



# Fondul Proprietatea SA

Annual Sole Director's Report  
for the Financial Year Ended  
31 December 2024



*This is a translation from the official Romanian version.*

This is a PDF version of the official Annual Sole Director's Report issued in the European Single Electronic Format (i.e. XHTML format), which is available on the webpage of Fondul Proprietatea SA, [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro).

# CONTENTS

<b>List of Abbreviations .....</b>	<b>3</b>
<b>Sole Director's Letter to Shareholders.....</b>	<b>5</b>
<b>Overview of 2024.....</b>	<b>8</b>
<b>Portfolio .....</b>	<b>20</b>
<b>Corporate Strategy .....</b>	<b>30</b>
<b>Financial Information .....</b>	<b>38</b>
<b>Company Information.....</b>	<b>46</b>
<b>Net Asset Value .....</b>	<b>55</b>
<b>Corporate Governance.....</b>	<b>59</b>
<b>Risk Management .....</b>	<b>84</b>
<b>Subsequent Events .....</b>	<b>90</b>

## Annexes

<b>Annex 1</b>	Audited Financial Statements for the year ended 31 December 2024, prepared in accordance with IFRS accounting standards as adopted in EU and applying the Financial Supervisory Authority Norm no. 39/2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated, and supervised by FSA – Financial Investments and Instruments Sector and to the Fund for Investors Compensation
<b>Annex 2</b>	Statement of Assets and Obligations of Fondul Proprietatea SA as at 31 December 2024, prepared in accordance with FSA Regulation no. 7/2020 (Annex no.11)
<b>Annex 3</b>	Statement of persons responsible
<b>Annex 4</b>	Compliance with the corporate governance requirements
<b>Annex 5</b>	Actual versus Budget Analysis for the year ended 31 December 2024
<b>Annex 6</b>	Constitutive Act of Fondul Proprietatea in force as at 31 December 2024
<b>Annex 7</b>	Annual Cash Distribution Policy of Fondul Proprietatea in force as at 31 December 2024

# List of Abbreviations

<b>Accounting Directive</b>	Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, with subsequent amendments
<b>AIF</b>	Alternative Investment Fund
<b>AIF Law</b>	Romanian Law no. 243/2019 on the regulation of alternative investment funds and amending and supplementing certain normative acts
<b>AIF Regulation</b>	Regulation no. 7/2020 on the authorisation and functioning of alternative investment funds, issued by the Financial Supervisory Authority
<b>AIFM</b>	Alternative Investment Fund Manager
<b>AIFM Directive</b>	Directive 2011/61/EU on Alternative Investment Fund Managers
<b>ATS</b>	Alternative Trading System
<b>AVC</b>	Audit and Valuation Committee
<b>BB</b>	Buy-back
<b>BNYM</b>	The Bank of New York Mellon
<b>BoN</b>	Board of Nominees of Fondul Proprietatea SA
<b>BVB</b>	Bucharest Stock Exchange
<b>CAEN</b>	Classification of Economic Activities in Romania
<b>CEAM</b>	Centralised Electricity Acquisition Mechanism
<b>CE Oltenia</b>	Complexul Energetic Oltenia SA
<b>CIIF</b>	Certification of Registration of Financial Instruments
<b>CSRD</b>	Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting
<b>Depository Bank/ Depository</b>	BRD – Groupe Societe Generale SA
<b>Depozitarul Central SA</b>	Romanian Central Depository
<b>Deutsche Numis</b>	Numis Securities Limited, member of Deutsche Bank Group
<b>EGM</b>	Extraordinary General Shareholders Meeting
<b>ESG</b>	Environmental, Social and Governance
<b>EU</b>	European Union
<b>Fondul Proprietatea/ the Fund/ FP</b>	Fondul Proprietatea SA
<b>FSA</b>	Romanian Financial Supervisory Authority
<b>FT</b>	Franklin Templeton
<b>FTIS/ AIFM/ Sole Director/ Fund Manager</b>	Franklin Templeton International Services S.à r.l.
<b>GDP</b>	Gross Domestic Product
<b>GDR</b>	Global Depositary Receipt
<b>GEO</b>	Government Emergency Ordinance
<b>GEO no. 27/2023</b>	GEO no. 27/2023 regarding amendments of some normative acts in the energy field, for the establishment of some exemptions, as well as the amendment of Article II, paragraphs (1) and (3) of the GEO no. 34/2023 regarding certain fiscal-budgetary measures, the extension of certain deadlines, and the amendment and supplementation of certain normative acts.
<b>GEO no. 32/2024</b>	GEO no. 32/2024 for the amendment and completion of GEO no. 27/2022 regarding measures applicable to final customers in the electricity and natural gas market during the period 1 April 2022 – 31 March 2023, as well as for the

	amendment and completion of certain legal acts in the energy sector and adopting certain measures in the energy sector
<b>GEO no. 71/2024</b>	GEO 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
<b>GEO no. 137/2024</b>	GEO no. 137/2024 for amending and supplementing Law no. 162/2017 on the statutory audit of the annual financial statements and consolidated annual financial statements and amending certain normative acts, of the GEO no. 75/1999 regarding the financial audit activity, as well as the modification and completion of some normative acts
<b>GEO no. 156/2024</b>	GEO no. 156/2024 regarding certain fiscal-budgetary measures in the field of public expenditures for the foundation of the consolidated general budget for the year 2025, for the amendment and completion of certain normative acts, as well as for the extension of certain deadlines
<b>GRI</b>	Global Reporting Initiative
<b>GSM</b>	General Shareholders Meeting
<b>H1/ H2</b>	First semester/ second semester of the year
<b>IFRS</b>	International Financial Reporting Standards as endorsed by the European Union
<b>INS</b>	Romanian National Institute of Statistics
<b>IMF</b>	International Monetary Fund
<b>IPO</b>	Initial Public Offering
<b>IPS</b>	Investment Policy Statement
<b>Law no. 24/2017</b>	Law no. 24/2017 on issuers of financial instruments and market operations
<b>Law no. 162/2017</b>	Law no. 162/2017 regarding the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements
<b>LSE</b>	London Stock Exchange
<b>NAV</b>	Net Asset Value
<b>NBR</b>	National Bank of Romania
<b>Norm no. 39/ 2015</b>	FSA Norm no. 39/ 2015 regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated, and supervised by the FSA – Financial Investments and Instruments Sector and to the Fund for Investor Compensation
<b>Norm no. 4/2024</b>	FSA Norm 4/2024 for amending Norm no. 39/ 2015
<b>NRC</b>	Nomination and Remuneration Committee
<b>OGM</b>	Ordinary General Shareholders Meeting
<b>Order no. 85/2024</b>	Ministry of Finance Order no. 85/2024 for the regulation of sustainability reporting issues
<b>Q1/ Q2/ Q3/ Q4</b>	First/ second/ third/ fourth quarter of the year
<b>REGS</b>	Main market (Regular) of Bucharest Stock Exchange
<b>Salrom</b>	Societatea Nationala a Sariei SA
<b>SFDR</b>	Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector
<b>Taxonomy Regulation</b>	Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088
<b>Y.O.Y.</b>	Year-over-year
<b>9M</b>	Nine-month period
<b>9M 2024</b>	Nine-month period ended 30 September 2024

# Sole Director's Letter to Shareholders

## Dear Shareholders,

2024 proved to be a challenging year for Fondul Proprietatea in many respects, key among which is the uncertainty created by the ongoing selection process as approved by shareholders of the Fund in September 2023. Additionally, a cap was imposed on the share buyback program to 10% of issued shares, thereby limiting the flexibility of the Sole Director in the implementation of the Discount Control Mechanism.

Key milestones include the sale of the holding in Engie Romania SA, finalised in February 2024 for a consideration of RON 432.6 million. Also, in March 2024 the Bucharest Court of Appeal ruled in favour of Fondul Proprietatea in annulling the CN Aeroporturi Bucuresti SA shareholder meeting decision that approved a share capital increase with the in-kind contribution of the Romanian State with the land inside the Baneasa Airport perimeter.

In June a special dividend of RON 0.06 per share was paid to the shareholders of the Fund, with returns to shareholders being further supplemented by a tender offer executed in September 2024. Total distributions to shareholders during the year amounted to RON 429 million, representing a distribution yield of close to 30% based on the average share closing price in 2024, which is the 2<sup>nd</sup> highest since 2010.

Also in September, shareholders approved a further one-year mandate of Franklin Templeton to continue as Sole Director of Fondul Proprietatea from 1 April 2025 until 31 March 2026, subject to the selection process for a fund manager not being completed prior to the start of the one-year term. In the same shareholder meeting, the selection criteria for a fund manager of Fondul Proprietatea were approved by shareholders.

