

Memo

Regarding The Proposed Global Depositary Receipts (“GDRs”) Delisting on the Agenda of the Extraordinary General Meeting of Shareholders on 2 December 2024

Background

- The Global Depositary Receipts (“GDRs”) representing the Fund's underlying shares (the “Shares”) were issued by the Bank of New York Mellon (“BNYM”) pursuant to a deposit agreement dated 27 April 2015 and have been admitted to trading on the Specialist Fund Market of the London Stock Exchange (the “LSE”) on 29 April 2015.
- At that time, the GRDs listing on the LSE was considered by the Fund for the purpose of attracting additional demand for the Fund’s Shares (which, in turn, was expected to contribute to the narrowing of the discount of the share price to net asset value (“NAV”) and to reap the potential benefits such as broadening the foreign institutional investor base not active in Romania at the time, increased visibility of the Fund, increased research coverage and potential valuation uplift.
- After a maximum reached on 22 January 2016, the GDR volume in issue recorded a decreasing trend. As of 30 September 2024, GDRs accounted for only 2.70% of the Fund's share capital, representing a number of 96,138,500 Shares (with one GDR representing 50 Shares), as shown in the table below.

	• As at 22 January 2016*	• As at 30 September 2024
• Number of shares represented by the GDRs	• 3,731,141,000	• 96,138,500
• % of the share capital	• 33.33	• 2.70
• % of the voting rights**	• 34.45	• 2.58

* On 22 January 2016, the total GDR holdings reached the limit for GDR issuance representing 1/3 of the Fund’s issued share capital.

** The suspended voting rights related to the Fund’s treasury shares acquired under the buyback programmes, either in the form of shares and/or GDRs, were not included for computing the exercisable voting rights.

GDRs traded values and volumes decreased significantly since listing as shown in the below table:

	Volume (no of GDRs)	Avg Daily Trading Volume (no of GDRs)	Avg Daily Trading Value USD
2015	25,815,822	150,092	1,558,249
2016	24,278,972	95,964	930,024
2023	7,446,037	29,665	486,756
9m 2024	1,366,511	7,192	40,289

GDRs delisting

In light of the above, it appears that the GDRs listing on the LSE has met its purpose as liquidity appears to have flowed back to the local market due to the broadening the foreign institutional investor base active in Romania, which benefited the Fund, the other portfolio companies of the Fund and the Romanian capital market in general. The resounding success of the initial public offering of Hidroelectrica in 2023 is further proof of such market's development, certifying also the enduring commitment of Franklin Templeton International Services S.À R.L, as alternative investment fund manager and sole director of the Fund (the "**Fund Manager**") to developing Romania's local capital market, promoting corporate governance and increasing transparency.

Therefore, having also regard to the fact that:

- There are ongoing regulatory compliance and administrative costs that the Fund needs to incur as a result of maintaining its LSE listing;
- The Fund's shares will continue to be listed and traded on the Bucharest Stock Exchange and thus the delisting from LSE should not adversely impact the company's shareholders;
- Up until the finalisation of the delisting process, the GDR holders will be able to convert their GDRs and consequently be able to hold directly Shares in the Fund;

and after careful consideration, the Fund Manager believes that keeping the GDRs listing on the LSE would not give the Fund any relevant advantage and consequently that it is no longer in the interests of the Fund and its shareholders to maintain such listing on the LSE.

Proposal for approval

In consideration of the above, **it is hereby proposed to the Fund's Extraordinary General Meeting of Shareholders of 2 December 2025 as follows:**

The approval of: (a) the delisting of the global depositary receipts ("GDRs") issued by The Bank of New York Mellon ("BNYM") and admitted to trading on the Specialist Fund Market of the London Stock Exchange, one GDR representing 50 underlying shares issued by Fondul Proprietatea S.A. (the "Fund"); and (b) the empowerment of Franklin Templeton International Services S.À R.L, as alternative investment fund manager and sole director of the Fund to perform any legal acts or actions necessary, useful or appropriate with respect to this item on the agenda, including, but without being limited to the following: establishing any details of the delisting of the GDRs and the related termination of the Fund's GDRs programme including the termination of the deposit agreement dated 27 April 2015 and any other relevant contractual relationship between the Fund and BNYM; determining the period during which GDR holders will be able to convert their GDRs into shares; determining the effective date of delisting; if the case, determining any relevant matters regarding the sale of the underlying shares in accordance with the Financial Supervisory Authority Regulation no. 4/2013 (as amended) after the delisting of the GDRs; representing the Fund in front of any competent authorities and institutions.

Franklin Templeton International Services S.À R.L, in its capacity as alternative investment fund manager and sole director of FONDUL PROPRIETATEA S.A.

Johan Meyer

Permanent Representative]