

***Memo regarding the 2025 buy-back programme***

According to Article 103<sup>1</sup> of Companies' Law no. 31/1990, the buy-back of shares can take place under the following conditions:

*„a) the authorization of the purchase of its own shares is given by the extraordinary general assembly of the shareholders that establishes the conditions to acquire the shares, mostly the maximum number of shares which is going to be purchased, the period for which the authorization is granted and which cannot exceed 18 months as from the date when the decision was published in the Official Gazette of Romania, Part IV, and in case of a purchase for a consideration, their minimum and maximum equivalent value;*

*b) the nominal value of the own shares purchased by the company, including those already existing in its portfolio, cannot exceed 10% of the subscribed registered capital;*

*c) the transaction can only have as object fully paid shares;*

*d) the payment of the shares thus purchased shall be done only out of the distributable profits or of the available reserves of the company, as registered in the last approved annual financial statement, except for the legal reserves.”*

According to Article 104 paragraph (1) letter a) of Companies' Law no. 31/1990, the restrictions mentioned at Article 103<sup>1</sup> shall not be applicable with respect to the buy-backs programs targeting the share capital decrease.

In addition, according to Article 29 paragraph (4) of Law no. 243/2019 on alternative investment funds, as amended by Government Emergency Ordinance no. 71/2024<sup>1</sup>, “*AIF organized as investment companies conducts buyback operations of its own shares only once during a financial year, within a limit of up to 10% of the share capital, in compliance with the conditions stipulated in paragraph (3) letters a) and b), with payment for the acquired shares being made solely from the own sources of AIF organized as investment companies”.*

According to Article 30 and corroborated with Article 29 paragraph (1) of Law no. 243/2019, in case of alternative investments funds organised as companies whose shares are admitted to trading on a trading venue or are traded on a stock exchange in a third country, the general meeting of shareholders for approving the buy-back programmes shall be conducted according to the provisions of Companies' Law no. 31/1990 and of Law no. 24/2017 regarding issuers.

Taking into consideration the legal provisions in force, the Sole Director would like to propose to the shareholders: “*The approval of the Sole Director’s authorization to buy-back shares of Fondul Proprietatea, global depositary receipts corresponding to shares of Fondul Proprietatea, via trading on the regular market on which the shares, the global depositary receipts corresponding to the shares of Fondul Proprietatea are listed, or public tender offers, in compliance with the applicable law, for a maximum number of 320,000,000 shares (being in the form of shares and/or shares equivalent as described above), during the 2025 financial year, starting with the date when the resolution related to this approval is published in the Official Gazette of Romania, Part IV and until the maximum legal limit of 10% of the Fund’s share capital, as decreased further the implementation of the EGM resolution approving the share-capital decrease in accordance with item 2 of this EGM agenda, is reached. The buy-back shall be performed at a price that cannot be lower than RON 0.2 / share or higher than RON 1 / share. In case of acquisitions of global depositary receipts corresponding to shares of Fondul Proprietatea, the calculation of number of shares in relation to the aforementioned thresholds shall be based on the number of Fondul Proprietatea shares underlying such instruments and their minimum and maximum acquisition price in the currency equivalent (at the relevant official exchange rate published by the National Bank of Romania valid for the date on which the instruments are purchased), shall be within the price limits applicable to the share buy-backs above-mentioned, and shall be calculated based on the number of shares represented by each global depositary receipt. The transaction can only have as object fully paid shares and global depositary receipts corresponding to these shares. The said buy-back programme is aimed at the share capital decrease of Fondul*

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<sup>1</sup> GEO no. 71/2024 – Government Emergency Ordinance no. 71/2024 for the amendment and completion of certain legal acts as well as for setting up measures against aggressive publicity and communication techniques used by entities not included in the FSA Register.

*Proprietatea in accordance with Article 207 paragraph (1) letter (c) of Companies' Law no. 31/1990. This buy-back programme implementation will be done exclusively from Fondul Proprietatea's own sources."*

The said buy-back programme, if approved by the shareholders, will be carried out by the Sole Director, namely Franklin Templeton International Services S.à r.l.

From an accounting perspective, the Fund recognises the treasury shares (repurchases of own shares and/ or GDRs) at trade date as a deduction to shareholders' equity (in an equity reserve account), as per Article 75 of FSA's Norm no. 39/2015. Treasury shares are recorded at acquisition cost, including brokerage fees and other transaction costs directly related to their acquisition.

