FONDUL PROPRIETATEA SA

INVESTOR DISCLOSURE DOCUMENT

This document is issued by Franklin Templeton International Services S.à r.l. ("FTIS") in order to make certain particular information available to existing investors in the Alternative Investment Fund ("the Company" or "Fondul") noted below before they invest, in accordance with the requirements of the Directive 2011/61/EU on Alternative Investment Fund Managers (the "AIFM Directive"). It is made available to existing investors by being available at www.fondulproprietatea.ro.

FTIS has its registered office at 8A rue Albert Borschette, L-1246, Luxembourg and which is registered with the RCS under number 36.979.

Potential investors in the Company's shares may wish to consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

IMPORTANT INFORMATION

Regulatory status of the Company

FONDUL PROPRIETATEA SA (is an alternative investment fund ("AIF") for the purposes of the AIFM Directive.

The Company's shares are listed and admitted to trading on the main market of the Bucharest Stock Exchange and on the Specialist Fund Market of the London Stock Exchange, through Global Depositary Receipts ("GDR"). The Company is subject to its articles of incorporation, Romanian laws and regulations as listed in the Annual Report of the Company and AIFM Directive and Regulation (EU) no. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU (the "AIFM Regulation").

The provisions of the Company's articles of incorporation are binding on the Company and its shareholders. The articles of association set out the respective rights and restrictions attaching to the Company's shares and GDRs. These rights and restrictions apply equally to all shareholders. All shareholders are entitled to the benefit of and are bound by and are deemed to have notice of, the Company's articles of incorporation. The Company's articles of incorporation are governed by Romanian law.

Limited purpose of this document

This document is not being issued for any purpose other than to make certain, required regulatory disclosures to existing investors and, to the fullest extent permitted under applicable law and regulations, the Company and its Directors will not be responsible to persons other than the Company's shareholders for their use of this document, nor will they be responsible to any person (including the Company's shareholders) for any use which they may make of this document other than to inform a decision to invest in shares in the Company.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to buy or sell, or otherwise undertake investment activity in relation to, the Company's shares and GDRs.

This document is not a prospectus and it is not intended to be an invitation or inducement to any person to engage in any investment activity. This document may not include (and it is not intended to include) all the information which investors and their professional advisers may require for the purpose of making an informed decision in relation to an investment in the Company and its shares and GDRs.

No advice

The Company and its Directors are not advising any person in relation to any investment or other transaction involving shares and GDRs in the Company. Recipients must not treat the contents of this document or any subsequent communications from the Company, or any of its affiliates, officers, directors, employees or agents, as advice relating to financial, investment, taxation, accounting, legal, regulatory or any other matters. Prospective investors must rely on their own professional advisers, including their own legal advisers and accountants, as to legal, tax, accounting, regulatory, investment or any other related matters concerning the Company and an investment in shares and GDRs.

Potential investors in the Company's shares should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser before investing in the Company.

Overseas investors

The distribution of this document in certain jurisdictions may be restricted and accordingly persons into whose possession this document comes are required to inform themselves about and to observe such restrictions. The shares have not been, and will not be, registered under the United States Securities Act of 1933 (as amended) or under any of the relevant securities laws of Canada, Australia or Japan. Accordingly, the shares and GDRs may not (unless an exemption from such Act or such laws is available) be offered, sold or delivered, directly or indirectly, in or into the USA, Canada, Australia or Japan. The Company is not registered under the United States Investment Company Act of 1940 (as amended) and investors are not entitled to the benefits of such Act.

Prospective investors must inform themselves as to (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares and GDRs.

Risk profile / Risk management systems

The current risk profile of the Company, including the risks the Company is or may be exposed to, is described within the risk and risk management related content of the Annual Sole Director's Report for Financial Year Ended 31 December 2024 (the "Annual Report"). The Annual Report also includes detailed information about the sensitivity of the Company to certain risks.

