout 2022. Initially, between 1 November 2021 and 31 March 2022, Law no. 259/2021 introduced 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.

Subsequently, GEO no. 27/2022 extended the timeline of the windfall tax until 31 March 2023 while keeping the 80% tax rate and the RON 450/MWh reference rate unchanged.

Starting 1 September 2022, GEO no. 119/2022 extended the timeline for the windfall tax until 31 August 2023, increased the windfall taxation rate on electricity producers to 100% (from 80% previously) and broadened the scope of the windfall tax to electricity and gas traders on the wholesale market and to import/ export and intra-EU electricity transactions.

Law no. 357/2022 for the approval of GEO no. 119/2022, which entered into force on 16 December 2022, further extended the application of the windfall taxation until 31 March 2025.

### a) Electricity producers

For electricity producers, the monthly additional revenues subject to the windfall taxation are calculated based on the average realised price above RON 450/ MWh multiplied by the volume of electricity sold. In the computation of the average price, certain expenses are subtracted from revenues (e.g. costs with electricity purchased in the market, costs with carbon allowances, grid access costs, financing costs). Starting with 1 January 2023, in the computation of the average price the costs with electricity purchased for imbalances is limited to only 5% of the value of the production sold.

Cogeneration plants supplying public heating services and production capacities commissioned after 1 April 2022 are exempted from the windfall taxation.

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

Starting with 1 September 2022 electricity and natural gas producing entities, aggregated electricity producing entities, electricity and natural gas traders, electricity and natural gas suppliers and independent electricity aggregators have the obligation to pay a contribution to the Fund for Energy Transition for trading activities. Based on the formula for calculating the contribution to the Fund for Energy Transition, the profit resulting from trading activities is capped at 2%.

### Caps for end-consumers prices

Throughout 2022, the Government implemented several support schemes and price caps at the level of electricity and gas end-consumers, key legislation pieces being represented by GEO 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), Law no. 259/2021 for the approval of GEO no. 118/2021 and GEO no. 3/2022 which further amended GEO no. 118/2021.

Starting with 1 April 2022, the price caps at the level of electricity and gas end-consumers were implemented through GEO no. 27/2022 which was subsequently amended by several normative acts, most notably by GEO no. 119/2022 which extended the duration of the price caps at the level of electricity and gas end-consumers from 31 March 2023 until 31 August 2023 and Law no. 357/2022 for the approval of GEO no. 119/2022 which among other adjustments further extended the duration of price-capping measures until 31 March 2025.

Between 1 January 2023 and 31 March 2025 the following price caps apply for the end-consumers:

Electricity supply	Maximum invoiced price (VAT included)
Households (monthly consumption less than 100 KWh and households in other special circumstances specified by the law)	RON 0.68 / KWh
Households (monthly consumption less than 255 KWh)	RON 0.80 / KWh
Households (monthly consumption between 255 KWh and 300 KWh)	RON 0.80/ KWh for the first 255 KWh and RON 1.3 / KWh for the rest
Households (monthly consumption above 300 KWh)	RON 1.0 / kWh
Non-household consumers <sup>1</sup>	RON 1.0/ KWh for 85% of consumption and up to RON 1.3/ KWh for the rest of monthly consumption
Public and private hospitals as defined by Law no. 95/2006	RON 1.0 / KWh
Other household and non-household consumers not covered above	RON 1.3 / KWh
Gas supply	Maximum invoiced price (VAT included)
Households	RON 0.31 / KWh
Non-household consumers with an annual consumption of up to 50.000 MWh and heat producers	RON 0.37 / KWh

Source: Law no. 357/2022

1. Includes SMEs, certain regional public utility service providers and public authorities, Bucharest Underground service Metrorex, airports under the Ministry of Transport, companies in the food sector, agriculture and pisciculture (NACE Code 01 and 03).

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

As an exception, based on Law no. 357/2022, in case of electricity producers who are transferring electricity from the production portfolio to the supply portfolio the capped price is either the contractual price in case it is lower than the price caps or the maximum price cap for each category of consumers.

The value resulting as a product between the quantity of electricity billed to final customers, beneficiaries of the support scheme established by the Government, and the positive difference between average purchase price of active electricity recorded by electricity suppliers and the value of the active electricity invoiced to end-consumers by the same electricity suppliers is compensated to suppliers from the state budget.

According to GEO no. 119/2022, the maximum weighted average price of electricity used by ANRE to calculate the amounts compensated from the State Budget and paid to electricity suppliers is RON 1,300 / MWh.

### **Regulated domestic wholesale gas price for natural gas producers**

Based on the provisions of GEO no. 27/2022 as subsequently amended natural gas producers have been obliged to sell part of their production at regulated prices.

According to the latest legislative provisions enacted through GEO no. 119/2022 and Law no. 357/2022 in the period 1 September 2022 – 31 March 2025, natural gas producers have the obligation to sell at a price of RON 150/MWh, the volumes of natural gas used for the production of thermal energy in the cogeneration plants and in the thermal power plants for population consumption.

Also, for the period 1 April 2023 – 31 March 2025, natural gas producers have the obligation to sell at a price of RON 150/MWh, the necessary quantities of natural gas resulting from the current domestic production activity to the transport and system operator Transgaz and to the gas distribution operators in order to cover 75% of the gas quantity for technological consumption.

For the household and heating producers' volumes, the producers are exempt from the payment of the windfall tax.

### **The centralized electricity acquisition mechanism**

Through GEO no. 153/2022, adopted on 11 November 2022, the Government introduced from 1 January 2023 until 31 March 2025 the centralised electricity acquisition mechanism at the regulated price of RON 450/MWh.

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

### **Measures regarding sale of energy to Republic of Moldova**

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

### **Regulated transport and distribution tariffs**

According to the provisions of GEO no. 119/2022, as subsequently amended by Law no. 357/2022, for licensed economic operators, providers of electricity and natural gas transport and distribution services, the additional costs of purchasing electricity and natural gas, made between 1 January 2022 and 31 August 2025, in order to cover own technological consumption and, respectively, technological consumption, compared to the costs included in the regulated tariffs, are capitalised quarterly. The capitalised costs are recognised in the regulated tariffs in compliance with the cost recognition criteria provided in the ANRE methodologies.

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

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

### **Other regulations**

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

- 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.

# Corporate Strategy

## Distributions to shareholders

In order to comply with the requirements of the Bucharest Stock Exchange Corporate Governance Code and in accordance with the IPS, Fondul Proprietatea adopted the Annual Cash Distribution Policy. The scope of the policy is to set a series of guidelines and principles on the cash distributions made by the Fund. The Annual Cash Distribution Policy of the Fund currently in force is published on the Fund's website in the section *About the Fund/ Fund overview/ Corporate governance*.

### Active distributions to shareholders

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

Distribution	Date of GSM approval	Value (RON per share)	Ex-date	Registration date	Payment date	General statute of limitation	Last payment date
2019 Annual Dividend Distribution	28 Apr 2020	0.0642	9 Jun 2020	10 Jun 2020	1 Jul 2020	3 years	1 Jul 2023
2021 First Special Dividend Distribution	28 Apr 2021	0.0720	27 May 2021	28 May 2021	22 Jun 2021	3 years	22 Jun 2024
2021 Second Special Dividend Distribution	16 Jul 2021	0.0700	5 Aug 2021	6 Aug 2021	27 Aug 2021	3 years	27 Aug 2024
2021 Third Special Dividend Distribution	15 Dec 2021	0.0600	27 Jan 2022	28 Jan 2022	18 Feb 2022	3 years	18 Feb 2025
2021 Annual Dividend Distribution	20 Apr 2022	0.1250	2 Jun 2022	3 Jun 2022	27 Jun 2022	3 years	27 Jun 2025

Source: Fondul Proprietatea internal records

#### Important notice to shareholders

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

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).

## Buy-back programmes

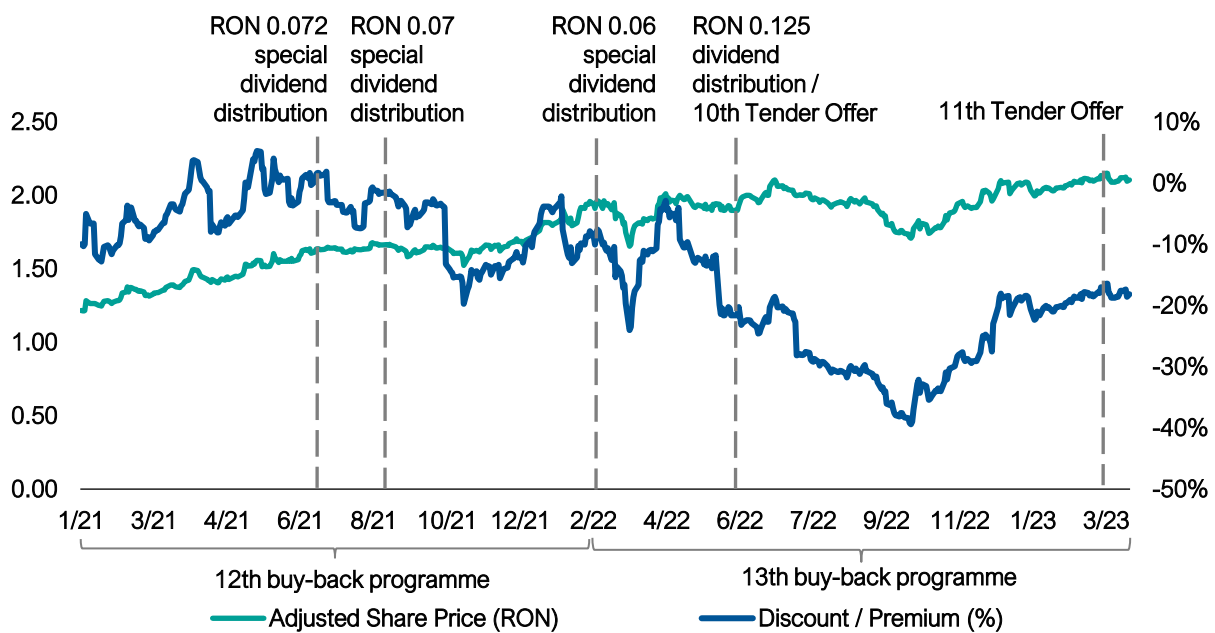
### Overview of share buy-back programmes

Programme	Period	No. of shares (million)	Tender offer	Status
First	May – Sep 2011	240.3	N/A	Completed
Second	Apr – Dec 2013	1,100.9	Oct – Nov 2013	Completed
Third	Mar – Jul 2014	252.9	N/A	Completed
Fourth	Oct 2014 – Feb 2015	990.8	Nov – Dec 2014	Completed
Fifth	Feb – Jul 2015	227.5	N/A	Completed
Sixth	Sep 2015 – Sep 2016	891.7	Aug – Sep 2016	Completed
Seventh	Sep 2016 – May 2017	830.2	Feb – Mar 2017	Completed
Eight	May – Nov 2017	141.9	N/A	Completed
Ninth	Nov 2017 – Dec 2018	1,488.0	Jan – Feb 2018	Completed
Tenth	Jan – Dec 2019	403.8	Jul – Aug 2019	Completed
Eleventh	Jan – Dec 2020	798.0	Jan – Mar 2020 / Jul – Sep 2020 / Oct – Dec 2020	Completed
Twelfth	Jan - Dec 2021	194.4	N/A	Completed
Thirteenth	Jan – Dec 2022	549.0	May – Jun 2022	Cancellation in progress <sup>1</sup>
Fourteenth	Jan – Dec 2023	247.6	Jan – March 2023	In progress
<b>Total</b>		<b>8,357.0</b>		

Source: Fondul Proprietatea internal records

1. The cancellation of shares was approved during 21 April 2023 Annual GSM, and it is pending completion of the regulatory procedures.

### Evolution of discount / premium vs. buy-back programmes and distributions



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

The table below shows a summary of the buy-back programmes during 2023:

Progr.	Description	No of shares	Equivalent shares of GDRs	Total no of shares	% of issued share capital <sup>2</sup>
	<b>Balance at 1 Jan 2023</b>	<b>544,795,835</b>	<b>4,223,250</b>	<b>549,019,085</b>	
	Acquisitions	-	-	-	
13 <sup>th</sup>	Conversions	4,223,250	(4,223,250)	-	
	<b>Balance at 31 Mar 2023</b>	<b>549,019,085</b>	<b>-</b>	<b>549,019,085</b>	<b>8.8%</b>
	Weighted average price <sup>3</sup>	RON 2.1057	USD 22.4682	RON 2.1078	
	<b>Balance at 1 Jan 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	Acquisitions	148,849,754	98,735,250	247,585,004	
14 <sup>th</sup>	Conversions	92,213,250	(92,213,250)	-	
	<b>Balance at 31 Mar 2023</b>	<b>241,063,004</b>	<b>6,522,000</b>	<b>247,585,004</b>	<b>4.0%</b>
	Weighted average price <sup>3</sup>	RON 2.1813	USD 23.6683	RON 2.1789	
<b>All</b>	<b>Total balance at 31 Mar 2023</b>	<b>790,082,089</b>	<b>6,522,000</b>	<b>796,604,089</b>	<b>12.8%</b>

Source: Fund Manager calculations

Notes:

1. All information is presented based on the transaction date
2. 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).
3. Weighted average price is calculated based on transaction price, excluding the related transaction costs, for the entire buy-back programme

### The 13<sup>th</sup> buy-back programme (implemented during 2022)

The 13<sup>th</sup> buyback programme has been finalised on 30 December 2022. During the 21 April 2023 EGM, the Fund's Sole Director proposed, and the shareholders approved the cancellation of the 549,019,085 treasury shares repurchased through the 13<sup>th</sup> buy-back programme. The Fund will undertake all the required legal and regulatory steps for the cancellation of the shares.

