

Memo on the financial auditor appointment for three financial years, ended 31 December 2026 - 31 December 2028

Background

According to Financial Supervisory (“FSA”) Norm no. 13/2019 on the framework for statutory audit of the entities authorised, regulated and supervised by the FSA (FSA Norm no. 13/2019), the audit period of an entity by the same financial auditor is maximum 5 consecutive years; this period may be extended for a maximum period of 5 consecutive years, with FSA notification in advance.

In addition, in accordance with the same FSA Norm, the statutory audit agreement needs to be concluded prior to 31 October of the current year so it can enter into force on 1 January the next calendar year.

On 28 April 2021, the shareholders of Fondul Proprietatea (“the Fund”) approved for the first time the appointment of Ernst & Young Assurance Services SRL (“EY”) as financial auditor for the financial years 2022, 2023, and 2024. The appointment of EY was made following a selection process carried out in accordance with the applicable European and local regulations governing the audit of public interest entities.

Subsequently, on 27 September 2024, the shareholders of the Fund approved the extension of the financial auditor’s mandate by appointing EY to audit the financial statements for the financial year ending 31 December 2025.

Consequently, the period to be audited continuously by EY would cover four consecutive financial years (2022–2025).

Argumentation for extending the financial auditor’s mandate

EY team has acquired significant knowledge regarding Fondul Proprietatea activity during the 3 years of completed audits. EY and the Fund’s teams have been working together closely discussing the major projects implemented by the Fund during the past years: Hidroelectrica IPO, delisting from the London Stock Exchange, implementation of the buy-back programs approved by shareholders (including the related tender offers), and review of the valuation process for the unlisted holdings in the Fund’s portfolio.

EY’s strong experience of working with the Fund and their deep understanding of the underlying processes support the enhanced quality of the audit engagement. The deep understanding also allows the auditor to challenge assumptions and to scrutinize in detail all aspects of the Fund and its complexities.

Also, EY confirms annually its independence, including that appropriate measures have been implemented to safeguard their independence to the Fund.

Financial proposal

EY have provided their estimated fees for the statutory audit of the financial years ending 31 December 2026, 31 December 2027 and 31 December 2028 - of **EUR 130,295 per year** before VAT plus the **inflation adjustment**. The inflation adjustment would be added to the services pricing based on the Harmonized Index of Consumer Prices (HICP), published on Eurostat website. The inflation adjustment mechanism will be detailed in the contractual agreement between Ernst & Young Assurance Services SRL and Fondul Proprietatea.

Conclusion

Considering the above, the Sole Director has recommended extending the agreement with EY and contracting statutory audit services for 3 additional financial years, namely the financial years ending 31 December 2026, 31 December 2027 and 31 December 2028.

On 8 May 2025, the Audit and Valuation Committee of the Fund has analysed the recommendation of the Sole Director together with the supporting documentation and recommended the Board of Nominees the appointment of EY as the financial auditor of the Fund for the financial years ending 31 December 2026, 31 December 2027 and 31 December 2028.

Following this, on 11 June 2025 Fondul Proprietatea has notified the FSA about the intention to extend the audit period of Fondul Proprietatea by Ernst & Young Assurance Services SRL with additional 3 years, according to the requirements of Norm no. 13/2019.

As a result, the Board of Nominees is submitting for the approval of the Fund's General Shareholders Meeting on 29 September 2025 the appointment of EY as the financial auditor of the Fund for the audit of the financial statements for the financial years ended 31 December 2026, 31 December 2027 and 31 December 2028, to be prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and setting the maximum level of its remuneration for the financial audit services described above at the level (without VAT) of **EUR 130,295 per year plus the inflation adjustment**. The inflation adjustment would be added to the services pricing based on the Harmonized Index of Consumer Prices (HICP), published on Eurostat website. The inflation adjustment mechanism will be detailed in the contractual agreement between Ernst & Young Assurance Services SRL and Fondul Proprietatea.