

## *Memo regarding the 2026 buy-back programme*

Considering:

- (a) the request dated 30 December 2025, submitted by certain shareholders holding more than 5% of the share capital of Fondul Proprietatea, regarding the convening of the Ordinary General Meeting of Shareholders of Fondul Proprietatea, having on the agenda, among other items: *“As a vital supporting measure, shareholders wish to enact a 10% Share Buy-back Programme, to provide immediate price support and capitalize on the discount during the reform process”*;
- (b) the intention of the Fund’s Sole Director to propose for approval to the General Shareholders Meeting (GSM) the 2026 buy-back programme,

we wish to inform the shareholders of the following:

According to Article 103<sup>1</sup> of Companies’ Law no. 31/1990 (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 meeting of the shareholders (EGM) 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 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 (AIFs) 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 Law no. 31/1990 and of Law no. 24/2017 regarding issuers.

Taking into consideration the legal provisions in force, and the items 5 and 6 on the EGM agenda, 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 via trading on the regular market on which the shares of Fondul Proprietatea are listed or purchased by public tender offers, in compliance with the applicable law, for a maximum number of 294,868,717 shares, during the 2026 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 following the*

---

<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.

implementation of the EGM resolution approving the share-capital decrease in accordance with item 5 or item 6 of this EGM agenda (as the EGM will decide), is reached. The buy-back shall be performed at a price that cannot be lower than RON 0.2 / share or higher than RON 2 / share, considering the nominal value of 0.52 RON/share or 0.52 RON/share. The transaction can only have as object fully paid shares. The said buy-back programme is aimed at the share capital decrease of Fondul 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.

(Item added on the agenda at the request of a shareholders' group holding more than 5% of the share capital and by the Sole Director)"

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. The details on the accounting treatment to be applied for the registration and cancellation of treasury shares can be found in the Financial Supervisory Authority (FSA) Norm no. 39/2015, Annex 1, Article 75. From an accounting perspective, the Fund recognises the treasury shares (repurchases of own shares) at trade date as a deduction to shareholders' equity (in an equity reserve account). Treasury shares are recorded at acquisition cost, including brokerage fees, distribution fees and other transaction costs directly related to their acquisition. Upon completion of all legal and regulatory requirements, the treasury shares are cancelled and netted off against the share capital and / or other reserves.

A **negative equity element** arises upon cancellation of the shares acquired in a buy-back programme, where the acquisition price is higher than the nominal value, but this does not generate an additional shareholder's equity decrease. At the cancellation date, only a reallocation between the equity accounts is booked, without any impact on profit or loss and without generating additional shareholders' equity decrease (the decrease is recorded at share acquisition date). Article 75 from Annex 1 to FSA Norm no. 39/2015 mentions that the negative balance arising on the cancellation of equity instruments may be covered from the retained earnings and other equity elements, in accordance with the resolution of the GSM. The coverage of the audited balance of the negative reserve is subject to GSM approval at a later stage.

Similarly, 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 GSM, based on the amounts presented in the audited financial statements of the Fund.

An estimation of the potential maximum buyback programme cost is presented in the table below, together with 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). The detailed actual cost together with any impact of the buy-back programme cancellation on the negative/ positive equity reserve will be disclosed in the quarterly, semi-annual and annual Sole Director's reports and financial statements.

*All amounts in RON*

Period <sup>2</sup>		Financial year 2026
Estimated number of shares repurchased (up to)	A	294,868,717
<b>Estimated acquisition cost at trade price</b> (excluding transaction costs), up to		<b>205,670,930</b>
<b>Estimated costs directly related to transactions</b> , including FSA fees, market fees, brokerage fees, advisors, Sole Director distribution fees, other fees, up to		<b>7,148,748</b>
<b>Estimated buy-back cost impacting the equity of the Fund</b> (trade price plus directly related transaction cost), up to	B	<b>212,819,678</b>
Correspondent Nominal Value (estimated NV = RON 0.52/ share) (RON), up to	C=A*NV	153,331,733
<b>Estimated negative reserve to be booked on cancelation, up to</b>	<b>D=C-B</b>	<b>(59,487,946)</b>

Source: internal records of the Fund, Sole Director calculations

<sup>2</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 2026, whichever occurs earlier.

The maximum number of shares for the 2026 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 2026, the share capital used was the value resulting after the cancellation of the treasury shares in balance at 31 December 2025, respectively the shares repurchased within 2025 buy-back programme.

The total estimated costs regarding the 2026 buy-back programme may amount up to RON 205.7 million acquisition price and RON 7.1 million costs directly related to the transactions, assuming that 294,868,717 shares representing maximum legal limit of 10% of the Fund's share capital would be repurchased within the programme. The maximum buy-back programme costs included in the table above do not represent a commitment that all the shares of the 2026 buy-back programme would be acquired or that the price assumed for the calculation will be the actual price implemented in the transactions.

The total maximum costs were estimated by assuming that the aforementioned 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 2026 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 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.

The actual cost results and impact on the Fund's equity will be presented to shareholders at the GSM having on the agenda the cancellation of the shares repurchased during the 2026 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 2026 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.

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 in principle 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 implementation of the 2026 buy-back programme and cancellation of related shares, if any.

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

**Daniel NAFTALI**

**Permanent representative**