### The 14<sup>th</sup> buy-back programme (under implementation during 2023)

The 14<sup>th</sup> buy-back programme that is being implemented during 2023 was approved by shareholders during the 15 November 2022 GSM, for a total number of 3,500 million shares in the form of ordinary shares and GDRs, at a price that cannot be lower than RON 0.2 per share, or higher than RON 3.0 per share.

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 traded shares (in the form of ordinary shares or GDRs) on the regulated market on which the purchase is carried out, calculated in accordance with the applicable law. The duration of the 14<sup>th</sup> buy-back programme is 1 January 2023 – 31 December 2023.

#### **Tender Offer within the 14<sup>th</sup> buy-back programme**

On 17 January 2023, the Fund submitted to the FSA an application for the endorsement of a tender offer to accelerate the 14<sup>th</sup> buy-back programme.

The daily execution of buy-backs for both shares on BVB and GDRs on LSE was suspended starting with 4 January 2023.

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

On 2 February 2023, the FSA approved the Fund's application for the public tender offer. The purchase price was RON 2.19 per share and the USD equivalent of RON 109.50 per GDR, and the subscription period was from 10 February to 13 March 2023.

On 13 March 2023, the Fund Manager announced the results of the tender offer: total subscriptions of 1,237,263,281 shares representing 549.895% of the offer (730,673,281 were subscribed in the form of shares and 506,590,000 shares in the form of GDRs, namely 10,131,800 GDRs).

Under the tender offer, the Fund repurchased 225,000,000 shares (132,875,150 in the form of shares and 92,124,850 shares in the form of GDRs, namely 1,842,497 GDRs) at a purchase price of RON 2.19 per share and the USD equivalent of RON 109.50 per GDR, computed in accordance with the terms and conditions of the tender offer documentation. The shares' Trade Date was 14 March 2023, and the settlement/ payment date was 16 March 2023 for both shares and GDRs.

The daily execution of the 14<sup>th</sup> buy-back programme resumed on 14 March 2023 on BVB and on 15 March 2023 on LSE.

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

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

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

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

Article 75 from Norm no. 39/2015 mentions that the negative balance arising on the cancellation of equity instruments may be covered from the retained earnings and other equity elements, in accordance with the resolution of the GSM.

As at 31 March 2023, 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

There were no changes in the negative reserves balance during the quarter ended 31 March 2023.

The total negative reserves recorded by the Fund as at 31 March 2023 of RON 230,576,693 are related to the cancellation of the shares acquired within the 12<sup>th</sup> buy-back programme. During the 21 April 2023 Annual GSM, the shareholders approved the coverage of these negative reserves using the other reserves set up for this purpose as per the decision taken in the 2022 Annual GSM.

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 31 March 2023:



Negative reserve to arise on cancellation of the treasury shares in balance as at 31 March 2023		Buy-back programme 13	Buy-back programme 14
Number of shares to be cancelled	(1)	549,019,085	247,585,004
Total costs (including transaction costs and other costs), representing the accounting value of the shares to be cancelled in the future (RON)	(2)	1,194,334,988	558,462,029
Correspondent nominal value (NV = RON 0.52 per share) (RON)	(3)=(1)*NV	285,489,924	128,744,202
<b>Estimated negative reserve to be booked on cancellation (RON)</b>	<b>(4)=(3)-(2)</b>	<b>(908,845,064)</b>	<b>(429,717,827)</b>

Source: Fund Manager calculations

During the 21 April 2023 Annual GSM, the Fund's Sole Director proposed, and shareholders approved the cancellation of the 549,019,085 treasury shares repurchased within the 13<sup>th</sup> buy-back programme and also the allocation of RON 908,845,064 from 2022 accounting profit to other reserves in order to be available for covering the related negative reserve.

The related negative reserve in amount of RON 908,845,064 (please see table above), will be recorded only after all legal and regulatory steps related to the cancellation are completed (e.g. FSA endorsement, the registration to the Trade Registry). The coverage of this negative reserve will be subject to shareholders approval during the annual shareholders' meeting subsequent to the completion of all cancellation steps.

# Financial Information

## Key financial highlights

The table below shows a summary of the Fund's financial performance during the reporting period:

NAV <sup>1</sup> and share price developments <sup>2</sup>	Notes	Q1 2023	Q1 2022	YE 2022
Total shareholders' equity at the end of the period (RON million)		13,999.6	14,535.9	14,569.5
Total shareholders' equity change in period (%)		-3.9%	+5.7%	+5.9%
Total NAV at the end of the period (RON million)	a	13,999.6	14,535.9	14,569.5
Total NAV change in period (%)		-3.9%	+9.7%	+10.0%
NAV per share at the end of the period (RON)	a	2.5823	2.3466	2.5701
NAV per share at the end of the period (USD)	a	0.5680	0.5272	0.5546
NAV per share (RON) change in the period (%)		+0.5%	+3.7%	+13.6%
NAV per share total return in the period (%)	g	+0.5%	+3.7%	+19.1%
Share price as at the end of the period (RON)	b	2.1050	2.1100	2.0400
Share price low in the period (RON)	b	1.9960	1.7600	1.7080
Share price high in the period (RON)	b	2.1500	2.1100	2.1900
Share price change in the period (%)		+3.2%	+6.0%	+2.5%
Share price total return in the period (%)	h	+3.2%	+9.2%	+12.2%
Share price discount to NAV as at the end of the period (%)	d	-18.5%	-10.1%	-20.6%
Average share price discount in the period (%)	d	-19.0%	-10.8%	-21.6%
Average daily share turnover in the period (RON million)	c, j	8.6	6.2	9.1
GDR price as at the end of the period (USD)	e	23.0000	23.4000	21.6000
GDR price low in the period (USD)	e	21.6000	19.5000	17.5000
GDR price high in the period (USD)	e	23.8000	24.2000	24.2000
GDR price change in the period (%)		+6.5%	+3.5%	-4.4%
GDR price total return in the period (%)	i	+6.5%	+6.5%	+3.9%
GDR price discount to NAV as at the end of the period (%)	d	-19.0%	-11.2%	-22.1%
Average GDR price discount in the period (%)	d	-19.2%	-11.7%	-22.4%
Average daily GDR turnover in the period (USD million)	f, j	1.1	0.3	0.3

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/ Q1 2022/ year 2022, 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; the average discount/ premium is calculated according to IPS, using the latest published NAV per share at the date of the calculation (NAV in USD is calculated using the NBR FX rate at the reporting date) and includes both the days with premium and with discount.

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

## Financial statements analysis

The condensed interim financial statements for the three-month period ended 31 March 2023, 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 in the Statement of Financial Position and Statement of Comprehensive Income presented in this report may differ from the ones included in the condensed interim financial statements due to other regulatory requirements.

This section provides an overview of the Fund's financial position and performance for the three-month period ended 31 March 2023. The analysis presents the main developments during the reporting period, for more details regarding the comparative amounts from previous period, please see the corresponding section in *Annex 1 Condensed Interim Financial Statements*.

### Statement of Financial Position

RON million	31 March 2023	31 December 2022	31 March 2023 vs. 31 December 2022 (%)
Cash and current accounts	69.9	73.8	-5.3%
Deposits with banks	351.7	912.6	-61.5%
Equity investments	13,111.9	13,696.6	-4.3%
Non-current assets held for sale	588.8	-	100.0%
Other assets	0.8	0.6	33.3%
<b>Total assets</b>	<b>14,123.1</b>	<b>14,683.6</b>	<b>-3.8%</b>
Payables	37.9	27.3	38.8%
Other liabilities	85.6	86.8	-1.4%
<b>Total liabilities</b>	<b>123.5</b>	<b>114.1</b>	<b>8.2%</b>
Total equity	13,999.6	14,569.5	-3.9%
<b>Total liabilities and equity</b>	<b>14,123.1</b>	<b>14,683.6</b>	<b>-3.8%</b>

Source: Condensed interim IFRS financial statements of the Fund

The **liquid assets** of the Fund during Q1 2023 included term deposits and current accounts. The liquid assets decreased by RON 564.8 million at 31 March 2023 compared to the end of 2022,

mainly as a result of the amounts paid for the acquisition of treasury shares within the 14<sup>th</sup> buyback programme (RON 536.7 million).

The net decrease in **equity investments** of RON 584.7 million during Q1 2023 was mainly related to the reclassification of Enel holdings as non-current assets held for sale.

### Capital Expenditure

Capital expenditure comprises the value of the licenses, the implementation costs and the updates of the accounting and reporting software, net of the accumulated amortisation. During Q1 2023 the Fund did not incur any capital expenditure cost.

### Statement of Comprehensive Income

RON million	3-month ended 31 March 2023	3-month ended 31 March 2022
Interest income	10.3	6.9
Net unrealised gain from equity investments at fair value through profit or loss	4.1	821.2
Net gain from other financial instruments at fair value through profit or loss	-	188.7
Net realised loss from non-current assets held for sale	-	(157.0)
Other expenses, net <sup>1</sup>	(0.8)	-
<b>Net operating income</b>	<b>13.6</b>	<b>859.8</b>
Administration fees recognised in profit or loss	(13.3)	(20.8)
Other operating expenses	(11.8)	(12.8)
<b>Operating expenses</b>	<b>(25.1)</b>	<b>(33.6)</b>
Finance costs	-	(0.1)
<b>(Loss)/Profit before income tax</b>	<b>(11.5)</b>	<b>826.1</b>
Withholding tax on the dividend income	-	-
<b>(Loss)/Profit for the period</b>	<b>(11.5)</b>	<b>826.1</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>(11.5)</b>	<b>826.1</b>

Source: Condensed interim IFRS financial statements of the Fund

1. Other expenses, net included mainly the net foreign exchange gain/(loss) and other operating income/(expenses)

Generally, 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.

**Interest income** arose from short term deposits held with banks.

The **net unrealised gain from equity investments at fair value through profit or loss** in Q1 2023 was generated by the changes in fair value of the listing holdings in the Fund's portfolio, mainly Alro SA. The Fund has also performed an assessment of the unlisted holdings valuation based on the most recent information available and concluded that there were no significant changes. As a result, no updates were made to the valuation of the unlisted holdings in the Fund's portfolio during Q1 2023.

**Net realised loss from non-current assets held for sale** in Q1 2022 is related to the disposal of 2,275,000,000 shares in OMV Petrom SA through an ABB offering finalised in January 2022.

Additional details on the **administration fees** for Q1 2023 and comparatives are presented below:

RON million	3-month ended 31 March 2023	3-month ended 31 March 2022
<b>Recognised in profit or loss</b>	<b>13.3</b>	<b>20.8</b>
Base fee	13.3	18.1
Performance fee	-	2.7
<b>Recognised in other comprehensive income</b>	<b>13.1</b>	<b>0.5</b>
Distribution fee for buy-back programmes	13.1	0.5
<b>Total administration fees</b>	<b>26.4</b>	<b>21.2</b>

Source: Condensed interim IFRS financial statements of the Fund

The decrease in the administration fees recognised in profit or loss in Q1 2023 compared to Q1 2022 was mainly due to:

- the decrease in base fee rate as per the Management Agreement starting on 1 April 2022 compared to previous one (i.e. 0.45% vs. 0.6%);
- the lower market capitalization of the Fund in Q1 2023;
- no performance fee applicable as per the Management Agreement starting on 1 April 2022.

The increase in distribution fee in Q1 2023 compared to Q1 2022 was as a result of:

- the increase in the distribution fee rate as per the Management Agreement starting with 1 April 2022 compared to previous one (i.e. 2.5% vs. 1.0%);
- the tender offer finalised by the Fund in March 2023 for the acquisition of 225 million shares (no tender was organised in Q1 2022).

### Other operating expenses

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

RON million	3-month ended 31 March 2023	3-month ended 31 March 2022
Intermediaries and other transaction related fees	6.1	7.3
FSA monthly fees	3.4	3.3
BON remunerations and other related expenses	0.7	0.4
Legal and litigation assistance expenses	0.5	0.4
Financial auditor's fees	0.3	0.2
Investor relations expenses	0.3	-
Other operating expenses	0.5	1.2
<b>Total operating expenses</b>	<b>11.8</b>	<b>12.8</b>

Source: Condensed interim IFRS financial statements of the Fund

The **intermediaries and other transaction related fees** in amount of RON 6.0 million are mainly related to the listing of Hidroelectrica SA.

## Related party transactions

The transactions with related parties were performed in the normal course of business. For more details, please see *Annex 1 Condensed Interim Financial Statements*.

