

***Memo regarding the cancellation of the  
treasury shares acquired within the sixteenth buy-back programme***

***Description of the programme***

Through the Resolution no. 10/2 December 2024, the Extraordinary General Meeting of Shareholders approved the sixteenth buy-back programme whereby the Sole Director was authorized to repurchase shares of Fondul Proprietatea (the Fund, FP), global depository receipts (GDRs) corresponding to shares of Fondul Proprietatea, via trading on the regular market on which the shares, the global depository receipts corresponding to the shares of Fondul Proprietatea were listed, or purchased by 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 was 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 Resolution no. 9/2 December 2024 of the Extraordinary General Meeting of Shareholders, is reached.

The sixteenth buy-back programme approved by the shareholders as per above was performed throughout 2025, with first trade date on 3 February 2025 and last trade date on 26 September 2025. The expiration date of the programme was 31 December 2025.

In accordance with Article 29 paragraph (4) of Law no. 243/2019 on alternative investment funds, as amended by Emergency Ordinance no. 71/2024, the Fund may carry out share buy-back operations only once during a financial year, up to a maximum limit of 10% of the share capital.

Within the 16<sup>th</sup> buy-back programme the Fund acquired 252,097,337 shares (in the form of shares and global depository receipts corresponding to the Fund's shares), representing 7.88% of the Fund's share capital as at 31 December 2025. The shares and GDRs were acquired via daily trading on the regular market (Bucharest Stock Exchange in case of ordinary shares and London Stock Exchange in case of GDRs) and through one public tender offer completed in September 2025. The total value of the sixteenth buy-back programme excluding brokerage fees and other acquisition related costs was RON 117,872,433 and the weighted average price for the cumulated value of shares and GDRs acquired was RON 0.4676 per share.

The Sole Director's decisions regarding the volume of shares repurchased within a buy-back programme are based on the level of available cash. The Sole Director is managing the liquidity of the Fund by ensuring sufficient resources to meet ongoing Discount Control Mechanism measures (distributions), operating expenses for a minimum of the next 12 months, and to address any additional liquidity requirements, including potential cash contributions to the share capital of portfolio companies, consistent with the assumptions underpinning their valuations.

***Cancellation of the treasury shares acquired during the sixteenth buy-back programme***

Having in mind the scope for which the buy-back programme above-mentioned was approved, namely a share capital decrease, the Sole Director would like to propose to shareholders the cancellation of the 252,097,337 treasury shares repurchased in 2025 through the sixteenth buy-back programme.

As a result of the cancellation, the subscribed and paid-up share capital of Fondul Proprietatea would decrease from RON 1,664,407,948.32 to RON 1,533,317,333.08. Once the share capital decrease is finalised, the subscribed and paid-up share capital of Fondul Proprietatea shall have a value of RON 1,533,317,333.08 being divided in 2,948,687,179 shares, each having a nominal value of RON 0.52 per share.

The share capital decrease will be effective after all the legal and regulatory conditions, as mentioned in the convening notice, are met.

### ***Total cost of the sixteenth buy-back programme and its impact on the Fund's equity***

Fondul Proprietatea 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). Treasury shares are recorded at acquisition cost, including brokerage fees and other transaction costs directly related to their acquisition.

The GDRs<sup>1</sup> bought back by the Fund are accounted for exactly as the own ordinary shares repurchased, as a deduction to shareholders' equity. This is the result of the application of substance over form principle, due to the fact that buy-back via GDRs is only a technical/ legal form of the transaction, the substance of the transaction being that the Fund buys back its own shares, giving the same rights to both the holders of the Fund's ordinary shares and to the holders of the Fund's GDRs, to take part in the buy-back programmes carried out by the Fund.

The total purchase price (including acquisition cost and other costs directly related to the transactions) for the sixteenth buy-back programme, as well as an analysis of the market capitalisation of the Fund and the discount at the beginning and the end of the sixteenth buy-back programme are presented in the table below.

<i>All amounts in RON</i>	<b>16<sup>th</sup> buy-back programme</b>
<b>Period</b>	<b>Financial year 2025</b>
<b>Total acquisition cost at trade price (excluding transaction costs)</b>	<b>117,872,433</b>
<b>Total costs directly related to transactions, out of which:</b>	<b>3,285,860</b>
<ul style="list-style-type: none"> <li>• <i>Distribution fees to the Sole Director in relation with the buy-backs performed</i></li> </ul>	2,064,361
<ul style="list-style-type: none"> <li>• <i>Financial Supervisory Authority fees</i></li> </ul>	595,148
<ul style="list-style-type: none"> <li>• <i>Legal advisory</i></li> </ul>	349,616
<ul style="list-style-type: none"> <li>• <i>Stock Exchanges' fees (Bucharest Stock Exchange and London Stock Exchange)</i></li> </ul>	142,198
<ul style="list-style-type: none"> <li>• <i>Brokerage fees</i></li> </ul>	117,244
<ul style="list-style-type: none"> <li>• <i>Central Depository fees</i></li> </ul>	12,628
<ul style="list-style-type: none"> <li>• <i>Other professional fees</i></li> </ul>	4,665
<b>Total buy-back cost impacting the equity of the Fund (trade price plus directly related transaction cost)</b>	<b>121,158,293</b>
<b>Market capitalisation* at the beginning of the 16<sup>th</sup> buy-back programme (first trade date of the buy-back – 3 February 2025)</b>	<b>1,088,906,892</b>
<b>% from market capitalisation* of total 16<sup>th</sup> buy-back cost</b>	<b>11.1%</b>
<b>Share price discount** at the beginning of the 16<sup>th</sup> buy-back programme (first trade date of the buy-back – 3 February 2025)</b>	<b>51.6%</b>
<b>Share price discount** at the end of the 16<sup>th</sup> buy-back programme (last trade date of the buy-back – 26 September 2025)</b>	<b>38.6%</b>