The purpose of this document is to provide supplemental information to shareholders in the context of the AIFM Directive in the context of the Sustainable Finance Disclosure Regulation ("SFDR"). Article 6 of the SFDR requires asset managers to disclose the following information: how sustainability risks are integrated into their investment decisions, and the results of an assessment of the likely impacts of sustainability risks on their funds. This document has to be considered in conjunction with the risk management information already provided in the Annual Report.

The Alternative Investment Fund Manager (the “AIFM”) of the Company has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor the risks and compliance with risk limits. The AIFM has a risk management process document filed with the regulator of the AIFM and risk management policies which cover the risks associated with the AIF and the adequacy and effectiveness of this framework is reviewed and approved at least annually. Regular reporting is prepared and reviewed by the AIFM’s Senior Management. The Board of Nominees of Fondul is informed regularly about the risk profile and the risk measures monitored.

For each relevant risk area, risk limits are set by the AIFM which take into account the objectives, strategy and risk profile of the AIF. These limits are monitored regularly as required by the nature of the risk area, and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables to the AIF. Exceptions from limits monitoring and stress testing would be reported to the Board of Fondul along with remedial measures being taken.

An important part of the Fund’s assets consists of unlisted securities. The principal risks in relation to the Fund are market risk (comprised of currency risk, interest rate risk and other price risk), unlisted investment risk, share price discount to NAV risk, credit risk, and liquidity risk. Further details in relation to the nature and extent of these risks are presented the Annual Report of the Company.

Macroeconomic events related but not limited to the Covid-19 pandemic and commodities prices can have negative impacts on the portfolio’s assets.

Amongst other measures considered regularly, the AIFM is assessing and monitoring market risk through relative Value at Risk (VaR) calculated using the Monte Carlo approach. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis. VaR can be defined as the predicted loss a portfolio can experience at a specified confidence level (e.g. 99%) over a given period of time (e.g. 20 days).

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 month (20 days) and a historical observation period of not less than 1 year (250 days). A 99% 1-month VaR means that the expectation is that 99% of the time over a 1-month period the Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

The AIFM uses the relative VaR methodology and calculates this figure for the portfolio using observable prices for listed securities and proxies for the unlisted holdings. Relative VaR is simply the absolute VaR of the portfolio divided by the absolute VaR of the benchmark. The benchmark used is the one that is most representative of the Fund’s strategy and likely risk exposures.

It is noted that the use of this VaR methodology, as any other statistical risk measure, has limitations. There is some probability that the loss could be greater than the VaR amounts and therefore the AIFM can neither guarantee that losses will not exceed the indicated VaR, nor that losses in excess of the VaR amounts will not occur more frequently. Risk statistics are subject to fluctuations and historical figures may not reflect current or future portfolio characteristics.

The AIFM assesses on a regular basis the sensitivity of the Fund’s portfolio of listed assets in relation to relevant financial indices, commodity prices and using historical scenario analysis.

Fund’s equity trading activity is conducted on a Delivery versus Payment basis with approved counterparties only, minimizing counterparty exposure. Any counterparty is subject to a review and approval process prior to any trading activity. The risk function of the AIFM prepares and assesses counterparty exposure reports regularly and reviews the reporting provided by FTI Counterparty Credit Committee.

No risk limits set by the AIFM have been exceeded or were likely to be exceeded during 2024.

Liquidity Risk

Fund was holding 82.61% unlisted securities as of 31st December 2024. In addition, the total unlisted holdings and listed but not liquid holdings represent 88.07% of the total equity portfolio at 31 December 2024. There were no assets subject to special arrangements arising from their illiquid nature.

There are no new arrangements for managing the liquidity/liquidity risk of the Company.

The Fund's closed end structure has relatively low liquidity requirements, reducing the impact of potential illiquidity in the portfolio. The risk function of the AIFM performs a regular assessment of the asset liquidity status using liquidity market data from different sources to ensure that the portfolio is sufficiently liquid in normal and exceptional market conditions.