## Financial Ratios

Description	31 March 2023
<b>1. Current liquidity ratio</b>	
<u>Current Assets</u> *	3.42
Current Liabilities	
*For the computation of this ratio, "Current assets" comprise cash and current accounts, deposits with banks and other assets. "Current liabilities" include payables and other liabilities.	
<b>2. Debt-to-equity ratio (%)</b>	
<u>Borrowings</u> x 100	-
Shareholders' Equity	
The Fund had no borrowings as at 31 March 2023 therefore this ratio is nil	
<b>3. Receivables turnover ratio - customers (number of days)</b>	
<u>Average balance of receivables</u> x 30	n/a
Turnover	
This ratio is not applicable to an investment fund and cannot be calculated	
<b>4. Turnover of non-current assets</b>	
<u>Turnover</u>	0.001
Non-current assets	
For the computation of this ratio, "Turnover" includes dividend income, net gain/ (loss) from financial instruments at fair value through profit or loss, interest income and other income, while "Non-current assets" included equity investments and non-current assets held for sale. This ratio has no significance for an investment fund.	

Source: Fund Manager calculations

## Fees, charges and expenses directly or indirectly borne by investors

According to article 22 of Law no. 74/2015 the AIFM shall make available to investors the information on all fees, charges and expenses and the maximum amounts thereof which are directly or indirectly borne by investors.

Please find below additional details on this topic, as recommended in the communications received from FSA.

### Fees and costs directly borne by investors

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

### Fees and costs indirectly borne by investors

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

- (i) expenses related to the payment of fees owed to the depositary;
- (ii) expenses related to intermediaries and advisors including related to the financial advisory services in connection with the trading, issue, purchase, sale or transfer of listed and unlisted securities or financial instruments from the Fund's portfolio, including fees and commissions due to relevant market operators;
- (iii) expenses related to taxes and fees owed to the FSA or other public authorities, according to applicable legislation, as well as expenses or charges imposed to the Fund by any tax authority related to the expenses in this clause or otherwise applicable to the running of the business of the Fund, including the notary fees, stamp duty tax and other similar tax;
- (iv) expenses related to the financial audit performed on the Fund and any other audits or valuations required by the legislation in force applicable to the Fund (for clarity, these expenses relate to the fair value measurement of the Fund's portfolio for the purpose of IFRS accounting and financial statements preparation and NAV calculation);
- (v) expenses related to the admission to trading of the financial instruments issued by the Fund, and any subsequent issues or offerings; expenses with intermediaries and professional advisors in relation to arranging and maintaining the listing;
- (vi) expenses related to investor relations and public relations in the interest of the Fund;
- (vii) expenses related to ongoing reporting and disclosure obligations according to legislation in force;
- (viii) expenses related to the organising of any GSM and communications with the shareholders and to the payment of fees for registrar services and services related to distributions to shareholders;
- (ix) expenses related to the payment of taxes and fees owed to the BVB, LSE and any other exchange on which the financial instruments of the Fund or GDRs or depositary interests corresponding to shares of the Fund shall be admitted to trading, as well as membership fees;
- (x) expenses related to the registration with the Trade Registry or documents issued by the Trade Registry;

- (xi) expenses related to the payment of fees owed to the banks for banking services performed for the Fund, including credit facility costs;
- (xii) expenses related to appointing legal advisers and other advisors to act in the interest of the Fund;
- (xiii) expenses related to contracts with external service providers existing as of execution of the Management Agreement until the expiry or termination of the agreement, including expenses with lease for the headquarter of the Fund;
- (xiv) expenses related to remuneration, transport and accommodation of the members of the Board of Nominees (in relation to their services and attendance at meetings, in accordance with the Constitutive Act, the mandate agreements and any applicable internal regulations) and for independent persons (not employees of the AIFM) acting as representatives of the Fund on the corporate bodies of companies in the portfolio, where appropriate; and
- (xv) expenses relating to printing costs for the Fund's documentation;

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

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

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

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



# Subsequent Events

## Ownership disclosures submitted by shareholders

### Silver Point Capital Funds

On 5 April 2023, the Fund announced that Silver Point Distressed Opportunities Fund, L.P, Silver Point Distressed Opportunities Offshore Master Fund, L.P., Silver Point Distressed Opportunity Institutional Partners (Offshore), L.P., Silver Point Distressed Opportunity Institutional Partners, L.P., SPCP Luxembourg Strategies S.a.r.l. Offshore and SPCP Luxembourg Strategies S.a.r.l. Onshore have sent an aggregate disclosure of holdings under 5% of the total voting rights in the Fund.

According to the disclosure, by virtue of acting in concert, Silver Point Distressed Opportunities Fund, L.P, Silver Point Distressed Opportunities Offshore Master Fund, L.P., Silver Point Distressed Opportunity Institutional Partners (Offshore), L.P., Silver Point Distressed Opportunity Institutional Partners, L.P., SPCP Luxembourg Strategies S.a.r.l. Offshore and SPCP Luxembourg Strategies S.a.r.l. Onshore held together, as of 29 March 2023, a number of 266,233,051 voting rights, representing 4.89% of the total number of voting rights in the Fund.

### Metropolitan Life Private Pension Fund

On 12 April 2023, the Fund announced that Fondul de Pensii Administrat Privat Metropolitan Life has sent a disclosure of holding over 5% of the total voting rights held in the Fund.

According to the disclosure, at 31 August 2022 Fondul de Pensii Administrat Privat Metropolitan Life held a number of 287,443,608 voting rights, representing 5.0069% of the total number of voting rights in the Fund (i.e. 5,740,983,458).

### Metropolitan group entities

On 10 May 2023, the Fund announced that Fondul de Pensii Administrat Privat Metropolitan Life and Metropolitan Life Asigurari Metlife Europe D.A.C. Dublin Sucursala Bucuresti have sent an aggregate disclosure of holdings over 5% of the total voting rights in the Fund.

According to the disclosure, Fondul de Pensii Administrat Privat Metropolitan Life and Metropolitan Life Asigurări Metlife Europe D.A.C. Dublin Sucursala Bucuresti, by virtue of acting in concert, held in common a number of 300,900,475 voting rights, representing 5.1267% of the total number of voting rights in Fondul Proprietatea at 30 June 2022 (i.e. 5,869,326,989).

## Resolutions adopted during the 2023 Annual GSM of the Fund

During the 21 April 2023 Annual GSM of the Fund the shareholders mainly approved:

- The decrease of the subscribed and paid-up share capital of Fondul Proprietatea 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 the Fund during 2022 within the 13<sup>th</sup> buyback programme;
- The Annual Activity Report of the Sole Director of Fondul Proprietatea for the financial year 2022 and the financial statements for the year ended on 31 December 2022;
- The Remuneration Report of Fondul Proprietatea;
- The coverage of the negative reserves of RON 230,576,693 arising from the cancellation on 19 October 2022 of the treasury shares acquired during 2021 within the 12<sup>th</sup> buy-back programme;

- The allocation of RON 908,845,064 to other reserves from the 2022 net accounting profit to be used for covering the negative reserves estimated to arise from the cancellation of treasury shares acquired during 2022 within the 13<sup>th</sup> buy-back programme;
- The distribution of the net audited accounting profit, including a gross dividend of RON 0.05 per share from the 2022 net accounting profit (payment date 6 June 2023);
- The decrease of the Fund's legal reserve from RON 666,868,484.57 representing 20.63% of the share capital to RON 646,653,823.00 representing 20.00% of the share capital.
- The amendment of the Fund's Constitutive Act in terms of selection process for the position of member in the Board of Nominees and handling shareholders requests by the AIFM.

## Sale of Enel shareholdings

On 19 April 2023 the Fund, as seller, and PPC, as purchaser, have concluded an agreement 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 (the "SPA"), in exchange for a total consideration of RON 650,000,000.

The SPA is concluded following the entry by Enel S.p.A. and PPC into an agreement for the sale of all the equity stakes held by the Enel Group in Romania. The completion of the sale under the SPA is subject, among others, to the closing of the transaction between Enel and PPC.

## Dividends declared by Hidroelectrica SA

During 29 April 2023 GSM the shareholders of Hidroelectrica SA approved the distribution of an annual gross dividend of RON 3,914.4 million out of 2022 net profit, with payment deadline 16 June 2023.

During the same GSM the shareholders also approved the distribution of a special dividend out of retained earnings in total amount of RON 435.0 million, with payment deadline 29 September 2023.

As a result of the above, on 29 April 2023 the Fund recorded a total dividend receivable of RON 867.5 million from Hidroelectrica SA, out of which RON 780.7 million annual dividend and RON 86.8 million special dividend.

## Signatures:

11 May 2023

**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

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## Annex 1

### FONDUL PROPRIETATEA SA

#### CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023

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 THREE-MONTH PERIOD ENDED 31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

	Note	3 months ended 31 March 2023	3 months ended 31 March 2022
Net gain from equity investments at fair value through profit or loss	5	4,064,205	821,205,008
Net gain from other financial instruments at fair value through profit or loss	6	-	188,743,755
Interest income		10,285,395	6,875,879
Net realised (loss) from non-current assets held for sale	7	-	(156,975,000)
Net foreign exchange (loss)		(735,045)	(54,107)
Other income/ (expenses), net		26,659	(36,686)
<b>Net operating income</b>		<b>13,641,214</b>	<b>859,758,849</b>
<b>Operating expenses</b>	8	<b>(25,099,550)</b>	<b>(33,611,679)</b>
<b>Finance costs</b>		<b>-</b>	<b>(22,500)</b>
<b>(Loss)/ Profit before income tax</b>		<b>(11,458,336)</b>	<b>826,124,670</b>
Withholding tax on the dividend income	9	-	-
<b>(Loss)/ Profit for the period</b>		<b>(11,458,336)</b>	<b>826,124,670</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(11,458,336)</b>	<b>826,124,670</b>
<b>Basic and diluted earnings per share</b>	10	<b>(0.0020)</b>	<b>0.1358</b>

These condensed interim financial statements were authorised for issue on 11 May 2023 by:

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

Johan Meyer

Permanent Representative

Prepared by:

Catalin Cadaru

Financial Reporting Manager

The notes on pages 6 to 31 are an integral part of these condensed interim financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

	Note	31 March 2023	31 December 2022
<b>Assets</b>			
Cash and current accounts	11	94,305	58,066
Distributions bank accounts	11	69,826,326	73,775,078
Deposits with banks	11	351,745,846	912,616,396
Equity investments	13	13,111,861,601	13,696,597,396
Non-current assets held for sale	14	588,800,000	-
Other assets		806,081	569,827
<b>Total assets</b>		<b>14,123,134,159</b>	<b>14,683,616,763</b>
<b>Liabilities</b>			
Payable to shareholders	15(a)	70,217,397	74,166,644
Other liabilities and provisions	15(b)	53,293,586	39,906,577
<b>Total liabilities</b>		<b>123,510,983</b>	<b>114,073,221</b>
<b>Equity</b>			
Share capital	16(a)	3,233,269,111	3,233,269,111
Other reserves	16(b)	667,020,430	667,020,430
Treasury shares	16(c)	(1,752,797,017)	(1,194,334,988)
Retained earnings		11,852,130,652	11,863,588,989
<b>Total equity</b>		<b>13,999,623,176</b>	<b>14,569,543,542</b>
<b>Total liabilities and equity</b>		<b>14,123,134,159</b>	<b>14,683,616,763</b>

The notes on pages 6 to 31 are an integral part of these condensed interim financial statements.

**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

	Share capital	Other reserves	Treasury shares	Retained earnings	Total attributable to the equity holders of the Fund
<b>Balance as at 1 January 2023</b>	<b>3,233,269,111</b>	<b>667,020,430</b>	<b>(1,194,334,988)</b>	<b>11,863,588,989</b>	<b>14,569,543,542</b>
(Loss) for the period	-	-	-	(11,458,336)	(11,458,336)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,458,336)</b>	<b>(11,458,336)</b>
<b>Transactions with owners, recorded directly in equity</b>					
Acquisition of treasury shares	-	-	(558,462,029)	-	(558,462,029)
<b>Total transactions with owners recorded directly in equity</b>	<b>-</b>	<b>-</b>	<b>(558,462,029)</b>	<b>-</b>	<b>(558,462,029)</b>
<b>Balance as at 31 March 2023</b>	<b>3,233,269,111</b>	<b>667,020,430</b>	<b>(1,752,797,017)</b>	<b>11,852,130,652</b>	<b>13,999,623,176</b>

The notes on pages 6 to 31 are an integral part of these condensed interim financial statements.



**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

(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
<b>Balance as at 1 January 2022</b>	<b>3,145,160,001</b>	<b>189,182,422</b>	<b>666,991,766</b>	<b>(331,650,005)</b>	<b>10,087,863,723</b>	<b>13,757,547,907</b>
Profit for the period	-	-	-	-	826,124,670	826,124,670
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>826,124,670</b>	<b>826,124,670</b>
<b>Transactions with owners, recorded directly in equity</b>						
Acquisition of treasury shares	-	-	-	(47,728,293)	-	(47,728,293)
Collection of the unpaid share capital	189,182,422	(189,182,422)	-	-	-	-
<b>Total transactions with owners recorded directly in equity</b>	<b>189,182,422</b>	<b>(189,182,422)</b>	<b>-</b>	<b>(47,728,293)</b>	<b>-</b>	<b>(47,728,293)</b>
<b>Balance as at 31 March 2022</b>	<b>3,334,342,423</b>	<b>-</b>	<b>666,991,766</b>	<b>(379,378,298)</b>	<b>10,913,988,393</b>	<b>14,535,944,284</b>

The notes on pages 6 to 31 are an integral part of these condensed interim financial statements.