Source: internal records of the Fund, Sole Director calculations

\*Market capitalisation is calculated as the number of Fund's paid shares excluding treasury shares multiplied by the closing price published by Bursa de Valori Bucuresti (BVB)

\*\*Share Price discount to Net Asset Value (NAV) is calculated in accordance with the Investment Policy Statement i.e. the discount between the FP share closing price on the BVB - REGS for each trading day and the latest published NAV per share at the date of calculation

The sixteenth buy-back programme was entirely financed from the Fund's own sources. No amounts were used from any credit facility to finance this buy-back programme. Please see below for additional details on the impact of the sixteenth buy-back program on discount.

<sup>1</sup> During the period 29 April 2015 – 24 April 2025 the Fund's GDRs issued by The Bank of New York Mellon as GDR Depositary, having the Fund's shares as support, have been listed on the Specialist Fund Segment of London Stock Exchange. The Fund's GDRs were delisted on 25 April 2025. The Fund did not hold any GDR on delisting date.

***Positive reserve arising on the cancellation of the treasury shares repurchased within the sixteenth buy-back program***

Upon completion of all legal and regulatory requirements, the treasury shares are cancelled and netted off against the share capital and other reserves.

A **positive equity element** is recognised directly in equity, without any impact on profit or loss, upon cancellation of the shares acquired in a buy-back programme where the acquisition price is lower than the nominal value. At cancellation date, a reallocation between the equity accounts is booked and the amount representing the positive equity element resulted from cancellation may be transferred to other reserves or retained earnings, as applicable. Subsequently, this is available to be used according with the resolution of the General Shareholders' Meeting, based on the amounts presented in the audited financial statements of the Fund.

The accounting treatment applicable for the recording and cancellation of treasury shares is based on the provisions of the Financial Supervisory Authority Norm 39/ 2015, Annex 1, Article 75.

The table below shows the positive reserve estimated to arise upon the cancelation of the treasury shares repurchased within the 16<sup>th</sup> buy-back programme:

		<b>16<sup>th</sup> buy-back programme</b>
Number of shares repurchased and subject to cancellation	(1)	252,097,337
Total acquisition costs (including transaction costs and other costs), representing the accounting value of the shares to be cancelled (RON)	(2)	121,158,293
Correspondent Nominal Value ("NV") (NV = RON 0.52/ share) (RON)	(3)=(1)*NV	131,090,615
<b>Positive reserve estimated to be booked on cancelation (RON)</b>	<b>(4)=(3)-(2)</b>	<b>9,932,322</b>

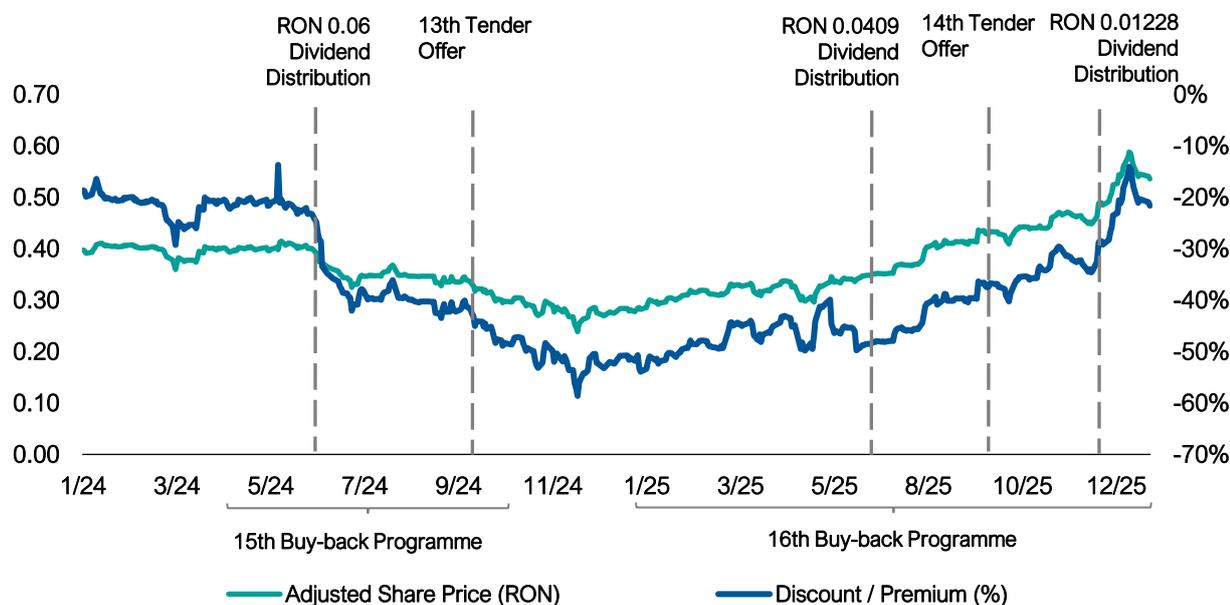
*Source: internal records of the Fund, Sole Director calculations*