As evidenced by the abovementioned transaction and ongoing activities in relation to the holdings in the Fund portfolio, our focus throughout the year remained on protecting and unlocking value for the Fund's shareholders through an active management approach, close supervision of the portfolio companies, and a constant focus on value-enhancing corporate actions.

I would like to take this opportunity to extend a special word of gratitude to my colleagues at Franklin Templeton, for always meeting challenges with remarkable resilience and their continued commitment to act in best interest of Fondul Proprietatea and its stakeholders.

## The Fund's performance in 2024

In 2024 the NAV recorded a total positive return of 17.0%, while the total return for the local shares and GDRs was negative (-32.1% and -36.7% respectively). Since the start of the calculation of the Fund's performance<sup>1</sup>, the NAV total return was 386.0%, while the total return for local shares was 639.5%, and 188.1% for the GDRs.

On the BVB, the shares traded throughout the year at a discount<sup>2</sup> to NAV between 13.7% and 58.6%, ending the year at 52.4%. On LSE, the GDRs traded at a discount<sup>2</sup> to NAV between 15.6% and 57.2%, ending the year at 54.1%. The average annual discount for ordinary shares was 34.2%, while for GDRs was 34.7%.

The Fund's discount to NAV during 2024 increased significantly. During this period new legislation was introduced limiting share buy-backs to 10% of share capital. Furthermore, during 2024 there

<sup>1</sup> Source: BVB, Bloomberg, Sole Director calculations. The Performance Inception date for the NAV is 31 December 2010, for the Share Price is 25 January 2011, and for the GDRs is 29 April 2015.

<sup>2</sup> Discount is calculated according to the IPS, based on the latest published NAV per share available for the day of the calculation.

has been a significant shift in the shareholder structure of the Fund from institutional investors to retail investors, which underlines the selling pressure which has led to the widening of the discount to NAV.

### Outlook for 2025

According to the IMF<sup>1</sup>, the global inflation has largely been stabilised, even though price pressure continue in some countries. Also, despite the tightening of monetary policies around the world, the global economy has remained resilient throughout the disinflationary process, avoiding a global recession. The main risks for the following period include an escalation in regional conflicts, monetary policy remaining tight for too long, and potential volatility of financial markets.

**Global GDP growth**<sup>1</sup> was 3.2% in 2024 and it is projected at 3.3% for both 2025 and 2026. For **Romania**, the **real GDP growth**<sup>1</sup> is estimated at 1.9% in 2024 and this is expected to increase to 3.3% in 2025.

IMF projections<sup>1</sup> forecast **global inflation** to fall from an annual average of 5.7% in 2024 to 4.2% in 2025 and 3.5% in 2026. According to Eurostat<sup>2</sup>, the EU annual inflation rate was 2.7% in December 2024, down from 3.4% in December 2023. For Romania, according with National Statistics Institute<sup>3</sup> the annual **inflation rate** in December 2024 was 5.1%.

According to the BVB<sup>4</sup>, the Romanian **capital market** increased by 19.0% in 2024 compared to 2023, taking into account the total market capitalisation.

On 8 August 2024, the Board of the National Bank of Romania decided to decrease its key **monetary policy rate** by 0.25% to 6.50%, this representing the second drop since January 2023, after the decrease by 0.25% in July 2024.

The potential for further interest rates surges has significantly decreased and we expect inflationary pressure to be more subdued throughout 2025. With the appropriate combination of fiscal and economic policies, Romania once again has strong prospects to become one of the best performing economies in the European Union.

### Maximising shareholder value in 2025

As we look to generate further value for the Fund's shareholders, we will continue to actively manage the Fund, collaborate closely with the Government with the aim that the state-controlled companies in the Fund's portfolio continue the progress registered in the past years.

Value-enhancing corporate actions, such as share buybacks and cash distributions to shareholders combined with continued promotion of the Fund and of the Romanian capital market, are aimed at allowing the Fund's NAV to be better reflected in the share price.

We are confident that our time tested active, bottom-up investment process will allow us to continue delivering results for our shareholders and we look forward to the opportunities ahead for Fondul Proprietatea during 2025.

<sup>1</sup> World Economic Outlook, October 2024, January 2025, [www.imf.org](http://www.imf.org)

<sup>2</sup> Eurostat – Euro Indicators Publication from 17 January 2025, [www.ec.europa.eu/eurostat](http://www.ec.europa.eu/eurostat)

<sup>3</sup> National Institute of Statistics, Press Release no. 10/ 14 January 2025, [www.insse.ro](http://www.insse.ro)

<sup>4</sup> BVB Monthly Bulletin – December 2024 - [www.bvb.ro](http://www.bvb.ro)



## 2025 Annual General Shareholders Meeting

We would like to take this opportunity to invite shareholders to attend the 2025 Annual General Shareholders Meeting convened for 29 April 2025 at Intercontinental Athenée Palace Bucharest Hotel, Le Diplomate Salon, 1-3 Episcopiei street, 1<sup>st</sup> District, Bucharest, Romania, starting with 11 AM Romania time, where you will have the opportunity to receive the latest updates about the Fund. The agenda of the Annual General Shareholders Meeting and the supporting documentation are published on [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro).

### Profit Appropriation Proposal

As per the annual audited IFRS financial statements, the Fund recorded an audited net profit of **RON 251,532,565.52** for the financial year ended 31 December 2024.

The Fund's Sole Director proposal, subject to shareholders' approval, for the appropriation of the net accounting profit for the 2024 financial year is as follows:

**RON 130,912,086.70**

to dividends (RON 0.0409 per share);

**RON 85,338,460.39**

to cover the remaining balance of negative reserve from Buyback programme no. 14

**RON 1,366,923.22**

To set up other reserves to be used in future periods for covering the negative reserve from cancellation of the shares acquired within BB15 programme

**RON 33,915,095.21**

unallocated profit that remains available to the Fund's shareholders.



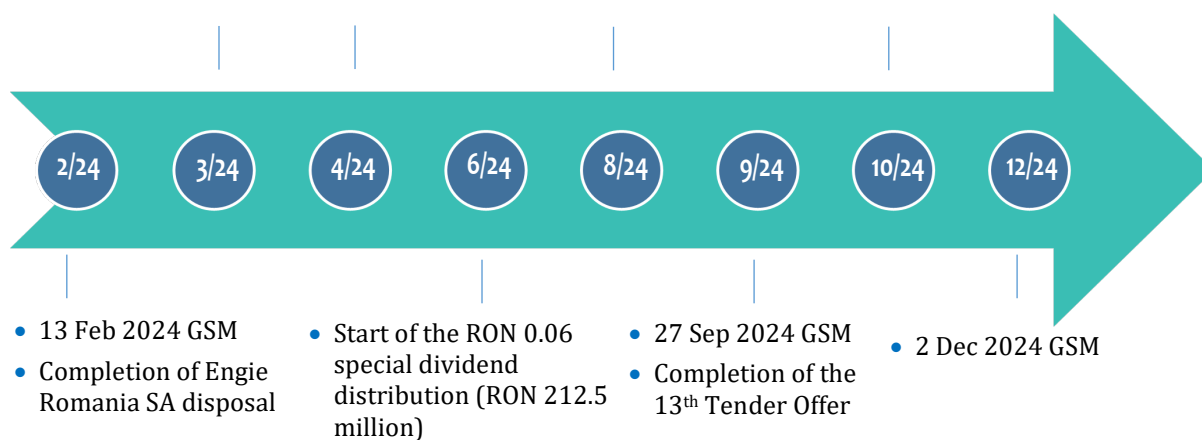
*Johan Meyer*

CEO of FTIS Bucharest Branch, Portfolio Manager of Fondul Proprietatea SA  
Permanent Representative of FTIS in relation to Fondul Proprietatea SA

# Overview of 2024



- Court decision regarding CNAB litigation
- 26 March 2024 GSM
- Start of 15<sup>th</sup> buy-back programme
- Fondul Proprietatea 2024 Annual GSM
- Cancellation of the shares bought back in the 14<sup>th</sup> buy-back programme
- Completion of the 15<sup>th</sup> buy-back programme