Shares in the Fund are not redeemable, and shareholders do not have the right to require their shares to be purchased by the Company. Accordingly, the liquidity management policy ensures that the Company's investment portfolio is sufficiently liquid to meet the following principal obligations:

- the Fund's operating and financing expenses: in practice, these expenses are typically covered by dividends received from the Fund's investments;
- the potential need to repay borrowings at short notice, which might require to be met by the sale of liquid assets.

Leverage under AIFM Directive considerations

The leverage definition under AIFM Directive is wider than the traditional gearing definition applied. In accordance with the AIFM Regulation leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of Company's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Company's positions (including all holdings like ordinary shares) after deduction of cash balances and cash equivalents, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and cash equivalents and after certain hedging and netting positions are offset against each other if applicable.

The Fund may not utilize its short-term borrowing facility for investment purposes nor is the Investment Manager using derivatives to hedge any risks as of 31 December 2024. The use of derivative financial instruments is permitted.

The maximum incremental level of leverage which the AIFM is entitled to employ on behalf of the Fund for AIFM Directive monitoring and reporting purposes is 50% which, considering 100% of long assets held in the portfolio, relates to a ratio of 1.5 (or 150%) for both the gross method and the commitment method.

There was no change to the level of leverage applied for AIFM Directive monitoring and reporting purposes since 1 January 2023.

Therefore, the actual level of leverage recorded under the requirements of AIFM Directive for 31 December 2022 is 1.00 (or 100.00%) using the "commitment" method and 0.88 (or 88.07%) under the "gross" method.

Sustainability Risk

The AIFM of the Company has implemented a policy in respect of the integration of sustainability risks in its investment decision making-process. The AIFM of the Company and/or Investment Manager integrate sustainability risks and opportunities into their research, analysis and investment decision-making processes.

Sustainability risk means an environmental, social, or governance event or condition, that, if it occurs, could potentially or actually cause a material negative impact on the value of a Fund's investment. Sustainability risks can either represent a risk of their own or have an impact on other risks and may contribute significantly to risks, such as market risks, operational risks, liquidity risks or counterparty risks.

Sustainability risks are important elements to consider in order to enhance long-term risk adjusted returns for investors and determine specific Fund's strategy risks and opportunities.
The AIFM of the Company and/or relevant Investment Manager make use of specific methodologies and databases into which environmental, social, and governance (ESG) data from external research companies, as well as own research results, are incorporated. Assessment of sustainability risks is complex and may be based on ESG data which is difficult to obtain and incomplete, estimated, out of date or otherwise materially inaccurate. Even when identified, there can be no guarantee that these data will be correctly assessed.

To the extent that a sustainability risk occurs, or occurs in a manner that is not anticipated by the AIFM of the Company and/or the relevant Investment Manager's models, there may be a sudden, material negative impact on the value of an investment. Such negative impact may result in an entire loss of value of the relevant investment(s) and may have an equivalent negative impact on the Net Asset Value of the Fund.

The Investment Manager considers that sustainability risks are relevant to the returns of the Fund. The integration of sustainability risks in the investment decision process may have the effect of excluding profitable investments from the investment universe of the Fund and may also cause the Fund to sell investments that will continue to perform well.

Appreciation of sustainability risk is to a degree subjective and there is no guarantee that all investments made by the Fund will reflect beliefs or values of any particular investor on sustainable investments.

A sustainability risk could materialize as the occurrence of an environmental, social or governance event or condition causing material negative impact on the value of one or several investments and thus negatively affecting the returns of the Fund.

Dated 31 March 2025

FONDUL PROPRIETATEA S.A., an alternative investment fund • Headquarters at: 76-80 Buzesti Street, 7th floor, Bucharest 1st district, postal code 011017, Romania • Fiscal Identification Code (CIF): 18253260, registered with the Trade Registry under no: J40/21901/2005 • Subscribed and paid-up share capital RON 1,849,342,164.28 • Tel.: + 40 21 200 9600; Fax: +40 316 300 048; Email: office@fondulproprietatea.ro; Internet: www.fondulproprietatea.ro