**CONDENSED STATEMENT OF CASH FLOWS FOR THE THREE-MONTH PERIOD ENDED****31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

	<b>3 months ended 31 March 2023</b>	<b>3 months ended 31 March 2022</b>
<b>Cash flows from operating activities</b>		
Interest received	11,044,158	5,547,766
Suppliers and other taxes and fees paid	(34,204,632)	(44,773,483)
Other (payments) performed, net	(196,449)	(289,425)
Proceeds from disposal of equity investments	-	978,250,000
Dividends received (net of withholding tax)	-	15,624
Proceeds from transactions with treasury bills and bonds	-	77,291,844
Amounts received from Romanian State for the unpaid share capital	-	189,182,422
Guarantee deposited to the broker for the 13th buyback tender offer	-	(206,700,000)
Acquisition of treasury bills and bonds	-	(227,774,993)
<b>Net cash flows (used in)/ from operating activities</b>	<b>(23,356,923)</b>	<b>770,749,755</b>
<b>Cash flows from financing activities</b>		
Dividends paid (net of withholding tax)	(3,949,248)	(320,578,007)
Acquisition cost of treasury shares	(536,718,131)	(48,629,768)
Payment of fees related to the short-term bank loans	-	(22,500)
<b>Net cash flows (used in) financing activities</b>	<b>(540,667,379)</b>	<b>(369,230,275)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(564,024,302)</b>	<b>401,519,480</b>
Cash and cash equivalents at the beginning of the period	985,532,960	415,528,011
<b>Cash and cash equivalents at the end of the period as per the Statement of Cash Flows</b>	<b>421,508,658</b>	<b>817,047,491</b>

**Reconciliation of Statement of Cash Flows with the equivalent items reported in the Statement of Financial Position**

	<b>31 March 2023</b>	<b>31 March 2022</b>
Cash and current accounts (see Note 11)	94,305	73,882
Distributions bank accounts (see Note 11)	69,826,326	87,645,242
Bank deposits with original maturities of less than three months (see Note 11)	351,588,027	635,922,060
Government securities with original maturities of less than three months	-	93,406,307
	<b>421,508,658</b>	<b>817,047,491</b>
Interest accrued on bank deposits (see Note 11)	157,819	245,595
Government bonds with original maturities of more than three months and less than one year	-	228,280,197
<b>Total cash and current accounts, deposits with banks, treasury bills and government bonds as per Statement of Financial Position</b>	<b>421,666,477</b>	<b>1,045,573,283</b>

The notes on pages 6 to 31 are an integral part of these condensed interim financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

**1. General information**

Fondul Proprietatea SA (referred to as “Fondul Proprietatea” or “the Fund”) was incorporated as a joint stock company, undertaking for collective investment, in the form of a closed end investment company, based on Law no. 247/2005 on the reform in the field of property and justice and other adjacent measures, as subsequently amended (“Law 247/2005”) and registered in Bucharest on 28 December 2005. The address of the Fund’s registered office is 76 - 80, Buzesti Street, 7th Floor, District 1, Bucharest.

Starting 1 April 2016, Fondul Proprietatea is an alternative investment fund as defined by the Directive 2011/61/EU (“Alternative Investment Fund Managers Directive”) and by the Romanian legislation. On 28 January 2022, the Financial Supervisory Authority authorized Fondul Proprietatea as a closed-end Alternative Investment Fund intended to retail investors, with BRD Groupe Société Générale as depositary.

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

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

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

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

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

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

These condensed interim financial statements for the three-month period ended 31 March 2023 are not audited.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

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

These condensed interim financial statements for the three-month period ended 31 March 2023 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 2022, prepared in accordance with IFRS. These condensed interim financial statements are available starting with 12 May 2023, on the Fund's official webpage, [www.fondulproprietatea.ro](http://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 quarter ended 31 March 2023 and continues to meet them. In determining whether the Fund meets the criteria from the definition of an investment entity, the management considered the investments portfolio structure and the Fund's investment objective. Aspects considered in making this judgement were the fact that the Fund has more than one investment, more investors neither of which are related parties of the Fund and the ownership interests from its portfolio are in the form of equity. The Fund's investment objective is also a typical one for an investment entity, respectively the maximization of returns to shareholders and the increase of the net asset value per share via investments in Romanian equities and equity-linked securities. The Fund's management analysis considered also other relevant factors, including the fact that almost all Fund's investments are accounted for using the fair value model.

**(b) Going concern**

The Fund's Sole Director has at the authorisation date of these condensed interim financial statements, a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements. According to the Fund's Constitutive Act, the duration of Fondul Proprietatea is until 31 December 2031 and it may be extended by the extraordinary general meeting of shareholders, with additional periods of 5 years.

**(c) Basis of measurement**

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

**(d) Functional and presentation currency**

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

**(e) Foreign currency**

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

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

The exchange rates of the main foreign currencies, published by the National Bank of Romania at 31 March 2023 were as follows: 4.9491 RON/EUR, 4.5463 RON/USD and 5.6256 RON/GBP (31 March 2022: 4.9466 RON/EUR, 4.4508 RON/USD and 5.8374 RON/GBP).

**(f) Use of estimates**

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

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

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

- Note 4 – Financial assets and financial liabilities;
- Note 12 – Deferred tax;
- Note 13 – Equity investments;
- Note 17 – Contingencies.

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

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

During the three-month period ended 31 March 2023, the Fund's Sole Director performed a periodic analysis of the multiples values of publicly traded peer companies and of the portfolio companies' financial information.

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 2022 and have been applied consistently to all periods presented in these condensed interim financial statements.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD  
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(all amounts are in RON unless otherwise stated)

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

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

	Other financial assets at amortised cost	Fair value through profit or loss	Other financial liabilities at amortised cost	Total carrying amount	Fair value
<b>31 March 2023</b>					
Cash and current accounts	94,305	-	-	94,305	94,305
Distributions bank accounts	69,826,326	-	-	69,826,326	69,826,326
Deposits with banks	351,745,846	-	-	351,745,846	351,745,846
Equity investments	-	13,111,861,601	-	13,111,861,601	13,111,861,601
Non-current assets held for sale	-	588,800,000	-	588,800,000	588,800,000
Other financial assets	30,030	-	-	30,030	30,030
Other financial liabilities	-	-	(122,331,403)	(122,331,403)	(122,331,403)
<b>Total</b>	<b>421,696,507</b>	<b>13,700,661,601</b>	<b>(122,331,403)</b>	<b>14,000,026,705</b>	<b>14,000,026,705</b>

	Other financial assets at amortised cost	Fair value through profit or loss	Other financial liabilities at amortised cost	Total carrying amount	Fair value
<b>31 December 2022</b>					
Cash and current accounts	58,066	-	-	58,066	58,066
Distributions bank accounts	73,775,078	-	-	73,775,078	73,775,078
Deposits with banks	912,616,396	-	-	912,616,396	912,616,396
Equity investments	-	13,696,597,396	-	13,696,597,396	13,696,597,396
Other financial assets	325,172	-	-	325,172	325,172
Other financial liabilities	-	-	(111,120,926)	(111,120,926)	(111,120,926)
<b>Total</b>	<b>986,774,712</b>	<b>13,696,597,396</b>	<b>(111,120,926)</b>	<b>14,572,251,182</b>	<b>14,572,251,182</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD  
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(all amounts are in RON unless otherwise stated)

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

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

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

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

The 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.

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.

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.

The table below presents the fair value amount and hierarchy of financial instruments carried at amortised cost as at 31 March 2023 and as at 31 December 2022:

<b>31 March 2023</b>	<b>Amortised cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and current accounts	94,305	94,305	-	-	94,305
Distributions bank accounts	69,826,326	69,826,326	-	-	69,826,326
Deposits with banks	351,745,846	351,745,846	-	-	351,745,846
Other financial assets	30,030	-	-	30,030	30,030
Other financial liabilities	(122,331,403)	-	-	(122,331,403)	(122,331,403)
<b>Total</b>	<b>299,365,104</b>	<b>421,666,477</b>	<b>-</b>	<b>(122,301,373)</b>	<b>299,365,104</b>

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(all amounts are in RON unless otherwise stated)

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

<b>31 December 2022</b>	<b>Amortised cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and current accounts	58,066	58,066	-	-	58,066
Distributions bank accounts	73,775,078	73,775,078	-	-	73,775,078
Deposits with banks	912,616,396	912,616,396	-	-	912,616,396
Other financial assets	325,172	-	-	325,172	325,172
Other financial liabilities	(111,120,926)	-	-	(111,120,926)	(111,120,926)
<b>Total</b>	<b>875,653,785</b>	<b>986,449,540</b>	<b>-</b>	<b>(110,795,755)</b>	<b>875,653,785</b>

Considering the nature of the amounts (very short maturities and immaterial counterparty credit risk) the carrying amounts approximate the fair value of the instruments presented above.

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:

<b>31 March 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments:	123,539,590	-	12,988,322,010	13,111,861,601
Power utilities: generation	-	-	11,148,800,000	11,148,800,000
Power and gas utilities: distribution, supply	-	-	440,700,000	440,700,000
Infrastructure	-	-	1,060,972,984	1,060,972,984
Heavy industry	-	-	302,543,300	302,543,300
Aluminium	123,539,590	-	-	123,539,590
Postal services	-	-	21,700,000	21,700,000
Others	-	-	13,605,726	13,605,726
Non-current assets held for sale	-	-	588,800,000	588,800,000
<b>Total</b>	<b>123,539,590</b>	<b>-</b>	<b>13,577,122,010</b>	<b>13,700,661,601</b>

<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments:	114,429,001	-	13,582,168,395	13,696,597,396
Power utilities: generation	-	-	11,148,800,000	11,148,800,000
Power and gas utilities: distribution, supply	-	-	1,029,500,000	1,029,500,000
Infrastructure	-	-	1,066,219,748	1,066,219,748
Heavy industry	-	-	302,543,300	302,543,300
Aluminium	114,429,001	-	-	114,429,001
Postal services	-	-	21,700,000	21,700,000
Others	-	-	13,405,347	13,405,347
<b>Total</b>	<b>114,429,001</b>	<b>-</b>	<b>13,582,168,395</b>	<b>13,696,597,396</b>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

**4. Financial assets and financial liabilities (continued)****Valuation process**

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

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

The achievement of the forecasts included in the valuation reports critically depends on the assumptions used, on the specific developments of the portfolio companies' business, on government legislation and, in case of electricity sector, on the decisions regarding the regulated tariffs for electricity distribution as well as on the continuing restructuring process of the power sector. As a result, the current valuation may not have identified, or reliably quantified the impact of all such uncertainties and implications.

The valuation reports were prepared as at 31 October 2022 (for 31 March 2022: 31 October 2021, except the valuation report for the holding in Hidroelectrica SA which was prepared as at 31 December 2021), based on financial information available for the companies under valuation at the respective dates.

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

Considering the economic uncertainties, the risks and the strong volatility existing in the capital markets, the Fund's Sole Director closely monitors the evolution of the economic environment and the effects of the economic measures on the Fund's portfolio companies.

The Fund's Sole Director will perform a periodic analysis of multiples values of publicly traded peer companies and of the available portfolio companies' financial information and will adjust the value of unlisted holdings accordingly, if the case.

The 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.

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(all amounts are in RON unless otherwise stated)

**4. Financial assets and financial liabilities (continued)**
**Financial instruments measured at fair value – Level 3**

The table below presents the movement in Level 3 equity investments during the three-month periods ended 31 March 2023 and 31 March 2022:

	3 months ended 31 March 2023	3 months ended 31 March 2022
<b>Opening balance</b>	<b>13,582,168,395</b>	<b>11,603,900,630</b>
Net unrealised (loss)/gain recognised in profit or loss	(5,046,385)	883,292,151
Reclassification to non-current assets held for sale (see Note 14)	(588,800,000)	-
<b>Closing balance</b>	<b>12,988,322,010</b>	<b>12,487,192,781</b>

As at 31 March 2023, the fair value for 90% of the Level 3 equity investments (31 December 2022: for 90% 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 10% of the Level 3 equity investments (31 December 2022: for almost 10% of the Level 3 equity investments) was determined by applying the income approach using the discounted cash flow method. There was no significant changes in the valuation techniques used for the valuation of the holdings as at 31 March 2023 compared with those used as at 31 December 2022.

The valuation for the Level 3 equity investments as at 31 March 2023 and 31 December 2022 was prepared as follows:

- 99.7% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the external valuation services provider as at 31 October 2022 incorporating the impact of any significant corporate action that took place until 31 December 2022;
- 0.3% of the fair value of Level 3 equity investments representing listed but illiquid holdings was determined based on the last available Bucharest Stock Exchange reference price;
- the holdings in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity were valued at nil.

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.

Significant unobservable inputs are the following:

*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.

*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.

*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.

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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD  
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(all amounts are in RON unless otherwise stated)

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#### **4. Financial assets and financial liabilities (continued)**

##### **Financial instruments measured at fair value – Level 3 (continued)**

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).