## Key 2024 highlights

- Continued efforts to promote the Fund and raise its visibility, as well as the visibility of the Romanian capital market, the local companies (listed or candidates for being listed), and of Romania in general, in online and in person conferences, roadshows and events;
- Completion of the disposal of Fund's entire stake in Engie Romania SA for RON 432.6 million within a transaction completed in February 2024;
- Payment to shareholders in June 2024 of the special dividend distribution of RON 0.06 per share (RON 212.5 million) – 94.6% of the distribution collected until 31 December 2024;
- Introduction of the limit for share buy-backs to 10% of share capital by GEO no. 71/2024;
- Completion of the 15<sup>th</sup> buy-back programme for 355.6 million shares (338.9 million in the form of shares and 16.7 million in the form of GDRs). The total value of the programme excluding transaction costs was RON 216.3 million;
- Completion of the 13<sup>th</sup> Tender Offer of 269 million shares (255.5 million in the form of shares and 13.5 million in the form of GDRs), executed to accelerate the 15<sup>th</sup> buy-back programme;
- Main shareholders' approvals during 2024:
  - disposal of the Fund's entire stake in Engie Romania SA
  - approval of 15<sup>th</sup> BB programme for 2024, and the approval of 16<sup>th</sup> BB programme for 2025
  - renewal of FTIS mandate as AIFM and Sole Director of FP for a period 1 year (1 April 2024 – 31 March 2025) and subsequently with 1 additional year (1 April 2025 – 31 March 2026) subject to certain conditions
  - decrease of the subscribed and paid-up share capital of the Fund by RON 1,098,437,022.28, from RON 2,947,779,186.56 to RON 1,849,342,164.28, pursuant to the cancellation of 2,112,378,889 own shares acquired during 2023 through the 14<sup>th</sup> BB programme
  - appointing two new members in the BoN for a period of 3 years (Mr. Marius-Alin Andries and Ms. Ileana - Lacramioara Isarescu) following the expiration of Mr. Omer Tetik's mandate and resignation of Mr. Martin Bernstein, and reappointment of Mr. Nicholas Paris for a period of 3 years
  - coverage of negative reserves from 13<sup>th</sup> buy-back programme and coverage from various elements of retained earnings of RON 904.1 million accounting loss incurred in FY 2023
  - distribution of RON 0.06 gross dividend per share from 2022 unallocated profits (Payment Date 7 June 2024)
  - decrease of the legal reserve in line with the share capital decrease
  - various changes to the Constitutive Act of the Fund
  - appointment of Ernst & Young Assurance Services as the Fund's financial auditor for FY 2025
  - approval of the selection criteria, based on which the BoN shall select the AIFM of the Fund
  - appointment of Deutsche Numis as selection advisor through the members of the BoN and of a maximum selection advisory budget of RON 3.8 million
  - delisting of the Fund's GDRs issued by BNYM from the Specialist Fund Segment of the LSE
  - decrease of the subscribed and paid-up share capital of the Fund by RON 184,934,215.96, from RON 1,849,342,164.28 to RON 1,664,407,948.32, pursuant to the cancellation of 355,642,723 own shares acquired during 2024 through the 15<sup>th</sup> BB programme

## Sole Director and AIFM

Franklin Templeton has been the Sole Director of the Fund starting 29 September 2010, with successive mandates of two or four years. The portfolio management and the administrative activities are performed by FTIS via its Bucharest Branch. As at 31 December 2024, Mr. Johan Meyer is the permanent representative of the AIFM, being also the portfolio manager of the Fund. At the same date, Mr. Daniel Naftali is the substitute for the permanent representative, in accordance with the provisions of Article 34, paragraph 12 of Law no. 74/2015 on alternative investment fund managers.

During period 1 January - 31 March 2024, the Fund was managed by FTIS as its Sole Director and AIFM under the AIFM Directive and local implementation regulations, based on the Management Agreement in force between 1 April 2022 – 31 March 2024.

During 25 September 2023 GSM the shareholders approved the renewal of FTIS mandate as Sole Director and AIFM of the Fund for a duration of 1 year (1 April 2024 - 31 March 2025). The management agreement for the period 1 April 2024 – 31 March 2025, under substantially same terms as the previous Management Agreement and in line with the IPS of the Fund, was approved by shareholders during 26 March 2024 GSM. The main change relates to the increase of the base fee rate from 0.45% in the Management Agreement until 31 March 2024 to 1.35% in the Management Agreement starting 1 April 2024.

For more information regarding the Sole Director and AIFM of the Fund after 31 March 2025 and the ongoing process carried out by the BoN for the selection of a new AIFM of the Fund, please see chapter *Company information* - section *Sole Director and AIFM*.

## Capital markets

In the 2024, BVB recorded an average performance in both EUR and local currency terms compared to the largest markets in Central Europe:

% Change in 2024	in local currency	in EUR
PX Index (Czech Republic)	+24.48%	+22.16%
BUX Index (Hungary)	+30.86%	+21.66%
<b>BET-XT (Romania)</b>	<b>+9.16%</b>	<b>+9.14%</b>
ATX (Austria)	+6.64%	+6.64%
WIG20 Index (Poland)	-6.44%	-4.94%

Source: Bloomberg

## Trading on the Bucharest Stock Exchange

- 2.0 billion shares were traded on BVB in 2024, equivalent to 57.4% of the Fund's paid shares as at 31 December 2024;
- In 2024, the value of trading in the Fund shares was RON 884.6 million / USD 185.2 million<sup>1</sup> / EUR 177.8 million<sup>1</sup>. The total trading value since the listing reached RON 33.7 billion / USD 7.1 billion<sup>1</sup> / EUR 6.8 billion<sup>1</sup>;
- The average daily trading volume in 2024 was 8.2 million shares.

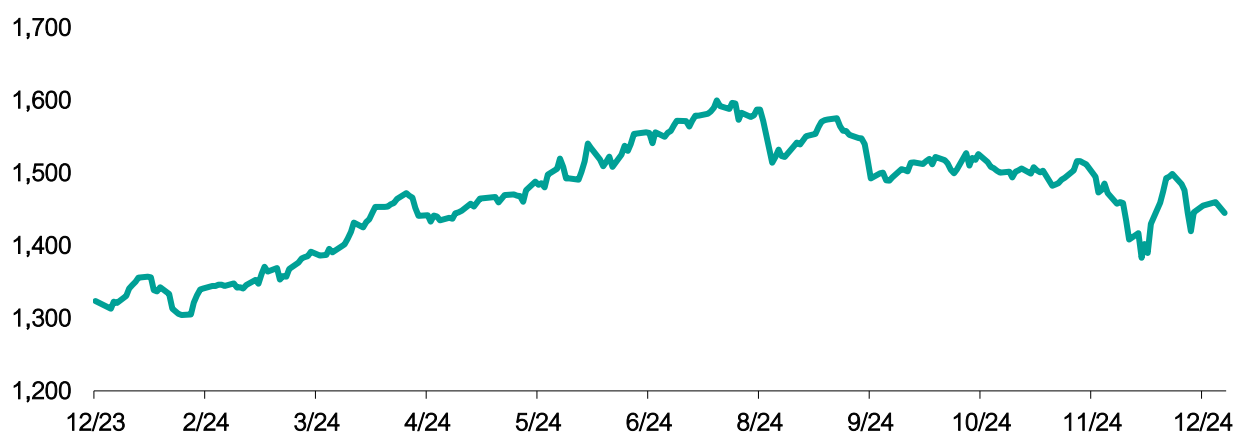
<sup>1</sup> based on NBR exchange rates as at 31 December 2024

## Trading on the London Stock Exchange

- In 2024, 1.5 million GDRs were traded on LSE, for a total value of USD 8.2 million<sup>1</sup>/ EUR 7.9 million<sup>1</sup>/ RON 39.1 million;
- Since the listing on the LSE on 29 April 2015, the total trading volume was 153.1 million GDRs, reaching USD 2.0 billion<sup>1</sup>/ EUR 1.95 billion<sup>1</sup>/ RON 9.7 billion;
- The average daily trading volume in 2024 was 6.0 thousand GDRs.

