

*Memo regarding the selection of the advisor for the Board of Nominees of Fondul Proprietatea SA*

According to the ordinary general meeting of shareholders ("OGMS") resolution no. 9 of September 25, 2023, the Board of Nominees ("BoN") of Fondul Proprietatea S.A. ("FP") was empowered to initiate and organize a transparent and competitive selection procedure for a new alternative investment fund manager ("AIFM"), establish new objectives, performance criteria and remuneration conditions realigned with these objectives and present these for approval by the GSM.

Taking into consideration the mandate granted, the BoN concluded that it needs the support of a suitably experienced independent adviser to assist it throughout this process.

The decision to engage a suitable independent selection adviser to assist the BoN was driven by the complexity of the process, the need to approach a sufficient number of foreign entities with appropriate expertise, and the necessity of benefiting from an independent expert's assistance in selecting the most appropriate offer and negotiating the new terms of the management agreement. Notably, the current AIFM of FP was initially appointed following an international selection process conducted by an international advisor appointed by the Romanian State.

By the end of 2023, the BoN approached four potential international advisers, all known for their capabilities in advising on changes of managers for closed-end companies. Three of these advisers had prior knowledge of FP's activities, which was considered helpful but not essential.

Out of the four advisors:

- Two of the independent advisors ruled themselves out after internal discussions, either because they no longer provided these services, did not operate in our geography, or their estimated budget far exceeded the BoN's allocated budget for the selection process.
- One entity was not an investment bank but an organization that helps institutional investors hire new fund managers for portfolios, many of which include private equity and infrastructure assets. This company had limited experience with closed-end funds but considerable experience in selecting new managers for institutional clients. Their pricing model was based on a percentage cut of the management fees that the successful new AIFM would receive, rather than being paid by FP. The BoN estimated that this fee could quadruple the allocated budget and that prospective managers might increase their fee quotes to cover the amount payable to this bidder. Additionally, the BoN decided that this bidder had few resources of its own and could not support the BoN with advisory services during the selection. This was of utmost importance, as the BoN could not ask FP's current AIFM, Franklin Templeton International Services S.à r.l. ("FTIS") for assistance due to a potential conflict of interest, given that FTIS could be a bidder for the new contract.

Note that due to confidentiality undertakings, the BoN cannot disclose the business names of the entities involved in the pitching process but has provided an accurate description of the selection process.

The BoN concluded that the approach presented by Numis Securities Limited, , member of Deutsche Bank Group, with its head-office at 45 Gresham Street, London, United Kingdom (“**Deutsche Numis**”) offered the best assistance during this process, considering the advisory services, fees (within the allocated budget), experience, and better criteria for selecting the new AIFM.

Considering:

- The specific scope of work proposed by Deutsche Numis, which covered the specific tasks envisaged by the BoN for the appointment of the new AIFM (which includes, in addition to assistance for determining the selection criteria, which are the object of item 4 of the OGMS agenda, subsequent assistance in identifying potential candidates and assistance in assessing received offers); and
- Best offer received in terms of pricing (with substantial differences between the last two offers),

the BoN decided, during the BoN meeting of May 17, 2024, to select Deutsche Numis as the preferred selection advisor.

Note that when approaching international advisers, the BoN has decided not to involve FTIS in the selection process, due to a perceived conflict of interest, as FTIS did not officially state that it would not participate in the selection process. Thus, involving FTIS’ internal departments in this process could have given FTIS an advantage over other potential candidates, as FTIS would have gained advanced knowledge of information concerning the selection process.

Following the selection of Deutsche Numis, negotiations on their proposed terms of cooperation began at the end of June 2024, with the aim of reaching a final agreement by August 12, 2024. During the negotiation process of the engagement letter with Deutsche Numis, the internal departments of FTIS, as well as FP’s legal advisors were involved, taking into account that FTIS, as legal representative of FP, had to execute the engagement letter (BoN’s attributions being limited in this regard, in the absence of a mandate from the general meeting of shareholders).

On August 12, 2024 FP entered into an engagement letter with Deutsche Numis for the delivery of a report outlining the new objectives, performance criteria and remuneration conditions of a new AIFM of FP, and specific selection and experience criteria realigned with these objectives. That report was used to draft item 4 of the OGMS agenda. The engagement letter also sets out the additional services which Deutsche Numis will provide if item 5 of the OGMS agenda is approved, the remuneration which Deutsche Numis will receive and a typical investment banking indemnity from Fondul Proprietatea in favour of Deutsche Numis. Pursuant to the engagement letter, FP provides Deutsche Numis with a full set of undertakings in relation to compliance with laws, including in relation to anti - bribery, anti - corruption, sanctions and anti - tax evasion rules and regulations and Deutsche Numis provides FP with a limited set of undertakings related to compliance with certain laws. If item 5 of the OGMS agenda is not passed, the engagement letter will be terminated.

Considering the above, we propose shareholders to approve item 5 of the 27 September 2024 OGMS agenda:

*“The appointment, following selection by the Board of Nominees, of Numis Securities Limited, member of Deutsche Bank Group, with its head-office at 45 Gresham Street, London, United Kingdom (“**Deutsche Numis**”), as selection advisor assisting Fondul Proprietatea through the members of the Board of Nominees. Deutsche Numis shall provide services related to the selection of the potential AIFM, assisting the members of the Board of Nominees in drafting the request for proposals to be sent to potential candidates, selection and analysis of the offers received, project management of the selection process and assistance during negotiation of the new terms of the management agreement to be negotiated with the selected candidate(s).”*

**Board of Nominees of FONDUL PROPRIETATEA S.A.**

**Chairperson of Board of Nominees – Mrs. Ilinca von Derenthall**