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(all amounts are in RON unless otherwise stated)

**4. Financial assets and financial liabilities (continued)**
**Financial instruments measured at fair value – Level 3 (continued)**

The following tables set out information about the significant unobservable inputs used at 31 March 2023 and 31 December 2022 in measuring equity instruments classified as Level 3 in the fair value hierarchy:

Financial assets	Fair value as at 31 March 2023	Main valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
<b>Total</b>	<b>13,577,122,010</b>			
Unlisted equity instruments	12,198,937,936	Market approach - comparable companies (based on EBITDA multiple)	EBITDA estimated for each company EBITDA multiple ranging from 3.49 - 10.23 (9.82) Discount for lack of marketability: 7.21% -16.20% (7.98%)	The higher the EBITDA estimates, the higher the fair value. 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	1,318,758,036	Income approach - discounted cash flow method	EBIT estimated for each company Weighted average cost of capital ranging from 10% - 20.6% (12.38%) Discount for lack of marketability ranging from 11.4% - 16.2% (15.82%) Discount for lack of control: 0% - 26.7% (17.87%) Long-term revenue growth rate: 2.50% - 3% (2.50%)	The higher the EBIT estimates, the higher the fair value. 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	21,700,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price/Earnings value: 5.5 (5.5) Discount for lack of marketability: 22.8% (22.8%)	The higher the Price /Earnings multiple, the higher the fair value. The lower the discount for the lack of marketability, the higher the fair value.
Unlisted equity instruments	-	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.36 Weighted average cost of capital 13.6% Long-term revenue growth rate: 2.50%	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	37,726,038	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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**4. Financial assets and financial liabilities (continued)**
**Financial instruments measured at fair value – Level 3 (continued)**

Financial assets	Fair value as at 31 December 2022	Main valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
<b>Total</b>	<b>13,582,168,395</b>			
Unlisted equity instruments	12,198,937,936	Market approach - comparable companies (based on EBITDA multiple)	EBITDA estimated for each company EBITDA multiple ranging from 3.49 - 10.23 (9.82) Discount for lack of marketability: 7.21% -16.20% (7.98%)	The higher the EBITDA estimates, the higher the fair value. 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	1,318,758,036	Income approach - discounted cash flow method	EBIT estimated for each company Weighted average cost of capital ranging from 10% - 20.6% (12.38%) Discount for lack of marketability ranging from 11.4% - 16.2% (15.82%) Discount for lack of control: 0% - 26.7% (17.87%) Long-term revenue growth rate: 2.50% - 3% (2.50%)	The higher the EBIT estimates, the higher the fair value. 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	21,700,000	Market approach - comparable companies (based on Price /Earnings multiple)	Price/Earnings value: 5.5 (5.5) Discount for lack of marketability: 22.8% (22.8%)	The higher the Price /Earnings multiple, the higher the fair value. The lower the discount for the lack of marketability, the higher the fair value.
Unlisted equity instruments	-	Market approach - comparable companies (based on Revenue multiple)	Revenue multiple: 0.36 Weighted average cost of capital 13.6% Long-term revenue growth rate: 2.50%	Irrespective of the evolution of the unobservable inputs, the value of this investment is zero due to the negative equity value of this company generated by a high level of net debts.
Listed illiquid equity instruments	42,772,423	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 31 March 2023 and 31 December 2022, the Fund's investments in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity are valued at nil.

Although Fund's management believes that its estimates of fair value for these equity investments are appropriate, the use of different methodologies or assumptions could lead to different measurement of fair value.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

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

	<b>3 months ended 31 March 2023</b>	<b>3 months ended 31 March 2022</b>
Unrealised gain from equity investments at fair value through profit or loss	9,310,969	883,554,489
Unrealised (loss) from equity investments at fair value through profit or loss	(5,246,764)	(62,349,481)
<b>Total</b>	<b>4,064,205</b>	<b>821,205,008</b>

The unrealised gain from equity investments at fair value through profit or loss for the three-month period ended 31 March 2023 was mainly generated by the change in fair value for the holding in Alro SA (unrealised gain of RON 9,110,589).

The unrealised gain from equity investments at fair value through profit or loss for the three-month period ended 31 March 2022 was mainly generated by the change in fair value for the holding in Hidroelectrica SA (unrealised gain of RON 883,544,000), as a result of updating its value with the most recent discount for the lack of marketability (DLOM) estimated by KPMG Romania following the shareholders' approval for the listing of the company on the stock exchange.

The unrealised loss from equity investments at fair value through profit or loss for the three-month period ended 31 March 2023 was generated by the negative change in fair value for the holding in Romaero SA (unrealised loss of RON 5,246,764).

The unrealised loss from equity investments at fair value through profit or loss for the three-month period ended 31 March 2022 was generated by the negative change in fair value for the holding in OMV Petrom SA (unrealised loss of RON 48,967,894) and Alro SA (unrealised loss of RON 13,119,249) following the impact on the financial market of the Russia – Ukraine military conflict.

**6. Net gain from other financial instruments at fair value through profit or loss**

The net gain from other financial instruments at fair value through profit or loss for the three-month period ended 31 March 2022 includes the realised gain from the change in the fair value of the receivable related to the unpaid share capital from the Romanian State which was classified at fair value through profit or loss, in amount of RON 189,182,422. On 1 February 2022, the Romanian State, represented by the Ministry of Finance paid RON 189,182,422 to the Fund, as payment for the unpaid shares owned by the Romanian State in the Fund.

**7. Net realised (loss) from non-current assets held for sale**

The realised loss of RON 156,975,000 registered in 2022 from the partial disposal of the Fund's participation in OMV Petrom SA, classified as non-current asset held for sale, represents the difference between the total proceeds from the disposal (RON 978,250,000) and the fair value at the reclassification date of the non-current assets held for sale disposed of (RON 1,135,225,000). Please see the annual financial statements for the year ended 31 December 2022, prepared in accordance with IFRS, for further details regarding the sale of the Fund's entire holding in this company.

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**8. Operating expenses**

	<b>3 months ended 31 March 2023</b>	<b>3 months ended 31 March 2022</b>
FTIS administration fees (i)	13,297,359	20,757,201
Intermediaries and other transaction related fees (ii)	6,038,912	7,343,352
FSA monthly fees (iii)	3,405,539	3,276,287
Third party services (iv)	1,812,972	1,550,220
BON remunerations and related taxes (v)	425,889	289,476
Depositary bank fee	60,134	105,113
Other operating expenses	58,745	290,030
	<b>25,099,550</b>	<b>33,611,679</b>

*(i) FTIS administration fees*

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

The administration fees recorded during the quarter ended 31 March 2023 and the quarter ended 31 March 2022 are presented in the table below:

	<b>3 months ended 31 March 2023</b>	<b>3 months ended 31 March 2022</b>
Base fee	13,297,359	18,040,368
Performance fee	-	2,716,833
<b>Administration fees recognised in profit or loss</b>	<b>13,297,359</b>	<b>20,757,201</b>
Distribution fees related to buy-backs recognised in equity	13,078,189	472,058
<b>Total administration fees</b>	<b>26,375,549</b>	<b>21,229,259</b>

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

*(ii) Intermediaries and other transaction related fees*

These fees are mainly related to costs for the listing projects ongoing at 31 March 2023, in amount of RON 5.9 million (31 March 2022: RON 0). For the three-month period ended 31 March 2022 these fees were mainly related to the partial sale of the OMV Petrom holding, consisting of brokerage fees, market fees and legal fees linked to the sale in total amount of RON 7.3 million.

*(iii) FSA monthly fees*

During the first quarter of 2023 and the first quarter of 2022, the FSA fee was 0.0078% per month applied on the total net asset value.

*(iv) Third party services*

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

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**8. Operating expenses (continued)**
(iv) *Third party services (continued)*

	3 months ended 31 March 2023	3 months ended 31 March 2022
Legal consultancy and litigation assistance	548,585	415,221
Investors' relations expenses	295,913	707
Financial auditor's fees	332,779	233,322
Board of Nominees related costs	225,477	114,595
Regulatory and compliance expenses	138,145	121,359
Tax compliance and advisory services	108,014	91,158
Public relations services	90,229	92,631
Other services	73,830	481,227
	<b>1,812,972</b>	<b>1,550,220</b>

The financial audit fees are recorded in the year they relate to. The financial auditor of Fondul Proprietatea for the financial years ended 31 December 2022 and 31 December 2023 is Ernst & Young Assurance Services SRL.

(v) *BON remunerations and related taxes*

Remunerations and related taxes included the remunerations paid to the members of the Board of Nominees as well as the related taxes and contributions payable to the Romanian State budget (see Note 18(a) – *Related parties – Key Management* for further details).

**9. Income tax**

No current tax and no deferred tax were recorded during the three-month periods ended 31 March 2023 and 31 March 2022.

	3 months ended 31 March 2023	3 months ended 31 March 2022
<b>Reconciliation of effective tax rate</b>		
Net (loss)/profit for the period	(11,458,336)	826,124,670
Withholding tax on the dividend income	-	-
<b>Profit excluding income tax</b>	<b>(11,458,336)</b>	<b>826,124,670</b>
<b>Income tax benefit/(expense) using the standard tax rate (16%)</b>	<b>1,833,334</b>	<b>(132,179,947)</b>
<i>Impact on the income tax of:</i>		
Non-taxable income (other than dividend income)	10,629,643	188,008,596
Non-deductible expenses	(13,734,142)	(20,194,343)
Fiscal result impact in the current period	1,271,165	(35,634,306)
<b>Tax on income</b>	<b>-</b>	<b>-</b>

The fiscal result impact as at 31 March 2023 of RON 1,271,165 included in the table above represents the current tax on profit for the quarter ended 31 March 2023 which was offset by the Fund's tax losses carried forward.

The fiscal result impact as at 31 March 2022 of RON 35,634,306 included in the table above represents the unrecognised deferred tax asset for the tax losses recorded for the quarter ended 31 March 2022.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD  
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**9. Income tax (continued)**

Non-taxable income and non-deductible expenses are mainly generated by fair value gains / losses and by dividend income related to the equity portfolio companies in which the Fund has held more than 10% stake for more than one year continuously.

As at 31 March 2023 and 31 December 2022 there is no income tax due or to be recovered from the State Budget by the Fund. Please see Note 12 *Deferred tax* for details regarding the deferred tax computation and recognition.

**10. Basic and diluted earnings per share**

Basic earnings per share is calculated by dividing the profit or loss for the period by the weighted average number of ordinary paid shares in issue during the period, excluding the average number of ordinary shares purchased by the Fund and held as treasury shares (based on their settlement date). As at 31 March 2023 and 31 March 2022, none of the Fund's issued shares or other instruments had dilutive effect, therefore basic and diluted earnings per share are the same.

	<b>3 months ended 31 March 2023</b>	<b>3 months ended 31 March 2022</b>
(Loss)/Profit for the period	(11,458,336)	826,124,670
Weighted average number of ordinary shares	5,625,675,340	6,082,553,200
<b>Basic and diluted earnings per share</b>	<b>(0.0020)</b>	<b>0.1358</b>

**11. Cash and current accounts and deposits with banks**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Petty cash	416	416
Current accounts with banks	93,889	57,650
Distributions bank accounts	69,826,326	73,775,078
<b>Cash and current accounts</b>	<b>69,920,631</b>	<b>73,833,144</b>
	<b>31 March 2023</b>	<b>31 December 2022</b>
Bank deposits with original maturities of less than three months	351,588,027	911,699,816
Interest accrued on bank deposits	157,819	916,580
<b>Deposits with banks</b>	<b>351,745,846</b>	<b>912,616,396</b>

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 31 March 2023 and 31 December 2022 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 31 March 2023 and 31 December 2022, the net deferred tax position is nil as the Fund did not recognise any deferred tax asset or deferred tax liability.

As at 31 March 2023 and 31 December 2022 the unused fiscal loss carried forward amounts to RON 717,393,241 out of which RON 500,524,785 will expire on 31 December 2027 and RON 216,868,456 will expire on 31 December 2029.

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(all amounts are in RON unless otherwise stated)

**12. Deferred tax (continued)**

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 three-month periods ended 31 March 2023 and 31 March 2022. 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.

The movement in the carrying amounts of equity investments at fair value through profit or loss during the three-month periods ended 31 March 2023 and 31 March 2022 is presented below:

	3 months ended 31 March 2023	3 months ended 31 March 2022
<b>Opening balance</b>	<b>13,696,597,396</b>	<b>12,577,678,606</b>
Net gain from equity investments at fair value through profit or loss	4,064,205	821,205,008
Reclassification as non-current assets held for sale	(588,800,000)	-
<b>Closing balance</b>	<b>13,111,861,601</b>	<b>13,398,883,614</b>

**Portfolio**

As at 31 March 2023 and 31 December 2022 the Fund's portfolio comprised the following holdings:

	31 March 2023	31 December 2022
Hidroelectrica SA	11,148,800,000	11,148,800,000
CN Aeroporturi Bucuresti SA	713,000,000	713,000,000
Engie Romania SA	440,700,000	440,700,000
Administratia Porturilor Maritime SA	283,000,000	283,000,000
Societatea Nationala a Sarii SA	273,700,000	273,700,000
E-Distributie Banat SA	212,900,000	212,900,000
E-Distributie Muntenia SA	183,900,000	183,900,000
E-Distributie Dobrogea SA	170,400,000	170,400,000
Alro SA	123,539,590	114,429,001
Romaero SA	36,727,348	41,974,112
Zirom SA	28,843,300	28,843,300
Posta Romana SA	21,700,000	21,700,000
Enel Energie SA	21,600,000	21,600,000
Other	41,851,362	41,650,983
<b>Total equity investments</b>	<b>13,700,661,601</b>	<b>13,696,597,396</b>
Of which reclassified as non-current assets held for sale	(588,800,000)	-
<b>Total equity investments as per balance sheet</b>	<b>13,111,861,601</b>	<b>13,696,597,396</b>

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(all amounts are in RON unless otherwise stated)

**13. Equity investments (continued)**

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

As of 31 March 2023 and 31 December 2022 the Fund had the following subsidiaries, all of which are incorporated in Romania:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Zirom SA	28,843,300	28,843,300
Alcom SA	10,407,436	10,407,436
Comsig SA	n/a	-
	<b>39,250,736</b>	<b>39,250,736</b>

According to the National Trade Registry deregistration date, as of 28 March 2023, the Comsig SA liquidation process has been finalised and as such the Fund excluded this company from its portfolio – It had previously been booked at RON 0.