## BET-XT index evolution

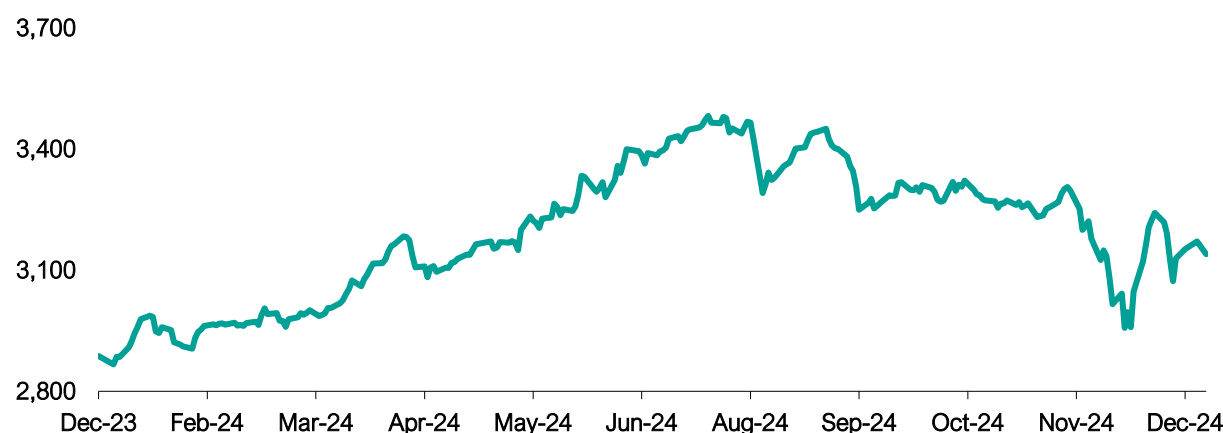
The BET-XT index, which reflects the performance of the top 30 most traded companies listed on BVB's Regulated Market, including the financial investment companies (SIFs), increased by 9.2% during 2024 compared to the end of 2023.



Source: Bucharest Stock Exchange

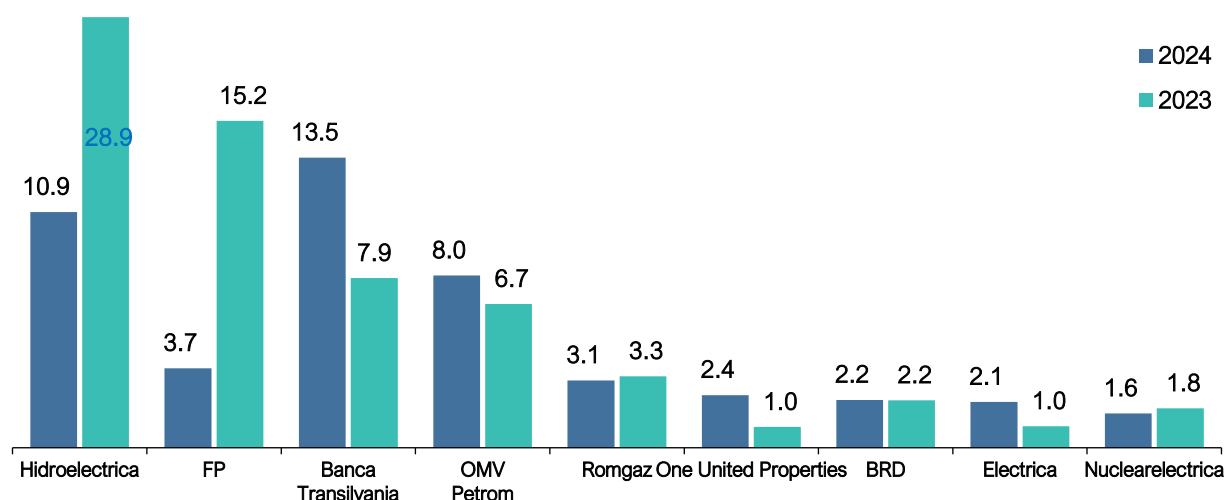
## BET-BK index evolution

BET-BK index is a free float market capitalisation weighted index of the Romanian and foreign stocks listed on BVB's regulated market with the highest free-float market capitalisation adjusted with liquidity factors. BET-BK increased by 8.7% during 2024 compared to the end of 2023.



Source: Bucharest Stock Exchange

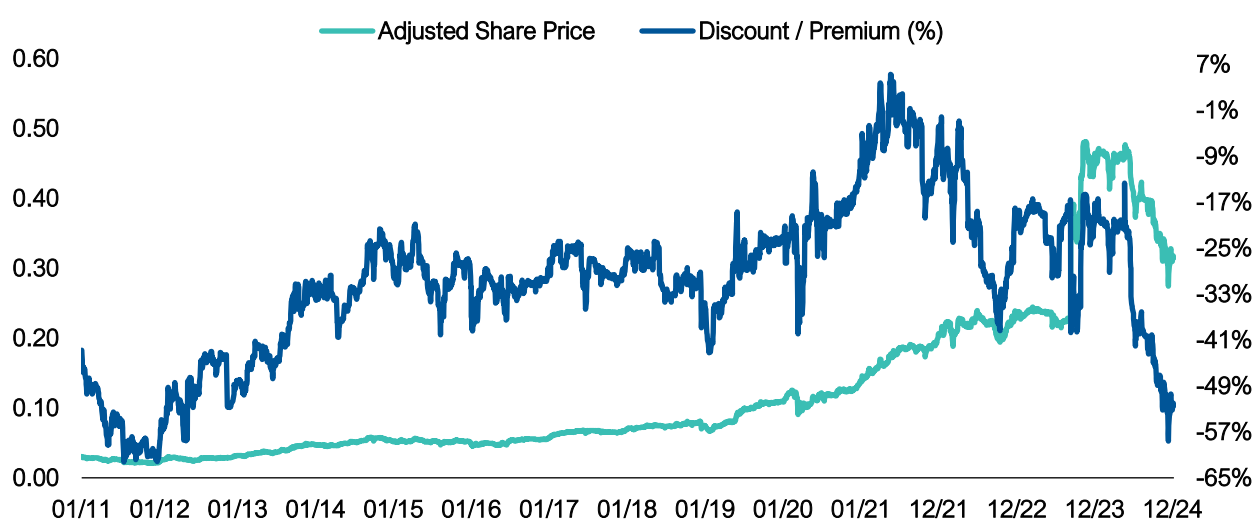
### Average Daily Turnover (RON million)



Source: BVB, Bloomberg

Note: The values for FP, OMV Petrom, Romgaz and Electrica also include the GDR trading on LSE (OMV Petrom and Romgaz GDRs were delisted from LSE and their trading was cancelled on 26 October 2023 and on 31 December 2024, respectively). The values for FP include the tender offers settled in March 2023, December 2023 and September 2024. For Hidroelectrica SA the values do not include the IPO settled on 10 July 2023; the first trading day on BVB was 12 July 2023.

### Fund's Adjusted Share Price (RON/share) and Premium / (Discount) History (%)



Source: Bloomberg for Adjusted Share Price (price adjusted with cash distributions), Sole Director calculations for Discount / Premium

Note: The (discount) / premium is calculated in accordance with the IPS i.e. the (discount) / premium between the FP shares closing price on the BVB - REGS for each trading day and the latest published NAV per share at the date of calculation. However, the discount to NAV for the trading days 7-14 September 2023 was calculated based on the 31 August 2023 NAV (published on 15 September 2023), in order to eliminate the mismatch between the NAV per share and FP BVB market price that was adjusted on 7 September 2023 (the Ex-date of 29 September 2023 dividend distribution).



## Key portfolio updates

The main portfolio updates during 2024 refer to the completion of the disposal of the Fund's entire shareholding in Engie Romania SA for RON 432.6 million and the developments of the legal actions initiated by the Fund against CN Aeroporturi Bucuresti SA whereby the Bucharest Court of Appeal admitted the appeal filed by the Fund, annulling Resolution no. 15/ 26 October 2021 of CN Aeroporturi Bucuresti SA GSM for the approval of a share capital increase with the plots of land inside Baneasa airport, brought as Romanian State's contribution in kind to the company's share capital. Also, during 2024 the Fund received gross dividends of RON 145.8 million from the portfolio companies.

For more details regarding the portfolio updates during 2024, please see section *Key portfolio developments*.

For 31 December 2024 NAV, valuation updates in accordance with the International Valuation Standards were prepared for 15 holdings with the assistance of KPMG Advisory and Darian DRS, representing all the unlisted portfolio and 2 listed companies with low liquidity. Following this update, the value of portfolio holdings for which valuation reports were prepared (both unlisted and listed illiquid companies) increased by RON 191.9 million (+11.4%) in 31 December 2024 NAV compared to 31 December 2023 NAV.

In addition, for the preparation of the IFRS financial statements, the Fund has analysed the events that took place between 31 October 2024 (date of valuation reports for 31 December 2024 NAV) and 31 December 2024 and consequently has adjusted the value of 6 holdings in the final audited IFRS financial statements of the Fund for the year ended 31 December 2024. The total impact is a decrease of RON 87.9 million compared to the valuation included in 31 December 2024 NAV and this was mainly driven by the newly introduced tax on special constructions and the performance of certain companies in Q4 2024.

For more details regarding the valuation updates during 2024, please see sections *NAV evolution* and *Key portfolio developments*.

