

*Memo regarding the additional annual audit fees (2022 – 2024)*

According to Fondul Proprietatea (“Fondul / the Fund”) Constitutive Act, Article 12, paragraph (2), sub-paragraph f): *‘The ordinary general meeting of the shareholders has the following competencies, duties and functions:[...] to approve the remuneration policy applicable to the members of the Board of Nominees and to the Alternative Investment Fund Manager, that includes the level of remuneration of the members of the Board of Nominees and of the Alternative Investment Fund Manager, and to set the level of the remuneration of the financial auditor for financial audit services.’*

The purpose of this memo is to present and submit for approval to the shareholders the additional annual external audit fees requested by Ernst & Young Assurance Services SRL (“EY”) for the period 2022 - 2024.

The additional annual fees requested by EY include:

1. EUR 8,500 (net of VAT) representing annual audit fees for additional regulatory reporting (Remuneration Report compliance check and the reasonable assurance engagement for the ESEF Reporting). This request is subject to shareholders approval under point 4.1. of the OGM agenda.
2. EUR 11,754 (net of VAT) representing additional annual audit fees for audit of the statutory financial statements. This request is subject to shareholders approval under point 4.2. of the OGM agenda.

If the requests above are approved, the total annual audit fees would amount to EUR 110,254 (net of VAT) compared to EUR 90,000 (net of VAT) previously approved by the shareholders and included in the existing engagement letter with EY. Also, the new fees will be fixed for the period 2022 – 2024 and any other fee request will be subject to a separate approval.

The selection process for the auditor of Fondul was carried out in late 2020/ beginning of 2021. At the time of the signing of the original engagement letter with EY, the Remuneration Report was not yet mandatory as the changes to the legislation had not been implemented yet. Also, the ESEF Reporting process was still being discussed between auditors and clients regarding the final form of the report/ opinion which should be provided. Due to these aspects, the original fees did not include the fees requested under point 1 above.

The additional fees requested under point 2 above represent an inflation adjustment computed based on the total Eurostat monthly inflation starting with January 2021 and up to June 2022. The Fund Manager reviewed the EY proposal and considered it reasonable and in line with the current general economic context, with the trends observed in other jurisdictions and/ or requests from other service providers.

All the services above and their associated additional annual fees have been presented and discussed with the Audit and Valuation Committee of Fondul Proprietatea and were priorly approved by the Fund’s Board of Nominees.