The estimated positive reserve in amount of RON 9,932,322 (please see table above) corresponding to the treasury shares subject to the cancellation proposal, will be recorded only after all legal and regulatory steps related to the cancellation are completed (e.g. Financial Supervisory Authority authorisation, the registration to the Trade Registry). This reserve will be available to be used according with shareholders' approval during a shareholders' meeting subsequent to the completion of all cancellation steps.

The Sole Director notes that at point 3 on the agenda of the Extraordinary General Shareholders' Meeting convoked for 26/27 February 2026 (introduced at the request of a shareholders' group holding more than 5% of the Fund's share capital) the shareholders are required to approve the consolidation of the nominal value of FP shares, by increasing the nominal value of the shares simultaneously with the reduction of the total number of shares (100 shares with a nominal value of 0.52 RON/share = 1 share with a nominal value of 52 RON/share). If this point is approved by shareholders, the Sole Director will analyse any implications of this process on the cancellation of shares acquired within the 16<sup>th</sup> buy-back programme and related positive reserve, if any.

### Impact of the sixteenth buy-back program on discount

The chart below presents the evolution of the discount and the trading price by reference to the buy-back programmes implemented:



Source: Bloomberg for Adjusted Share Price, Fondul Proprietatea for Discount/ Premium

Note: The discount /Premium is calculated in accordance with the Investment Policy Statement i.e. the discount between the FP share closing price on the BVB - REGS for each trading day and the latest published NAV per share at the date of calculation.

As the chart above underlines, the Fund's discount<sup>2</sup> to NAV during the 16<sup>th</sup> buy-back programme decreased significantly. The discount to NAV at the start of the programme on 3 February 2025 was 51.6% and it decreased to 38.6% by 26 September 2025, late trade date, while the average discount for the period (3 February 2025 – 26 September 2025) was 44.8%.

The table below summarizes the impact of the buy-back programmes on the Fund's NAV per share:

All amounts in RON		14 <sup>th</sup> buy-back programme	15 <sup>th</sup> buy-back programme	16 <sup>th</sup> buy-back programme
Number of treasury shares bought back	(1)	2,112,378,889	355,642,723	252,097,337
Total acquisition cost at trade price (excluding transaction costs)	(2)	1,816,723,950	216,324,940	117,872,433
Average number of Fund's paid shares excluding treasury shares during the buy-back program	(3)	5,274,248,142	3,453,641,327	3,088,856,271
NAV/share on first trade date of the buy-back programme	(4)	2.5701	0.5990	0.7029
NAV/share on last trade date of the buy-back programme	(5)	0.6608	0.6622	0.6857
Average NAV/share during the period	(6)	1.8168	0.6510	0.6880

<sup>2</sup> Share Price discount/ premium to NAV is calculated in accordance with the Investment Policy Statement i.e. the discount/ premium between the FP share closing price on the BVB - REGS for each trading day and the latest published NAV per share at the date of calculation

All amounts in RON		14 <sup>th</sup> buy-back programme	15 <sup>th</sup> buy-back programme	16 <sup>th</sup> buy-back programme
Buy-back value at average NAV/share	$(7)=(1)*(6)$	3,837,786,215	231,528,493	173,448,570
Total discount at which the buy-back program was executed (trade price) to average NAV	$(8)=(2)-(7)$	(2,021,062,265)	(15,203,553)	(55,576,137)
Accretion from buy-back program on NAV per share	$(9)=(8)\div(3)$	+0.3832	+0.0044	+ 0.0180
Accretion from buy-back program on NAV (%)	$(10)=(9)\div(6)$	+21.1%	+0.7%	+2.62%

Source: internal records of the Fund, Sole Director calculations

**Franklin Templeton International Services S.à r.l. acting in the capacity of Sole Director and Alternative Investment Fund Manager of Fondul Proprietatea SA**

**Daniel NAFTALI**  
**Permanent Representative**