As of 31 March 2023 and 31 December 2022 the Fund had two associates, both incorporated in Romania:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Societatea Nationala a Sarii SA	273,700,000	273,700,000
Plafar SA	2,199,600	2,199,600
	<b>275,899,600</b>	<b>275,899,600</b>

Please see Note 18(b) and (c)– *Related parties* for information on the transactions and balances registered with these companies.

**14. Non-current assets held for sale**

As of 31 March 2023, the Fund reclassified, in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” requirements, its entire holdings in the companies Enel Energie Muntenia SA, Enel Energie SA, E-Distributie Banat SA, E-Distributie Dobrogea SA, E-Distributie Muntenia SA, as non-current assets held for sale.

On 14 March 2023, The Fund received a notice from Enel S.p.A. (“Enel”) in relation to the exercise by the Fund of the tag along right under the Privatisation Agreement entered into between SC Electrica SA and Enel on 11 June 2007 relating to the acquisition of and subscription for shares in the subsidiary for Electricity Distribution and Supply Electrica Muntenia Sud SA in relation to Fondul Proprietatea’s shareholding in Enel Energie Muntenia SA and E-Distributie Muntenia SA. The tag along notice was triggered following the entry by Enel and Public Power Corporation SA (“PPC”) into an agreement for the sale of all the equity stakes held by the Enel Group in Romania.

On 19 April 2023, the Fund, as seller, and PPC, as buyer, have concluded an agreement 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 (the “SPA”), in exchange for a total consideration of RON 650,000,000. The SPA is concluded following the entry by Enel S.p.A. and PPC into the agreement for the sale of all the equity stakes held by the Enel Group in Romania.

Please see Note 19 *Subsequent Events* for further details.

There were no assets classified as non-current assets held for sale as at 31 December 2022.

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

The movement of payables to shareholders during the period is presented in the table below:

	<u>31 March 2023</u>	<u>31 December 2022</u>	<u>31 March 2022</u>
<b>Opening balance</b>	<b>74,166,644</b>	<b>408,245,702</b>	<b>408,245,702</b>
Gross distributions approved during the period	-	774,290,893	-
Net payments to shareholders	(3,949,248)	(1,074,343,988)	(320,578,008)
Withholding tax owed to the State Budget	-	(22,853,319)	-
Distributions for which the statute of limitation occurred	-	(11,172,644)	-
<b>Closing balance</b>	<b>70,217,397</b>	<b>74,166,644</b>	<b>87,667,694</b>

**(b) Other liabilities and provisions**

	<u>31 March 2023</u>	<u>31 December 2022</u>
FTIS Administration fees	26,393,996	14,961,308
Payables related to treasury shares under settlement	15,360,342	12,583,133
Intermediaries and other transaction related payables	9,532,987	7,591,736
Tax on dividends due to State Budget	-	1,934,140
Financial Supervisory Authority fees	1,136,985	1,141,614
Other liabilities	869,276	1,694,646
	<u><b>53,293,586</b></u>	<u><b>39,906,577</b></u>

At 31 March 2023, intermediaries and other transaction related payables mainly consist of accrued legal and consultancy fees related to the ongoing listing projects.

At 31 December 2022, intermediaries and other transaction related payables mainly consist of brokerage fees, market fees and legal fees linked to the sale of OMV Petrom which was gradually performed during 2022 and also costs related to the ongoing listing projects.

**16. Shareholder' equity**
**(a) Share capital**

There was no change in the share capital of the Fund recorded during the first quarter of 2023.

During the year ended 31 December 2022, the share capital of the Fund decreased by RON 101,073,312 following the cancellation on 19 October 2022 of 194,371,754 treasury shares acquired by the Fund within the twelfth buyback programme.

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**16. Shareholders' equity (continued)**
**(a) Share capital (continued)**

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
Number of shares in issue	6,217,825,213	6,217,825,213
Number of paid shares	6,217,825,213	6,217,825,213
Nominal value per share (RON)	0.52	0.52

The shareholders structure as at 31 March 2023 was as follows:

<b>Shareholder categories</b>	<b>% of subscribed and paid share capital</b>	<b>% of voting rights</b>
Romanian institutional investors	37.01%	42.38%
Romanian private individuals	20.91%	23.94%
Foreign institutional investors	10.64%	12.18%
The Bank of New York Mellon (depository bank for the Fund's GDRs)	9.75%	11.12%
Romanian State	5.96%	6.82%
Foreign private individuals	3.10%	3.56%
Treasury shares	12.63%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Depozitarul Central SA (Central Depository)

**(b) Other reserves**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Legal reserve	666,868,485	666,868,485
Other reserves	230,576,693	230,576,693
Distributions for which the statute of limitation occurred	151,945	151,945
Losses from cancellation of treasury shares (negative equity reserves)	(230,576,693)	(230,576,693)
	<b>667,020,430</b>	<b>667,020,430</b>

As required by the Romanian Companies' Law, a minimum 5% of the profit for the year must be transferred to the legal reserve until the reserve equals at least 20% of the issued share capital. The legal reserve cannot be used for distributions to shareholders. The amounts allocated to other reserves are to be used to cover the losses (negative reserves) recorded from cancellation of shares acquired through the buy-back programmes.

During the GSM held on 20 April 2022, the Fund's shareholders approved the allocation to other reserves of an amount of RON 230,576,693 from the 2021 net accounting profit to be used for covering the negative reserves from the cancellation of treasury shares acquired during 2021 through the twelfth buy-back programme. Please see *Note 19 Subsequent Events* for annual General Shareholders Meeting approvals.

Losses from cancellation of treasury shares comprise the negative reserves related to the losses on the cancellation of treasury shares acquired at an acquisition value higher than the nominal value. These amounts will be covered from retained earnings and other equity elements, in accordance with the resolution of the General Shareholders Meeting.

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**16. Shareholders' equity (continued)****(b) Other reserves (continued)**

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

There was no negative reserve recorded during the three-month periods ended 31 March 2023 and 31 March 2022.

**(c) Treasury shares**

The table below summarises the details regarding the fourteenth buy-back programme, respectively the buy-back programme carried during 2023:

<b>Program</b>	<b>GSM date approving the buy-back programme</b>	<b>Starting date</b>	<b>Completion date</b>	<b>Acquisition price range as approved by GSM</b>
<b>Fourteenth buy-back</b>	15-Nov-2022	1-Jan-2023	31-Dec-2023	0.2 - 3 RON per share

The fourteenth buy-back programme refers to the acquisition by the Fund of a maximum number of 3,500,000,000 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 quarter of 2023 and the first quarter of 2022 is presented in the tables below:

<b>3 months ended 31 March 2023</b>	<b>Treasury shares number - opening balance</b>	<b>Acquisitions during the period</b>	<b>Cancellations during the period</b>	<b>Treasury shares number - closing balance</b>
<b>Thirteen buy-back</b>	549,019,085	-	-	549,019,085
<b>Fourteenth buy-back</b>	-	247,585,004	-	247,585,004
	<b>549,019,085</b>	<b>247,585,004</b>	-	<b>796,604,089</b>

<b>3 months ended 31 March 2022</b>	<b>Treasury shares number - opening balance</b>	<b>Acquisitions during the period</b>	<b>Cancellations during the period</b>	<b>Treasury shares number - closing balance</b>
<b>Twelfth buy-back</b>	194,371,754	-	-	194,371,754
<b>Thirteen buy-back</b>	-	23,498,224	-	23,498,224
	<b>194,371,754</b>	<b>23,498,224</b>	-	<b>217,869,978</b>

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(all amounts are in RON unless otherwise stated)

**16. Shareholders' equity (continued)**
**(c) Treasury shares (continued)**

The movement of treasury shares carrying amounts during the first quarter of 2023 and the first quarter of 2022 is presented in the tables below:

3 months ended 31 March 2023	Cost of treasury shares acquired		Cancellation of treasury shares	Closing balance
	Opening balance			
Thirteenth buy-back	1,194,334,988	-	-	1,194,334,988
Fourteenth buy-back	-	558,462,029	-	558,462,029
	<b>1,194,334,988</b>	<b>558,462,029</b>	-	<b>1,752,797,017</b>

3 months ended 31 March 2022	Cost of treasury shares acquired		Cancellation of treasury shares	Closing balance
	Opening balance			
Twelfth buy-back	331,650,005	-	-	331,650,005
Thirteen buy-back	-	47,728,293	-	47,728,293
	<b>331,650,005</b>	<b>47,728,293</b>	-	<b>379,378,298</b>

**(d) Dividend distribution**

During the 20 April 2022 General Shareholders Meeting, the Fund's shareholders approved the distribution of a gross dividend of RON 0.1250 per share from 2021 profit. The shareholders registered in the shareholders' registry with the Central Depository on 3 June 2022 have the right to receive a gross dividend of RON 0.1250 per share, proportionally with their participation in the paid in share capital of the Fund. The payment started on 27 June 2022. Please see Note 19 Subsequent Events for further details regarding dividend distribution approvals.

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

Registration date*	Gross dividend per share (RON)	Source of distribution	Starting Payment Date	Payment expiration date**	Remaining balance payable to shareholders
Specific instances where the statute of limitations was individually assessed and extended					427,396
10-Jun-20	0.0642	2019 profit	01-Jul-20	01-Jul-23	9,012,753
28-May-21	0.0720	remaining balance of 2016 and 2017 unallocated profits	22-Jun-21	22-Jun-24	11,300,752
06-Aug-21	0.0700	remaining balance of 2017 and 2019 unallocated profits	27-Aug-21	27-Aug-24	11,483,504
28-Jan-22	0.0600	remaining balance of 2019 unallocated profit	18-Feb-22	18-Feb-25	10,728,995
3-Jun-22	0.1250	2021 profit	27-Jun-22	27-Jun-25	27,263,996
<b>Total</b>					<b>70,217,397</b>

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

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

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

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**17. Contingencies****(a) Litigations**

At 31 March 2023, the Fund was involved in certain litigations, either as defendant or claimant. After analysing the requirements of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, the Fund considers that there are no litigations which may have significant effects on the Fund’s financial position or profitability.

**(b) Other contingencies**

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

*(i) Receivables from World Trade Center Bucuresti SA*

Title II, Article 4 of Government Emergency Ordinance no. 81/2007 stipulated the transfer of World Trade Center Bucuresti SA receivables from the Authority for State Assets Recovery to the Fund, amounting to USD 68,814,198 (including the original principal and related interest and penalties) on 29 June 2007.

Between 2008 and 2010, the Fund recovered from World Trade Center Bucuresti SA, USD 510,131, EUR 148,701 and RON 8,724,888. Given the uncertainties regarding the recoverability of the amounts due by World Trade Center Bucuresti SA, the above amounts were recognised on receipt basis in the Fund’s financial statements. The amounts recovered from the enforcement procedure were accounted for by the Fund as contributions of the Romanian State to the share capital of the Fund, decreasing the receivable related to the unpaid capital.

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

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

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

The Fund has initiated legal actions against World Trade Center Bucharest SA and the Ministry of Finance for recovering the amounts, which are pending with the Court.

*(ii) CN Aeroporturi Bucuresti SA share capital increase*

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

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



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

- The share capital increase approved was for RON 4,768,511,460, out of which:
  - RON 3,814,809,170 represents in kind contribution of Romanian State calculated as the value of the land parcels valued by the valuer appointed by Trade Register;
  - The amount of RON 953,702,290 represents the value of shares offered to be subscribed by Fondul Proprietatea for maintaining 20% participation in the share capital. The preference rights may be used by the Fund within 60 days calculated starting with the date when the shareholders resolution is published in the Official Gazette;
- After the 60 days period expires, the share capital will increase with the value of paid-up shares (Romanian State in kind contribution being already considered completed);
- If the Fund would not subscribe, the unsubscribed shares would be cancelled and Fondul Proprietatea's holding will be diluted to 0.73%.

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

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

Following the hearing that took place on 13 January 2022, the Bucharest Court of Appeal admitted the request of suspension filed by the Fund and ordered the suspension of the effects of the increase until the claim for the annulment of the CN Aeroporturi Bucuresti GSM is irrevocably settled. The litigation related to the claim for annulment of the aforementioned GSM is ongoing in front of the Romanian courts (*Tribunalul Ilfov*). Considering the above, the dilution risk was assessed as not significant and thus no additional adjustments were applied to the valuation of the company.

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

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

	<b>3 months ended 31 March 2023</b>	<b>3 months ended 31 March 2022</b>
<b>BON gross remunerations, out of which:</b>	<b>425,889</b>	<b>289,476</b>
Contributions to social security fund retained from gross remuneration	41,793	36,186
Contributions to health insurance fund retained from gross remuneration	16,719	14,472
Income tax	36,741	23,880
<b>Net remunerations paid to BON members</b>	<b>330,636</b>	<b>214,938</b>

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

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**18. Related parties (continued)**
**(a) Key management (continued)**
*(i) Board of Nominees (“BON”) (continued)*

	<b>3 months ended 31 March 2023</b>	<b>3 months ended 31 March 2022</b>
Professional insurance costs	114,467	87,502
Other costs (accommodation, transport, meals etc.)	100,378	16,318
Advisory services for BON	10,632	10,775
	<b>225,477</b>	<b>114,595</b>

There were no loans between the Fund and the members of the Board of Nominees neither in the first quarter of 2023 nor in the first quarter of 2022. There are no post-employment, long term or termination benefits related to the remuneration of the members of the Board of Nominees.