## Financial results summary

The table below presents the audited results of the Fund in accordance with IFRS for the financial year ended 31 December 2024:

RON million	31 December 2024 Audited	31 December 2023 Audited
Profit/ (Loss) for the year ended	251.5	(904.1)
Equity investments	1,893.7	1,784.4
Shareholders' equity	2,162.1	2,342.2

Source: audited IFRS financial statements of the Fund

The main contributors to the profit recorded in 2024 were: (1) the gross dividend income from portfolio companies of RON 145.8 million and (2) the net gain from equity instruments at fair value through profit or loss of RON 109.3 million (mainly generated by the valuation update for CN Aeroporturi Bucuresti SA).

## Key financial highlights

The tables below show a summary of the Fund's financial performance for the last 3 years and during each quarter of 2024.

NAV <sup>1</sup> and share price developments <sup>2</sup>	Notes	2024	2023	2022
Total shareholders' equity at the end of the period (RON million)	k	2,162.1	2,342.2	14,569.5
Total shareholders' equity change in period (%)	k	-7.7%	-83.9%	+5.9%
Total NAV at the end of the period (RON million)	a	2,250.0	2,350.1	14,569.5
Total NAV change in period (%)		-4.3%	-83.9%	+10.0%
NAV per share at the end of the period (RON)	a	0.7029	0.6608	2.5701
NAV per share at the end of the period (USD)	a	0.1471	0.1470	0.5546
NAV per share (RON) change in the period (%)		+6.4%	-74.3%	+13.6%
NAV per share total return in the period (%)	g	+17.0%	-2.4%	+19.1%
Share price as at the end of the period (RON)	b	0.3150	0.5230	2.0400
Share price low in the period (RON)	b	0.2740	0.3810	1.7080
Share price high in the period (RON)	b	0.5330	2.1500	2.1900
Share price change in the period (%)		-39.8%	-74.4%	+2.5%
Share price total return in the period (%)	h	-32.1%	+45.0%	+12.2%
Share price discount to NAV as at the end of the period (%)	d	-55.2%	-20.9%	-20.6%
Average share price discount in the period (%)	d	-34.2%	-22.8%	-21.6%
Average daily share turnover in the period (RON million)	c, j	3.5	12.9	9.1
GDR price as at the end of the period (USD)	e	3.22	5.70	21.60
GDR price low in the period (USD)	e	3.10	4.12	17.50
GDR price high in the period (USD)	e	5.70	23.80	24.20
GDR price change in the period (%)		-43.5%	-73.6%	-4.4%
GDR price total return in the period (%)	i	-36.7%	+34.9%	+3.9%
GDR price discount to NAV as at the end of the period (%)	d	-56.2%	-22.4%	-22.1%
Average GDR price discount in the period (%)	d	-34.7%	-23.4%	-22.4%
Average daily GDR turnover in the period (USD million)	f, j	0.03	0.49	0.3

Source: BVB (for shares), Bloomberg (for GDRs), Sole Director calculations

1. NAV for the end of each period was computed in the last calendar day of the month.

2. Period should be read as FY 2024/ FY 2023/ FY 2022, respectively

NAV <sup>1</sup> and share price developments <sup>2</sup>	Notes	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Total NAV at the end of the period (RON million)	a	2,336.4	2,312.4	2,120.0	2,250.0
Total NAV change in period (%)		-0.6%	-1.0%	-8.3%	+6.1%
NAV per share at the end of the period (RON)	a	0.6569	0.6622	0.6622	0.7029
NAV per share at the end of the period (USD)	a	0.1426	0.1424	0.1490	0.1471
NAV per share total return in the period (%)	g	-0.6%	+10.9%	-0.1%	+6.2%
Share price as at the end of the period (RON)	b	0.5200	0.3950	0.3696	0.3150



NAV <sup>1</sup> and share price developments <sup>2</sup>	Notes	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Share price total return in the period (%)	h	-0.6%	-14.4%	-6.4%	-14.8%
Share price discount to NAV as at the end of the period (%)	d	-20.8%	-40.4%	-44.2%	-55.2%
GDR price as at the end of the period (USD)	e	5.40	4.50	4.04	3.22
GDR price total return in the period (%)	i	-5.3%	-6.6%	-10.2%	-20.3%
GDR price discount to NAV as at the end of the period (%)	d	-26.1%	-36.8%	-45.8%	-56.2%

Source: BVB (for shares), Bloomberg (for GDRs), Sole Director calculations

1. NAV for the end of each period was computed in the last calendar day of the month.

2. Period should be read as Q1 2024/ Q2 2024/ Q3 2024/ Q4 2024, respectively

#### Notes:

- Prepared based on local rules issued by the capital market regulator (NAV in USD calculated using the NBR FX rate at the reporting date)
- Source: BVB - REGS market - Closing prices
- Source: BVB
- Share Price/ GDR Price discount/ premium to NAV as at the end of the period (%) is calculated as the discount/ premium between FP share closing price on BVB - REGS/ FP GDR closing price on LSE on the last trading day of the period and the NAV per share at the end of the period; as a general rule, the average discount/ premium is calculated according to IPS, using the latest published NAV per share at the date of the calculation (NAV in USD is calculated using the NBR FX rate at the reporting date) and includes both the days with premium and with discount. However, the discount to NAV for the trading days 7-14 September 2023 was calculated based on the 31 August 2023 NAV (published on 15 September 2023), in order to eliminate the mismatch between the NAV and BVB market price that was adjusted on 7 September 2023 (the Ex-date of 29 September 2023 dividend distribution).
- Source: Bloomberg - Closing prices
- Source: Bloomberg
- The NAV per Share Total Return is calculated in RON by geometrically linking total returns for all intermediate periods when official NAV is published. Each total return for a single period is calculated using the following formula: the NAV per share at the end of the period plus any cash distribution during the period, dividing the resulting sum by the official NAV per share at the beginning of the period. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS
- The Share Price Total Return is calculated in RON by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS
- The GDR Price Total Return is calculated in USD by geometrically linking daily total returns. Daily total return is calculated as the closing price at the end of the day, plus any cash distributions on that day, dividing the resulting sum by the closing price of the previous day. The resulting single period total returns are geometrically linked to result in the overall total return. The Fund uses this indicator as it is directly related to the performance objectives of the Fund included in the IPS
- Including the tender offers finalised by the Fund in June 2022/ March 2023/ December 2023/ September 2024
- The total shareholders' equity is based on the final audited financial results

## Performance objectives

According to the IPS in force starting with 1 April 2022, the current reporting period for the performance objectives is from 1 January 2024 until 31 December 2024.

In accordance with the Fund's IPS, there are two performance objectives that the Sole Director is aiming to achieve. The NAV objective refers to an Adjusted NAV per share<sup>1</sup> in the last day of the reporting period higher than the reported NAV per share as at the end of the previous reporting period. The discount objective implies the discount between the closing price of the Fund's shares on BVB – REGS and the latest reported NAV per share to be equal to, or lower than 15%, in at least 2/3 of the trading days in the reporting period.

### NAV Objective

The Adjusted NAV per share as at 31 December 2024 was RON 0.7727 per share, 16.9 % higher than the 31 December 2023 NAV per share of RON 0.6608.

NAV Objective	Amount RON	Details
<b>Total NAV as at 31 Dec 2024</b>	<b>2,250,041,449</b>	
Dividend distributions starting 1 Jan 2024	212,452,479	Gross dividend distribution of RON 0.06 per share approved on 30 Apr 2024 with Payment date 7 Jun 2024
Distribution fees for buy-backs starting 1 Jan 2024	3,784,809	Distribution fee for Buy-back programme no. 15
Distribution fees for dividend distributions performed starting 1 Jan 2024	3,716,275	Distribution fee for dividend distribution with Payment date 7 Jun 2024
Other costs related to buy-backs starting 1 Jan 2024	3,195,873	Fees related to buy-back programmes, excluding the distribution fees for buy-backs (mainly including the FSA fees for the tender offer)
Other costs related to dividends paid starting 1 Jan 2024	82,513	Central Depositary and Paying Agent fees
<b>Total Adjusted NAV as at 31 Dec 2024</b>	<b>2,473,273,398</b>	
Number of paid shares, less treasury shares and GDRs held as at 31 Dec 2024	3,200,784,516	
<b>Adjusted NAV per share as at 31 Dec 2024</b>	<b>0.7727</b>	
<b>NAV per share as at 31 Dec 2023</b>	<b>0.6608</b>	
Difference	0.1119	
%	+16.9%	

Source: Sole Director calculations

The Sole Director proposed a special dividend distribution of RON 0.06 per share with payment date 7 June 2024, that was approved by shareholders during 30 April 2024 Annual GSM.

