

Memo regarding proposed amendment of article 19 paragraph (3) of the Constitutive Act regarding the period of AIFM mandate on the agenda of the Extraordinary General Shareholders Meeting (the “EGSM”) on 27 September 2024

The Board of Nominees (the “BoN”) of Fondul Proprietatea (“FP”) believes that a four-year mandate for the Alternative Investment Fund Manager (“AIFM”) offers significant strategic and operational advantages compared a two-year term.

The proposal to amend article 19 paragraph (3) of the Constitutive Act is made having regard to the OGMS resolution no. 9 of 25 September 2023, which mandated the BoN to launch a selection process for the appointment of a new AIFM. In this context, a longer mandate will allow the AIFM to develop and implement long-term investment strategies more effectively. Investment management, particularly in complex and volatile markets, requires a stable and extended period to identify, evaluate, and capitalize on profitable opportunities. A four-year term provides the necessary timeframe for thorough due diligence, execution of investment plans, and adaptation to market changes, ultimately ensuring better returns for shareholders.

The current provisions of the Constitutive Act, which limit the term of the AIFM mandate to two-years are overly restrictive and may deter highly qualified candidates from participating in the selection process. The short-term nature of a two-year mandate imposes significant pressure on the AIFM to deliver quick results, often at the expense of comprehensive and strategic investment planning. Potential candidates, aware of these constraints, might be less inclined to apply, thereby narrowing the pool of competent and experienced applicants. Extending the mandate to four years will attract a broader range of applicants, ensuring that the company can select from a more diverse and qualified pool of AIFMs.

Additionally, the extended mandate aligns better with the typical investment cycle, especially in unquoted entities (direct investments and/or private equity funds). A four-year term ensures that the appointed AIFM has sufficient time to oversee the entire lifecycle of these investments, from screening, due diligence, investment initiation and completion through to maturity. This continuity is crucial for maintaining the momentum of ongoing projects and for making any necessary adjustments based on performance metrics and market conditions.

In conclusion, having a four-year mandate for an AIFM provides a far better environment for strategic planning, attracts higher-calibre candidates, allows completion of complex projects (which take a significant amount of time to be implemented, particularly when it comes to investments in unquoted entities), and ensures a controlled and transparent appointment process. The BoN is of the view that this amendment is in the best interest of shareholders and the long-term success of FP.

Considering the above, we propose the approval by the EGSM of the amendment of FP’s Constitutive Act, as shown in the comparative table annexed thereto.

Board of Nominees of FONDUL PROPRIETATEA S.A.

Chairperson of Board of Nominees – Mrs. Iinca von Derenthall

**COMPARATIVE TABLE ON THE PROPOSED CHANGE OF FONDUL PROPRIETATEA'S CONSTITUTIVE ACT
- 27 September 2024 EXTRAORDINARY SHAREHOLDERS' MEETING¹ -**

Article	Current form	Proposed changes	Comments
Amendment of Article 19 par. (3) of the Constitutive Act	The mandate of the AIFM shall not exceed 2 years, with the possibility of re-election. The AIFM will call an Ordinary General Meeting of Shareholders to be held at least 6 months before the expiry of the mandate of AIFM and will ensure that the agenda of the ordinary general shareholders meeting will include points granting the options to (i) approve the renewal of the AIFM's mandate, (ii) appoint a new AIFM in accordance with the legal provisions in force, with the shareholders being granted the opportunity to propose candidates for such position; the agenda will also include provisions for the authorization of the negotiation and execution of the relevant investment management agreement and fulfilment of all relevant formalities for the authorization and legal completion of such appointment	The mandate of the AIFM shall not exceed 4 years, with the possibility of re-election. The AIFM will call an Ordinary General Meeting of Shareholders to be held at least 6 months before the expiry of the mandate of AIFM and will ensure that the agenda of the ordinary general shareholders meeting will include points granting the options to (i) approve the renewal of the AIFM's mandate, (ii) appoint a new AIFM in accordance with the legal provisions in force, with the shareholders being granted the opportunity to propose candidates for such position; the agenda will also include provisions for the authorization of the negotiation and execution of the relevant investment management agreement and fulfilment of all relevant formalities for the authorization and legal completion of such appointment	The proposed amendment of Article 19 par. (3) aims to prolong the mandate of the AIFM from 2 to 4 years.

¹ If approved by shareholders, these amendments will be effective after the registration with Trade Registry, following FSA's authorization.