*(ii) Sole Director*

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

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

	<b>3 months ended 31 March 2023</b>	<b>3 months ended 31 March 2022</b>
<b>Transactions</b>		
Administration fees	26,375,549	21,229,259

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

	<b>3 months ended 31 March 2023</b>	<b>3 months ended 31 March 2022</b>
<b>Transactions</b>		
Rent expense charged to the Fund	23,238	21,018
Operating cost charged to the Fund	9,171	6,767
	<b>32,409</b>	<b>27,785</b>

During the quarter ended 31 March 2023, the Fund recorded RON 273,953 (31 March 2022: RON 12,146) representing expenses incurred by FTIS Bucharest Branch on its behalf.

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

<b>Amounts due to:</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
FTIS Luxembourg	26,393,996	14,961,308
FTIS Bucharest Branch	285,423	9,327
	<b>26,679,419</b>	<b>14,970,636</b>

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD  
ENDED 31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

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

As described in Note 13 – *Equity investments*, the Fund has the following subsidiaries at 31 March 2023 and 31 December 2022:

<b>Ownership interest</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
Zirom SA	100%	100%
Alcom SA	72%	72%
Comsig SA	n/a	70%

As at 31 December 2022 Comsig SA was in administrative liquidation process, which was finalised, as it was deregistered from the National Trade Registry on 28 March 2023.

As at 31 March 2023 and 31 December 2022, the Fund had no commitment to provide financial or other support to its subsidiaries, including commitments to assist the subsidiaries in obtaining financial support.

During the three-month periods ended 31 March 2023 and 31 March 2022, the Fund did not receive dividends from investments in subsidiaries.

At 31 March 2023 and 31 December 2022 there were no dividends receivable from subsidiaries.

**(c) Associates**

As described in Note 13 – *Equity investments*, the Fund has the following associates at 31 March 2023 and 31 December 2022:

<b>Ownership interest</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
Societatea Nationala a Sarii SA	49%	49%
Plafar SA	49%	49%

During the three-month periods ended 31 March 2023 and 31 March 2022, the Fund did not receive dividends from investments in associates.

At 31 March 2023 and 31 December 2022 there were no dividends receivable from associates.

**19. Subsequent events**
**Resolutions adopted by shareholders during the 21 April 2023 General Shareholders' Meeting**

The main shareholders resolutions at the 21 April 2023 GSM were the following:

- the approval of the decrease of the subscribed and paid-up share capital of Fondul Proprietatea 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;
- the approval of the decrease of the legal reserve of Fondul Proprietatea by RON 20,214,661.57 from RON 666,868,484.57 representing 20.63% of the share capital to RON 646,653,823.00 representing 20.00% of the share capital;
- the approval of the Annual Activity Report of the Sole Director of the Fund for the financial year 2022, including the financial statements for the year ended 31 December 2022, and the financial auditor's report;
- the approval of the Remuneration Report of Fondul Proprietatea for the financial year 2022;
- the approval to cover, from other reserves, the negative reserves of RON 230,576,693 incurred in 2022 financial year from the cancelation of treasury shares acquired during the 12th buy-back programme;

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE-MONTH PERIOD  
ENDED 31 MARCH 2023**

(all amounts are in RON unless otherwise stated)

**19. Subsequent events (continued)****Resolutions adopted by shareholders during the 21 April 2023 General Shareholders' Meeting (continued)**

- the approval of the allocation to other reserves of an amount of RON 908,845,064 from the 2022 net accounting profit to be used for covering the negative reserves estimated to arise from the cancellation of treasury shares acquired during 2022 through the thirteenth buy-back programme;
- the approval of the remaining net accounting profit allocation, including the approval of the value of the gross annual dividend of RON 0.05 per share corresponding to the 2022 financial year profit, with Payment Date 6 June 2023.

**Enel Group exit from Romania**

On 14 December 2022 Enel Spa announced that it entered into an exclusivity agreement with Greek company Public Power Corporation (PPC) in relation to the potential disposal of all the equity held by Enel Group in Romania.

On 19 April 2023 the Fund, as seller, and PPC, as buyer, have concluded an agreement 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 SPA is concluded following the entry by Enel S.p.A. and PPC into an agreement for the sale of all the equity stakes held by the Enel Group in Romania.

The completion of the sale under the SPA is subject, among others, to the closing of the transaction between Enel and PPC. The Fund currently estimates that the sale will be concluded during Q3 2023.

**Dividends declared by Hidroelectrica SA**

During 29 April 2023 GSM the shareholders of Hidroelectrica SA approved the distribution of an annual gross dividend of RON 3,914.4 million out of 2022 net profit, with payment deadline 16 June 2023.

During the same GSM the shareholders also approved the distribution of a special dividend out of retained earnings in total amount of RON 435.0 million, with payment deadline 29 September 2023.

As a result of the above, on 29 April 2023 the Fund recorded a total dividend receivable of RON 867.5 million from Hidroelectrica SA, out of which RON 780.7 million annual dividend and RON 86.8 million special dividend.

## Annex 2 Statement of Assets and Obligations of Fondul Proprietatea SA as at 31 March 2023, prepared in accordance with FSA Regulation nr. 7/2020 (Annex no. 11)

	Item	31 December 2022				31 March 2023				Differences
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	RON
<b>I.</b>	<b>Total assets</b>	<b>100.7850%</b>	<b>100.0000%</b>	-	<b>14,683,910,693.57</b>	<b>100.8822%</b>	<b>100.0000%</b>	-	<b>14,123,117,804.04</b>	<b>(560,792,889.53)</b>
<b>1</b>	Securities and money market instruments, out of which:	1.1503%	1.1415%	-	167,608,857.01	1.2261%	1.2156%	-	171,673,061.59	4,064,204.58
<b>1.1</b>	securities and money market instruments admitted or traded on a regulated market from Romania, out of which:	1.1503%	1.1415%	-	167,608,857.01	1.2261%	1.2156%	-	171,673,061.59	4,064,204.58
	1.1.1 listed shares traded in the last 30 trading days	1.0789%	1.0706%	-	157,201,424.02	1.1464%	1.1365%	-	160,502,942.80	3,301,518.78
	1.1.2 listed shares not traded in the last 30 trading days	0.0714%	0.0709%	-	10,407,432.99	0.0797%	0.0791%	-	11,170,118.79	762,685.80
	1.1.3 other similar securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.1.4 bonds	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.1.5 other title debts	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.1.6 other securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.1.7 money market instruments	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.1.8 allotment rights admitted at trading	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>1.2</b>	Securities and money market instruments admitted or traded on a regulated market from a member state, out of which:	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.1 listed shares traded in the last 30 trading days	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.2 listed shares not traded in the last 30 trading days	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.3 other similar securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.4 bonds	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.5 other title debts	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.6 other securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.7 money market instruments	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.2.8 allotment rights admitted at trading	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>1.3</b>	Securities and money market instruments admitted on a stock exchange from a state not a member or negotiates on another regulated market from a state not a member, that operates on a regular basis and is recognized and opened to the public, approved by the Financial Supervisory Authority (FSA), out of which:	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.1 listed shares traded in the last 30 trading days	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.2 listed shares not traded in the last 30 trading days	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.3 other similar securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.4 bonds	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.5 other title debts	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.6 other securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.7 money market instruments	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	1.3.8 allotment rights admitted at trading	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>2</b>	New issued securities	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>3</b>	Other securities and money market instruments mentioned in art. 83 paragraph (1) letter a) of the O.U.G. no. 32 / 2012 of which:	92.8582%	92.1349%	-	13,528,983,081.84	96.6382%	95.7932%	-	13,528,983,081.84	-
	- shares not admitted at trading	92.8582%	92.1349%	-	13,528,983,081.84	96.6382%	95.7932%	-	13,528,983,081.84	-
	- redeemed debentures	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	- unlisted bonds	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	- allotment rights not admitted at trading	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-

Item	31 December 2022				31 March 2023				Differences
	% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	RON
- rights not admitted at trading	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
- other financial instruments	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>4</b> Bank deposits, out of which:	6.2639%	6.2151%	-	912,616,396.35	2.5125%	2.4906%	-	351,745,845.86	(560,870,550.49)
<b>4.1</b> bank deposits made with credit institutions from Romania	6.2639%	6.2151%	-	912,616,396.35	2.5125%	2.4906%	-	351,745,845.86	(560,870,550.49)
- in RON	6.2639%	6.2151%	-	912,616,396.35	2.5125%	2.4906%	-	351,745,845.86	(560,870,550.49)
<b>4.2</b> bank deposits made with credit institutions from an EU state	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>4.3</b> Bank deposits made with credit institutions from a non-EU state	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>5</b> Derivatives financial instruments traded on a regulated market, out of which:	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>5.1</b> derivatives financial instruments traded on a regulated market from Romania (forward, futures and options, swaps, etc)	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>5.2</b> derivatives financial instruments traded on a regulated market from an EU state (forward, futures and options, swaps, etc)	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>5.3</b> derivatives financial instruments traded on a regulated market from a non-EU state (forward, futures and options, swaps, etc)	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>5.4</b> derivatives financial instruments traded on a regulated market (forward, futures and options, swaps, etc)	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>6</b> Current accounts and petty cash, out of which:	0.5067%	0.5027%	-	73,833,144.34	0.4994%	0.4950%	-	69,920,630.99	(3,912,513.35)
- in RON	0.5067%	0.5027%	-	73,828,741.75	0.4992%	0.4948%	-	69,882,740.93	(3,946,000.82)
- in EUR	0.0000%	0.0000%	EUR 323.22	1,599.10	0.0000%	0.0000%	EUR 599.61	2,967.53	1,368.43
- in GBP	0.0000%	0.0000%	GBP 136.69	763.80	0.0000%	0.0000%	GBP 187.77	1,056.32	292.52
- in USD	0.0000%	0.0000%	USD 440.10	2,039.69	0.0002%	0.0002%	USD 7,449.18	33,866.21	31,826.52
<b>7</b> Money market instruments, other than those traded on a regulated market, according to art. 82 letter g) of the O.U.G. no. 32/2012, din care:	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
-treasury bills with original maturities of less than 1 year	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>8</b> Participation titles of F.I.A./O.P.C.V.M.	-	-	-	-	-	-	-	-	-
<b>9</b> Dividends or other receivable rights	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
- in RON	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
- in EUR	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
- in USD	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>10</b> Other assets out of which:	0.0059%	0.0058%	-	869,214.03	0.0060%	0.0056%	-	795,183.76	(74,030.27)
- guarantee deposited to the broker for the buyback tender offer	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
- receivables related to the cash contributions to the share capital increases performed by portfolio companies	0.0002%	0.0002%	-	30,030.00	0.0002%	0.0002%	-	30,030.00	-
- receivables related to transactions under settlement	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
- tax on dividends to be recovered from the State Budget	0.0020%	0.0020%	-	294,926.41	0.0000%	0.0000%	-	-	(294,926.41)
- intangible assets	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
- advance payments for intangible assets	0.0006%	0.0006%	-	88,311.09	0.0010%	0.0009%	-	126,767.25	38,456.16
- other receivables	0.0020%	0.0019%	-	299,602.65	0.0001%	0.0001%	-	9,685.25	(289,917.40)
- in RON	0.0020%	0.0019%	-	299,602.65	0.0001%	0.0001%	-	9,685.25	(289,917.40)
- in EUR	0.0000%	0.0000%	EUR -	-	0.0000%	0.0000%	EUR -	-	-
- in USD	0.0000%	0.0000%	USD -	-	0.0000%	0.0000%	USD -	-	-
- prepaid expenses	0.0011%	0.0011%	-	156,343.88	0.0047%	0.0044%	-	628,701.26	472,357.38