Following Sole Director's proposal, during 13 February 2024 GSM the shareholders approved the 15<sup>th</sup> buyback programme for 1 billion shares, that was started on 15 April 2024. The maximum

<sup>1</sup> The adjusted NAV for a given date is calculated as the sum of: (i) the reported NAV as at the end of the Reporting Period; (ii) any distributions to shareholders, being either dividend or non-dividend ones (i.e. in the last case following reductions of the par value of the shares and distribution to the shareholders), implemented after the end of the previous Reporting Period, and (iii) any distribution fee and any transaction/ distribution costs relating to either dividend or non-dividend distributions including buy-backs of shares/ GDRs/ depositary interests executed through daily acquisitions or public tenders after the end of the previous Reporting Period. The adjusted NAV per share is equal to the adjusted NAV divided by the total number of the Fund's paid shares, less FP ordinary shares bought back and less equivalent in FP ordinary shares of FP GDRs acquired and not yet converted into FP ordinary shares, on the last day of the Reporting Period. For more details, please see the IPS available on the Fund's webpage.

number of shares that could be repurchased within this buy-back programme was subsequently reduced to 355.6 million, as a result of the regulatory changes adopted in June 2024 through GEO no. 71/2024.

On 24 July 2024, the Sole Director submitted to the FSA an application for the approval of a tender offer for 350 million shares in relation to Buy-back programme no. 15. Subsequently, the maximum number of shares in the tender offer was reduced to 269 million shares as a result of the share capital decrease process with the shares acquired within the 14<sup>th</sup> buy-back programme and the FSA's interpretation of Article 29 (4) of Law no. 243/2019, as amended by GEO no. 71/2024. The tender offer for 269 million shares at a price of RON 0.6622 was finalised on 30 September 2024.

Also, following Sole Director's proposal, during 2 December 2024 GSM the shareholders approved the 16<sup>th</sup> buyback programme for 320 million shares for 2025.

For more details regarding the Fund's buy-back programmes and the regulatory changes impacting these, please see section *Buy-back programmes*.

## Discount Objective

During 2024, the discount to NAV was above 15% in 99.6% of the trading days.

	Discount at 3 Jan 2024	Discount at 31 Dec 2024	Average Discount 3 Jan – 31 Dec 2024	Discount Range 3 Jan – 31 Dec 2024
FP share	-18.6%	-52.4%	-34.2%	min -13.7%/ max -58.6%
FP GDR	-20.0%	-54.1%	-34.7%	min -15.6%/ max -57.2%

Source: Sole Director calculations

Note: discount is calculated according to the IPS, based on the latest published NAV per share available for the day of the calculation

The Fund's discount to NAV during 2024 increased significantly. During this period new legislation was introduced limiting share buy-backs to 10% of share capital. Additionally, a significant shareholder requested new points to be added to the 27 September 2024 GSM agenda, including the preservation of the portfolio and the prohibition of further share buy-backs. These points were rejected by the majority of shareholders during the meetings in question. Furthermore, during 2024 there has been a significant shift in the shareholder structure of the Fund from institutional investors to retail investors, which underlines the selling pressure which has led to the widening of the discount to NAV.

It is the Sole Director's intention to continue its efforts to minimise the discount to NAV through close collaboration with underlying portfolio companies to improve governance, efficiency, and profitability, as well as ongoing implementation of the Discount Control Mechanism, transparent communication, and disclosure, supported by proactive investor relations.

## Corporate actions

### Special Dividend Distribution in 2024

The Sole Director proposed the distribution of a special gross dividend of RON 0.06 per share, with Payment date 7 June 2024, Ex-date on 16 May 2024 and Registration date on 17 May 2024, that was approved by shareholders during the 30 April 2024 Annual GSM. Until 31 December 2024 the shareholders collected 94.6% of the total dividend distribution.

### Buy-back programmes

During 2024 the Fund completed the cancellation of the shares acquired within the **14<sup>th</sup> buy-back programme** (carried on during 2023) and acquired shares within the 15<sup>th</sup> buy-back programme, whose cancellation was approved by shareholders during 2 December 2024 GSM and is pending completion of all the related regulatory steps.

The final trade **within the 15<sup>th</sup> buy-back programme** took place on 8 October 2024, when the regulatory limit of 10% of the Fund's share capital, as per the recent amendments brought to Article 29 paragraph (4) of Law no. 243/2019 was reached. As a result, in 2024 the Fund bought back a total number of 355,642,723 own shares within the 15<sup>th</sup> buy-back programme (out of which 338,876,723 ordinary shares and 16,766,000 ordinary shares corresponding to GDRs), representing 10% of the total issued shares as at 31 December 2024, for a total acquisition value of RON 216,324,940, excluding transaction costs. The total number of own shares (including shares corresponding to GDRs) held by the Fund as at 31 December 2024 is 355,642,723, having a total nominal value of RON 184,934,215.96 (RON 0.52 per share). As at 31 December 2024 the Fund did not hold any GDRs.

The 15<sup>th</sup> buy-back programme was carried out through daily transactions on BVB and LSE and one Tender Offer finalised by the Fund in September 2024, for 269 million shares.

The **16<sup>th</sup> buy-back programme** for 320 million shares to be implemented during 2025 was approved by shareholders during the 2 December 2024 GSM.

### Share capital decrease

During the 30 April 2024 Annual GSM the shareholders approved the decrease of the subscribed and paid-up share capital of the Fund by RON 1,098,437,022.28, from RON 2,947,779,186.56 to RON 1,849,342,164.28, pursuant to the cancellation of 2,112,378,889 own shares acquired by the Fund during 2023 through the 14<sup>th</sup> buy-back programme. The share capital decrease was finalised on 30 August 2024, after all legal and regulatory steps related to the cancellation were completed.

During 2 December 2024 GSM the shareholders approved the decrease of the subscribed and paid-up share capital of the Fund by RON 184,934,215.96, from RON 1,849,342,164.28 to RON 1,664,407,948.32, pursuant to the cancellation of 355,642,723 own shares acquired during 2024 through the 15<sup>th</sup> buy-back programme. The share capital decrease will be recorded only after all legal and regulatory steps related to the cancellation are completed – this process is ongoing at the date of this report, and it is expected to be completed during the first semester of 2025.

### Investor relations

In 2024, in our efforts to increase the visibility and the profile of the Fund, as well as the local capital market, and Romania, to a broader international institutional investor base, and to keep investors and shareholders up to date with the effects of the geopolitical and macroeconomic developments, the Fund's management team organised 4 road-shows in the United States and the United Kingdom, and met with 17 investment professionals interested in finding out more details about Fondul Proprietatea and its equity story, and in receiving updates on the Fund, its corporate actions, and the main portfolio holdings, as well as on the Romanian macroeconomic environment.

During the year, we participated to 1 online investor conference and 3 in person conferences organised by international brokers and investment banks in Zürs and Bucharest, where we discussed with representatives of 27 international asset managers. Furthermore, we had 9 meetings and 22 additional conference calls with analysts, brokers, current and prospective investors interested in the latest developments regarding the Fund's corporate actions and its portfolio companies.

As part of our communication strategy to update the institutional investors and analysts covering Fondul Proprietatea on its financial results, the latest events involving the Fund and its portfolio companies, and the planned corporate actions, we organised the 2023 preliminary annual results, 2024 first quarter and 2024 first half conference calls, with 15 analysts and investors participating on average to the calls.

Communication between the Sole Director and investors remains our top priority as we aim to ensure that investors are informed about the latest developments and obtain their feedback as we continue to focus on maximising shareholder value.

## Updates regarding BoN composition during 2024

During 2024 the Fund's shareholders appointed Mr. Marius-Alin Andries as member of the BoN, replacing Mr. Omer Tetik, following the expiration of Mr. Tetik's mandate, appointed Ms. Ileana-Lacramioara Isarescu as member of the BoN following the resignation of Mr. Martin Bernstein and appointed Mr. Nicholas Paris as member of the BoN for a new mandate of 3 years.