At the cancellation date, only a reallocation between the equity accounts is booked, without any impact on profit or loss or additional total shareholders' equity decrease. Although a negative equity element may arise upon cancellation of the shares acquired in the buyback programme (due to the difference between acquisition costs and par value<sup>2</sup>), this does not generate an additional shareholder's equity decrease. Any impact of the buy-back programme cancellation on the negative equity reserve (if any) will be presented in the quarterly, semi-annual and annual Sole Director's reports and financial statements. The coverage of the audited balance of the negative reserve will be subject to GSM approval at a later stage.

Norm 39/2015 mentions that the negative balance arising on the cancellation of equity instruments may be covered from retained earnings and other equity elements, in accordance with the decision of the General Shareholders' Meeting.

The Sole Director is monitoring this topic and will analyse if an allocation between equity elements is needed to cover the negative balance of the treasury shares cancellation reserve.

An estimation of the potential maximum buyback cost is presented in the table below while the detailed actual cost will be disclosed in the quarterly, semi-annual and annual Sole Director's reports and financial statements. The table also presents the estimated negative reserve that will arise on cancellation of the shares acquired during this programme (to be booked on completion of all regulatory steps).

*All amounts in RON*

<b>Period<sup>3</sup></b>		1 Jan – 31 Dec 2025
Estimated number of shares repurchased (up to)	<i>A</i>	320,000,000
<b>Estimated acquisition cost at trade price</b> (excluding transaction costs), up to		<b>211,904,000</b>
<b>Estimated costs directly related to transactions</b> , including Financial Supervisory Authority fees, market fees, brokerage fees, GDR related fees, advisors, Sole director distribution fees, other fees, up to		<b>7,718,587</b>
<b>Estimated buy-back cost impacting the equity of the Fund</b> (trade price plus directly related transaction cost), up to	<i>B</i>	<b>219,622,587</b>
Correspondent Nominal Value (estimated NV = RON 0.52/ share) (RON), up to	$C=A*NV$	166,400,000
<b>Estimated negative reserve to be booked on cancelation, up to</b>	$D=C-B$	<b>(53,222,587)</b>

The maximum number of shares for the 2025 buy-back programme was calculated in accordance with the existing regulatory limit of 10% of share capital, introduced in 2024 through GEO 71/2024. For the calculation of the limit applicable in 2025, the share capital used was the value resulting after the cancellation of the treasury shares in balance at current date, respectively the shares repurchased within 2024 buy-back programme (similar approach as the one used by FSA during the 2024 tender offer approval process).

<sup>2</sup> Although we cannot anticipate the evolution of the Fund's shares market price, it is to be noted that generally, during the last years the market price of the shares repurchased during the buyback programme was higher than their nominal value.

<sup>3</sup> The first trading may take place only after the GSM resolution is published in the Official Gazette of Romania while the last trading will take place on the date the 10% regulatory limit is reached or 31 December 2025, whichever occurs earlier.

The total estimated costs regarding the 2025 buy-back programme may amount up to RON 211.9 million acquisition price and RON 7.7 million costs directly related to the transactions, assuming that 320 million shares representing maximum legal limit of 10% of the Fund's share capital would be repurchased within the programme. The maximum buy-back costs included in the table above do not represent a commitment that all the shares of the 2025 buy-back programme would be acquired.

The total maximum costs were estimated by assuming that the aforementioned approved shares would be bought-back through daily buybacks, one or more tender offers or a combination of them. However, the actual levels of the cost (acquisition cost and directly related costs) may be significantly different as they are influenced by the price and timing of each transaction (daily buy back and/ or tender offer, if any).

The 2025 buy-back programme is subject to the availability of funding and will be entirely financed from the Fund's own sources, assuming such sources are or will become available.

The actual cost results and impact on the Fund's equity will be presented to shareholders at the general shareholders' meeting having on the agenda the cancellation of the shares repurchased during the 2025 buy-back programme, assuming any shares would be repurchased.

In accordance with the Fund's policy, the above estimated negative reserve would be recorded in the accounting only upon completion of all legal and regulatory requirements related to the cancellation of shares acquired during the 2025 buyback programme. If required, the coverage of this reserve will be subject to shareholders' approval during a future GSM, based on the negative reserve balance reflected in the audited financial statements corresponding to the financial year when the respective negative reserve was booked in the accounting.

**Franklin Templeton International Services S.À R.L., acting as Sole Director and Alternative Investment Fund Manager on behalf of FONDUL PROPRIETATEA S.A.**

**Johan Meyer**

**Permanent representative**