	Item	31 December 2021				31 December 2022				Differences
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	RON
<b>II</b>	<b>Total liabilities</b>	<b>0.7850%</b>	<b>0.7789%</b>	-	<b>114,372,608.92</b>	<b>0.8821%</b>	<b>0.8745%</b>	-	<b>123,500,084.64</b>	<b>9,127,475.72</b>
<b>1</b>	Liabilities in relation with the payments of fees due to the A.F.I.A.	0.1027%	0.1019%	-	14,961,308.43	0.1905%	0.1888%	-	26,667,948.13	11,706,639.70
	- in RON	0.0000%	0.0000%	-	0.00	0.0020%	0.0019%	-	273,952.62	273,952.62
	- in EUR	0.1027%	0.1019%	EUR 3,024,074.95	14,961,308.43	0.1885%	0.1869%	EUR 5,333,089.96	26,393,995.51	11,432,687.08
<b>2</b>	Liabilities related to the fees payable to the depository bank	0.0002%	0.0001%	-	21,935.87	0.0001%	0.0001%	-	20,217.01	(1,718.86)
<b>3</b>	Liabilities related to the fees payable to intermediaries	0.0404%	0.0400%	-	5,880,160.97	0.0194%	0.0192%	-	2,713,146.62	(3,167,014.35)
	- in RON	0.0156%	0.0154%	-	2,267,852.50	0.0000%	0.0000%	-	0.00	(2,267,852.50)
	- in EUR	0.0136%	0.0135%	EUR 400,000.00	1,978,960.00	0.0194%	0.0192%	EUR 548,210.10	2,713,146.62	734,186.62
	- in USD	0.0112%	0.0111%	USD 352,424.91	1,633,348.47	0.0000%	0.0000%	USD -	0.00	(1,633,348.47)
<b>4</b>	Liabilities related to commissions and other bank services	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>5</b>	Interest payable	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>6</b>	Issuance expense	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
<b>7</b>	Liabilities in relation with the fees/commissions to FSA	0.0078%	0.0078%	-	1,141,613.52	0.0081%	0.0081%	-	1,136,985.13	(4,628.39)
<b>8</b>	Audit fees	-0.0011%	-0.0011%	-	(160,638.87)	0.0000%	0.0000%	-	-	160,638.87
<b>9</b>	Other Liabilities, out of which:	0.5486%	0.5445%	-	79,945,096.21	0.5543%	0.5495%	-	77,601,445.62	(2,343,650.59)
	- short term credit facility	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	0.00	-
	- liabilities to the Fund's shareholders related to the dividend distribution	0.5091%	0.5051%	-	74,166,644.07	0.5016%	0.4972%	-	70,217,396.50	(3,949,247.57)
	- liabilities related to the return of capital	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	0.00	-
	- liabilities related to Government securities under settlement	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	- provisions	0.0000%	0.0000%	-	-	0.0000%	0.0000%	-	-	-
	- remunerations and related contributions	0.0002%	0.0002%	-	31,751.00	0.0002%	0.0002%	-	31,751.00	-
	- VAT payable to State Budget	0.0000%	0.0000%	-	4,874.96	0.0001%	0.0001%	-	10,843.68	5,968.72
	- tax on dividends payable to State Budget	0.0153%	0.0152%	-	2,233,527.00	0.0000%	0.0000%	-	-	(2,233,527.00)
	- other liabilities out of which:	0.0240%	0.0240%	-	3,508,299.18	0.0524%	0.0520%	-	7,341,454.44	3,833,155.26
	- in RON	0.0240%	0.0240%	-	3,508,299.18	0.0522%	0.0517%	-	7,301,463.08	3,793,163.90
	- in EUR	0.0000%	0.0000%	EUR -	-	0.0003%	0.0003%	EUR 8,080.53	39,991.36	39,991.36
	- in USD	0.0000%	0.0000%	USD -	-	0.0000%	0.0000%	USD -	-	-
	- in GBP	0.0000%	0.0000%	GBP -	-	0.0000%	0.0000%	GBP -	-	-
<b>10</b>	Payables related to buybacks under settlement	0.0864%	0.0857%	-	12,583,132.79	0.1098%	0.1088%	-	15,360,342.13	2,777,209.34
<b>III</b>	<b>Net Asset Value (I - II)</b>	<b>100.0000%</b>	<b>99.2211%</b>	-	<b>14,569,538,084.65</b>	<b>100.0000%</b>	<b>99.1255%</b>	-	<b>13,999,617,719.40</b>	<b>-569,920,365.25</b>

## Unitary Net Asset Value

Item	31 March 2023	31 March 2022	Differences
Net Asset Value	13,999,617,719.40	14,535,940,089.81	(536,322,370.41)
Number of outstanding shares	5,421,221,124	6,194,326,989	(773,105,865)
Unitary net asset value	2.5823	2.3466	0.2357

## DETAILED STATEMENT OF INVESTMENTS AS AT 31 March 2023

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

#### 1.1 Listed shares traded in the last 30 trading days (working days)

Issuer	Symbol	Date of the last trading session	No of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset	Valuation method
Alro SA	ALR	31-Mar-23	72,884,714	0.5	1.6950	123,539,590.23	10.21%	0.8747%	0.8824%	Closing Price
IOR SA	IORB	03-Mar-23	2,622,273	0.1	0.0900	236,004.57	0.69%	0.0017%	0.0017%	Reference price (Closing Price)
ROMAERO SA	RORX	22-Mar-23	1,311,691	2.5	28.0000	36,727,348.00	18.87%	0.2601%	0.2623%	Reference price (Closing Price)
<b>Total</b>						<b>160,502,942.80</b>		<b>1.1365%</b>	<b>1.1464%</b>	

#### 1.2. Shares not traded in the last 30 trading days (working days)

Issuer	Symbol	Date of the last trading session	No of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset	Valuation method
Alcom SA	ALCQ	10-Feb-17	89,249	2.5	116.6112	10,407,432.99	71.89%	0.0737%	0.0743%	Value based on the valuation report as at 31 October 2022 (applying the income approach using the discounted cash flow method)
MECON SA	MECP	27-Jan-23	60,054	11.6	12.7000	762,685.80	12.51%	0.0054%	0.0054%	Fair value (Last trading price)
<b>Total</b>						<b>11,170,118.79</b>		<b>0.0791%</b>	<b>0.0797%</b>	

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

Not the case

#### 1.4. Allocation rights admitted to trading

Not the case

#### 1.5. Preferred rights admitted to trading

Not the case

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

Not the case

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

Not the case

#### 1.8. Other securities admitted to trading on a regulated market

Not the case

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

Not the case



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

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

Not the case

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

Not the case

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

Not the case

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

Not the case

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

Not the case

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

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

Not the case

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

Not the case

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

Not the case

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

Not the case

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

Not the case

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

Not the case

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

Not the case

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

Not the case

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

Not the case

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

Not the case

## 7. Newly issued securities

### 7.1. Newly issued shares

Not the case

### 7.2. Newly issued bonds

Not the case

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

Not the case

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

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

#### 8.1.1. Shares not admitted to trading

Issuer	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital %	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset	Company status	Valuation method
Aeroportul International Mihail Kogalniceanu - Constanta SA	23,159	10	91.0099	2,107,698.27	20.00%	0.0149%	0.0151%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the income approach using the discounted cash flow method)
Aeroportul International Timisoara - Traian Vuia SA	32,016	10	171.7891	5,499,999.83	20.00%	0.0389%	0.0393%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the income approach using the discounted cash flow method)
CN Administratia Canalelor Navigabile SA	203,160	10	66.665	13,543,661.40	20.00%	0.0959%	0.0967%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	10	118.2238	3,257,538.59	20.00%	0.0231%	0.0233%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
CN Administratia Porturilor Dunarii Maritime SA	21,237	10	180.6618	3,836,714.65	20.00%	0.0272%	0.0274%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
CN Administratia Porturilor Maritime SA	6,466,226	10	43.7658	282,999,553.87	19.99%	2.0038%	2.0215%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the income approach using the discounted cash flow method)
CN Aeroporturi Bucuresti SA	2,875,443	10	247.9617	712,999,734.53	20.00%	5.0485%	5.0930%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the income approach using the discounted cash flow method)
Complexul Energetic Oltenia SA	5,314,279	10	0	0.00	21.55%	0.0000%	0.0000%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (valued at zero mainly due to high net debt position)
E-Distributie Banat SA	9,220,644	10	23.0894	212,899,137.57	24.12%	1.5075%	1.5207%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
E-Distributie Dobrogea SA	6,753,127	10	25.2327	170,399,627.65	24.09%	1.2065%	1.2172%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
E-Distributie Muntenia SA	3,256,396	10	56.4734	183,899,753.87	12.00%	1.3021%	1.3136%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)

Issuer	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital %	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset	Company status	Valuation method
ENEL Energie Muntenia SA	444,054	10	0	0.00	12.00%	0.0000%	0.0000%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
ENEL Energie SA	1,680,000	10	12.8571	21,599,928.00	12.00%	0.1529%	0.1543%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
Engie Romania SA	2,390,698	10	184.3394	440,699,834.90	11.99%	3.1204%	3.1479%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
Gerovital Cosmetics SA	1,350,988	0	0	0.00	9.76%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Hidroelectrica SA	89,440,313	10	124.6507	11,148,797,623.67	19.94%	78.9401%	79.6364%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for EBITDA)
Plafar SA	132,784	10	16.5652	2,199,593.52	48.99%	0.0156%	0.0157%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the income approach using the discounted cash flow method)
Posta Romana SA	14,871,947	1	1.4591	21,699,657.87	6.48%	0.1536%	0.1550%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the market comparison technique using comparable trading multiples for price/Earnings)
ROMPLUMB SA	1,595,520	3	0	0.00	33.26%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Salubriserv SA	43,263	3	0	0.00	17.48%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Simtex SA	132,859	3	0	0.00	30.00%	0.0000%	0.0000%	Juridical reorganisation	Priced at zero
Societatea Electrocentrale Craiova SA	513,754	10	0	0.00	21.55%	0.0000%	0.0000%	Unlisted companies, in function	Priced at zero (lack of financial statements required for year-end valuation)
Societatea Nationala a Sarii SA	2,011,456	10	136.0705	273,699,823.65	48.99%	1.9380%	1.9551%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the income approach using the discounted cash flow method)
World Trade Center Bucuresti SA	198,860	79	0	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
Zirom SA	6,000,000	10	4.8072	28,843,200.00	100.00%	0.2042%	0.2060%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2022 (applying the income approach using the discounted cash flow method)
<b>Total</b>				<b>13,528,983,081.84</b>		<b>95.7932%</b>	<b>96.6382%</b>		

### 8.1.2. Shares traded under systems other than regulated markets

Not the case

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

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

### 8.1.4. Bonds not admitted to trading

Not the case

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

Not the case

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

Commercial papers

Not the case

## 9. Available cash in the current accounts and petty cash

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

Bank	Current value	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset
BRD Groupe Societe Generale*	69,826,326.24	0.4944%	0.4988%
BRD Groupe Societe Generale - amounts under settlement**	-170.77	0.0000%	0.0000%
Banca Comerciala Romana	50,124.66	0.0004%	0.0004%
CITI Bank	1,540.44	0.0000%	0.0000%
ING BANK	1,824.02	0.0000%	0.0000%
Raiffeisen Bank	1,276.05	0.0000%	0.0000%
Unicredit Tiriac Bank	1,404.13	0.0000%	0.0000%
Petty cash	416.16	0.0000%	0.0000%
<b>Total</b>	<b>69,882,740.93</b>	<b>0.4948%</b>	<b>0.4992%</b>

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

\*\*The amount under settlement according with the bank statement as at 31 March 2023

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

Bank	Currency	Current value	NBR exchange rate	Current value (in RON)	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset
BRD Groupe Societe Generale	EUR	599.61	4.9491	2,967.53	0.0000%	0.0000%
BRD Groupe Societe Generale	GBP	187.77	5.6256	1,056.32	0.0000%	0.0000%
BRD Groupe Societe Generale	USD	7449.18	4.5463	33,866.21	0.0002%	0.0002%
<b>Total</b>				<b>37,890.06</b>	<b>0.0002%</b>	<b>0.0002%</b>

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

Bank deposits in RON

Name of the bank	Starting date	Maturity date	Initial value	Daily interest	Cumulative interest	Current value (RON)	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Valuation method
Banca Comerciala Romana	27-Mar-23	03-Apr-23	91,900,000.00	14,040.28	70,201.39	91,970,201.39	0.6512%	0.6569%	Bank deposit value cumulated with the daily related interest for the period from starting date
Unicredit Tiriac Bank	28-Mar-23	11-Apr-23	85,000,000.00	12,868.05	51,472.22	85,051,472.22	0.6022%	0.6075%	
CITI Bank	30-Mar-23	06-Apr-23	80,600,000.00	11,530.28	23,060.56	80,623,060.56	0.5709%	0.5759%	
BRD Groupe Societe Generale	31-Mar-23	03-Apr-23	10,088,027.15	1,347.87	1,347.87	10,089,375.02	0.0714%	0.0721%	
BRD Groupe Societe Generale	31-Mar-23	03-Apr-23	84,000,000.00	11,736.67	11,736.67	84,011,736.67	0.5949%	0.6001%	
<b>Total</b>			<b>351,588,027.15</b>		<b>157,818.71</b>	<b>351,745,845.86</b>	<b>2.4906%</b>	<b>2.5125%</b>	

**11. Derivative financial instruments traded on a regulated market**

11.1. Future contracts

Not the case

11.2. Options

Not the case

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

Not the case

**12. Derivative financial instruments traded outside of the regulated markets**

12.1. Forward contract

Not the case

12.2. Swap contract

Not the case

12.3. Contracts for differences

Not the case

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

Not the case

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

Treasury bills

Not the case

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

14.1. Participation titles denominated in RON

Not the case

14.2. Participation titles denominated in foreign currency

Not the case

14.3. Amounts under settlement regarding participation titles denominated in RON

Not the case

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

Not the case

## 15. Dividends or other receivable rights

15.1. Dividends receivable

Not the case

15.2. Shares distributed without cash consideration

Not the case

15.3. Shares distributed with cash consideration

Not the case

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

Not the case

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

Not the case

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

Item	31 December 2021	31 December 2022	31 March 2023
Net Asset	13,244,639,868.31	14,569,538,084.65	13,999,617,719.40
NAV/share	2.2624	2.5701	2.5823

### Leverage of Fondul Proprietatea

Method type	Leverage level	Exposure amount
a) Gross method	97.86%	13,700,694,033.49
b) Commitment method	100.00%	13,999,617,719.40

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