Details regarding these changes are presented below:

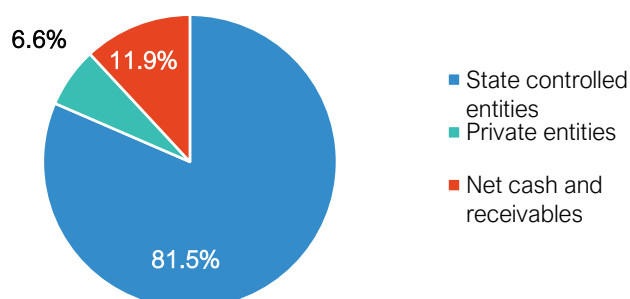
- On 6 April 2024, the mandates as members of the BoN of Mr. Omer Tetik and Mr. Nicholas Paris expired;
- During 26 March 2024 GSM, the Fund's shareholders appointed Mr. Marius-Alin Andries as member of the BoN for a period of 3 years starting 7 April 2024, replacing Mr. Omer Tetik, while Mr. Nicholas Paris did not obtain the statutory majority provided by the Fund's Constitutive Act for being elected as member of the BoN;
- As such, according to the provisions of the Fund's Constitutive Act and those of the mandate agreement, Mr. Nicholas Paris's mandate was extended by right until the next OGM having on its agenda the appointment of a new BoN member (i.e. the GSM held on 27 September 2024);
- On 12 April 2024 Mr. Martin Bernstein notified the Fund of his resignation from his positions held within the Fund's BoN and Consultative Committees. The termination of the mandate agreement became effective on 12 July 2024 (3 months from the date of the notification);
- During 27 September 2024 GSM, the Fund's shareholders appointed Ms. Ileana-Lacramioara Isarescu as member of the BoN of Fondul Proprietatea for a period of 3 years. Her mandate started on 1 October 2024;
- During the same GSM, the candidates for the second vacant position did not obtain the statutory majority provided by the Fund's Constitutive Act for being elected as member of the BoN and the seat remained vacant. As a result, on the same date, the Fund's BoN appointed Mr. Nicholas Paris as an interim member of the BoN until the next OGM having on its agenda the appointment of a new BoN member (i.e. the GSM held on 2 December 2024);
- During 2 December 2024 GSM the Fund's shareholders appointed Mr. Nicholas Paris as member of the BoN of Fondul Proprietatea for a period of 3 years starting 2 December 2024.

# Portfolio

## Portfolio structure

The equity exposure amounted to 88.1% of the Fund's NAV as at 31 December 2024. As at that date, the portfolio was composed of holdings in 24 companies (5 listed and 19 unlisted), a combination of privately held and state-controlled entities.

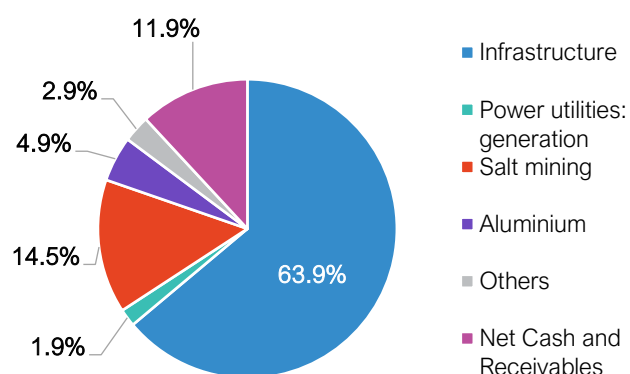
### Portfolio structure – by controlling ownership



Net cash and receivables include bank deposits, current bank accounts as well as other receivables and assets, net of all liabilities, including liabilities to shareholders related to dividend distributions.

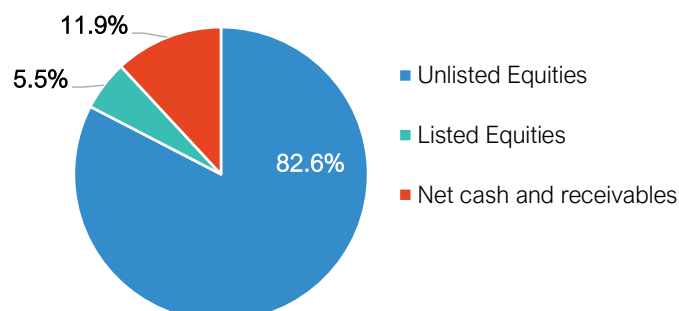
Source: Sole Director calculations  
Note: % in total NAV as at 31 December 2024

### Portfolio structure – by sector



Source: Sole Director calculations  
Note: % in total NAV as at 31 December 2024

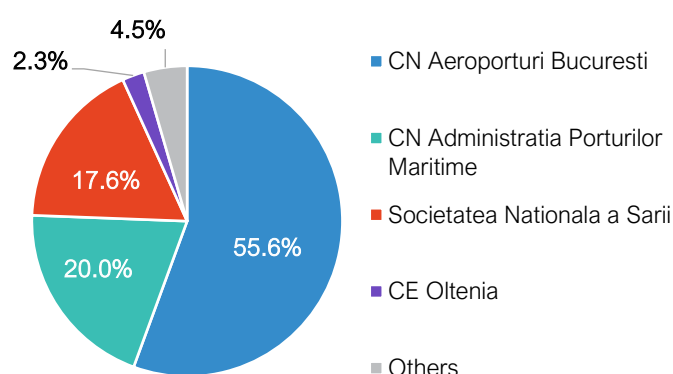
### Portfolio structure – by asset type



Source: Sole Director calculations  
Note: % in total NAV as at 31 December 2024



### Portfolio structure – unlisted holdings

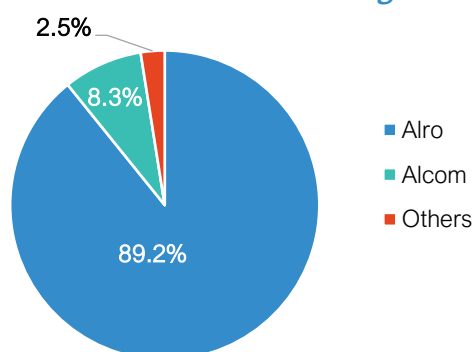


The largest unlisted holding is CN Aeroporturi Bucuresti SA (46.0% of the NAV)

Source: Sole Director calculations

Note: as at 31 December 2024. The chart reflects the company's NAV value as a % in total NAV value of unlisted holdings.

### Portfolio structure – listed holdings



The largest listed holding is Alro SA (4.9% of the NAV)

Source: Sole Director calculations

Note: as at 31 December 2024. The chart reflects the company's NAV value as a % in total NAV value of listed holdings.

## Key portfolio developments

### Annual dividends received from portfolio companies

During 2024, the Fund recorded **annual** dividends from 7 companies in the Fund's portfolio related to the 2023 financial year. There were no **special** dividends<sup>1</sup> declared by the portfolio companies during the reporting period. The total amount of gross dividend income recorded by the Fund during 2024 is RON 145.8 million. The table below presents details on the annual dividends received from portfolio companies during 2024:

Portfolio company	Gross amounts (RON million)	Date of recording in accounting	Collection date
CN Aeroporturi Bucuresti SA	80.4	21-May-24	23-Jul-24
Societatea Nationala a Sarii SA	63.7	29-May-24	24-Jul-24
Others	1.7	Apr-Sep 2024	Fully collected until 31 Dec 2024
<b>Total</b>	<b>145.8</b>		

Source: Fondul Proprietatea internal records

<sup>1</sup> According to the definition of "special dividends" from the Annual cash Distribution Policy of the Fund

## Listing of Societatea Nationala a Sarii SA

On 5 July 2021, the GSM of Salrom approved in principle the listing of the company on the BVB, through a public offering of the company's shares held by the Fund.

On 27 July 2022, the Government approved a Memorandum supporting the listing of Salrom by a public offering of the company's shares held by the Fund, which is a key milestone in the listing process.

The approval is a positive development as it allows the Fund to explore its options with regards to a potential realisation of all or part of its holding in the company.

Following the finalisation of the selection procedure for Board Members based on GEO no. 109/2011 by the Ministry of Economy, during 23 February 2024 GSM the shareholders appointed Board members for a period of 4 years. Also, following finalisation of selection procedure based on GEO no. 109/2011, the Board appointed the General Manager for a period of 4 years starting 1 July 2024.

The Fund continues to engage with the majority shareholder and the company in relation to preparations for a potential IPO.

## Legal actions against CN Aeroporturi Bucuresti SA share capital increase

On 7 March 2024 the Bucharest Court of Appeal admitted the appeal filed by the Fund, annulling Resolution no. 15/ 26 October 2021 of CN Aeroporturi Bucuresti SA GSM for the approval of a share capital increase with the plots of land inside Baneasa airport, brought as Romanian State's contribution in kind to the company's share capital. Decision no. 373/7 March 2024 issued by the Bucharest Court of Appeal is final. On 27 January 2025, the Bucharest Court of Appeal also issued the reasoning of Decision no. 373/7 March 2024.

In addition to the main litigation described above, the Fund has also entered into the following court proceedings in order to protect the shareholders' interests:

- Opposition against the registration of EGM Resolution no. 15/26.10.2021 with the Trade Register - on 11 February 2022, the Ilfov Court has suspended the opposition pending a final decision in the main file; the Fund has submitted a request for the file to be reinstated on the docket; at the 8 November 2024 hearing, the court reinstated the file on the docket. On 13 December 2024, the Court admitted the opposition filed by the Fund and the request for registration of EGM Resolution no. 15/26.10.2021 with the Trade Register was dismissed. The decision is subject to appeal within 30 days from the date of communication; the Fund was communicated the decision of the Ilfov Court on 24 February 2025;
- Action against the Certificates of attestation of the right of ownership (RO: "Certificate de atestare a dreptului de proprietate"); on 10 October 2024 the court decided to suspend the proceedings pending a plea of unconstitutionality raised by the Fund with regard to certain provisions from the Contentious administrative Law no. 554/2004; the plea of unconstitutionality is currently pending with the Constitutional Court;
- Action against the valuation report issued by ANG Consulting SRL - on 20 February 2024, the judge decided that another specialised section of the same Court is entitled to have jurisdiction on solving the case; the first hearing before the new specialised section was on 10 December 2024 when the Court acknowledged, in principle, the intervention of CN Aeroporturi Bucuresti as an accessory intervention; the defendant Ministry of Transport invoked the exception of lack of interest. The Court postponed ruling on the exception until the reasoning of the decision in the file regarding the share capital increase (i.e., file no. 2779/93/2021), considering that the outcome will depend on the reasoning within the aforementioned file; at the hearing on 18 February 2025, the Ministry of Transport and CN Aeroporturi Bucuresti raised again the plea of lack of interest by reference to the court reasoning in the annulment file of EGM Resolution no. 15/26.10.2021 and GEO no. 26/2023,

and the court instructed them to file clarifications in writing; the next hearing is scheduled for 15 April 2025;

- Action for annulment of the EGM Resolution no. 14/24.09.2019 for the annulment of the decision based on which ANG Consulting SRL performed the valuation; at the 5 November 2024 hearing the parties pleaded on the merits of the case and the court has deferred a decision for the 10 January 2025. On 10 January 2025, the Court rejected, as unfounded, the plea of belatedness and the plea of lack of interest in filing the action, raised by both Romanian State through the Ministry of Transport and Infrastructure, and CN Aeroporturi Bucuresti SA. The Court also rejected, as unfounded, the action for annulment of the EGM Resolution no. 14/24.09.2019 filed by the Fund. The decision is subject to appeal within 30 days from the date of communication.

### **Valuation of CN Aeroporturi Bucuresti SA**

Within the NAV reports prepared during 2024, the Fund's holding in CN Aeroporturi Bucuresti SA was valued using the same assumptions and valuation methodology as in the previous valuation reports prepared during 2023. This approach was confirmed by the Bucharest Court of Appeal's decision from 7 March 2024 and the related reasoning issued on 27 January 2025. The Sole Director will analyse the future actions of CN Aeroporturi Bucuresti SA and their potential impact on the valuation of the company.

### **Participation in share capital increases/ decreases**

#### **Aeroportul International Timisoara SA share capital increase**

During the GSM held on 9 June 2023, the majority shareholder approved a share capital increase of RON 25.2 million, by issuing 2,523,850 new shares at a nominal value of RON 10 per share, to finance a proposed investment project.

Fondul Proprietatea challenged the validity of the GSM decision and during the legal proceedings, on 14 May 2024, the company passed a GSM resolution whereby they approved the revocation of the share capital increase decision. As a result thereof, on 21 June 2024 the court dismissed the claim as lacking object and awarded the Fund part of the legal costs.

#### **Restructuring plan of CE Oltenia and related roadmap**

In January 2022, the European Commission approved Romania's plan to grant CE Oltenia a restructuring aid for up to EUR 2.66 billion (RON 13.15 billion). The implementation of the Restructuring Plan will lead to capital increases, both in cash as well as with the value of lands that will be used by CE Oltenia to develop the new investments alongside co-investors (photovoltaic power plants and gas fired power plants) and other business restructuring measures:

- CE Oltenia will develop 4 solar parks with a total capacity of 455 MW together with OMV Petrom, 4 solar parks with a total capacity of 280 MW and a 475 MW natural gas energy block with Tinmar Energy and an 850 MW combined cycle power plant on natural gas with Alro.
- Spin-off of 2 units totalling 300MW, respectively of the Craiova II Power Plant Branch. The new company, Electrocentrale Craiova SA, was established following the GSM in August 2022 approving the transaction, following a symmetric spin-off, taking over the assets and liabilities of Craiova II Power Plant Branch and mirrored percentage wise the shareholding structure of CE Oltenia at that date (share capital of RON 23,829,130 with FP's stake of 21.559%, respectively 513,754 shares).
- CE Oltenia will create a distinct subsidiary ("the Lignite Subsidiary") which will comprise and operate the existing lignite power units and related assets that are not intended for transition to gas or renewables. As per the Restructuring Plan, the Lignite Subsidiary should be completed before the end of the restructuring period i.e. before the end of 2026. Such lignite capacities should decrease over time in line with national lignite phase-out calendar.

The change in legislation brought by GEO no. 26/2023 allowing land valuation to be carried out at fair value, instead of indexation method facilitated the share capital increase with the value of the lands that will be contributed by CE Oltenia in the new investment companies, brought as Ministry of Energy's in-kind contribution to the company's share capital.

The share capital increase with the value of the lands amounting to EUR 41 million (RON 204 million) was approved during the GSM taking place on 29 August 2023, by issuing 20,346,788 new shares at a nominal value of RON 10 per share in favour of the Ministry of Energy. Following the implementation of the share capital increase with the value of the lands and registration with the Trade Registry during September 2023, the Fund's stake in CE Oltenia decreased to 11.81% while Ministry of Energy's stake increased to 87.48%.

In 2024, CE Oltenia received approximately EUR 79 million (RON 387 million) in state aid as part of the Restructuring Plan. The state aid is intended to finance the purchase of greenhouse gas emission certificates pertaining to 2023 and 2024. During 2021 – 2023 the company received grants worth EUR 867 million (EUR 241 million in 2021, EUR 535 million in 2022 and EUR 91 million in 2023).

In line with the Restructuring Plan that also entails an equity contribution in cash by the Romanian State via the Ministry of Energy in amount of EUR 180 million, CE Oltenia has conveyed a GSM on 28 November 2023 for the approval of the share capital increase. The share capital increase was approved during the GSM in November 2023, by issuing 27,036,159 new shares at a nominal value of 10 RON per share in favour of the Ministry of Energy and included a share premium in amount of RON 620,727,531.

The Fund did not subscribe in the share capital increase. Following the cash contribution and registration with the Trade Registry, the Fund's stake in CE Oltenia share capital will decrease to 7.37%. As at the date of this report, the Ministry of Energy has not contributed the corresponding cash amount related to the share capital increase. Consequently, until the cash contribution is made by the Ministry of Energy, the Fund's stake in CE Oltenia recorded at the Trade Registry remains at 11.81%.

During the shareholders meeting held on 10 May 2024, the Ministry of Energy approved the initiation of merger by absorption of CE Oltenia with the Mining Design Institute in Craiova (RO: Institutul de Cercetare Stiintifica, Inginerie Tehnologica si Proiectare Mine pe Lignit SA Craiova - ICSITPML). The specialists from the institute, who will be integrated into the CE Oltenia, are expected to be involved in the closure, conservation, and greening programs for the mines.

In November 2024 CE Oltenia, in collaboration with OMV Petrom, has completed the tender process for the construction of three of the four planned photovoltaic parks and has announced the chosen contractors for these lots. The process for the fourth park was finalised in February 2025.

The Restructuring Plan of CE Oltenia SA is only partially proceeding as scheduled, with some delays in commissioning the new capacities already being faced.

### **GEO no. 27/2023 regarding the exemption from regulatory requirements on profit distribution**

As per Article 5 of GEO no. 27/2023, by exemption from the provisions of Article 1 paragraph (1) (e) and (f) from Government Ordinance no. 64/2001 regarding the distribution of profit of state owned companies, for such companies that have a restructuring plan in progress notified and approved by the European Commission Decision and that have benefited from state aid for restructuring in the form of grants for the financing of certain expenses, the accounting profit remaining after tax deduction is distributed directly to other reserves – e.g. no distribution of dividends.

## Disposal of the entire holding in Engie Romania SA

On 11 December 2023 the Fund informed shareholders that it received a binding offer from GDF International SA, the majority shareholder of Engie Romania SA, in relation to a potential sale of its entire shareholding in Engie Romania SA, for a consideration of EUR 87 million.

Further to that, on 22 December 2023 the Fund, as seller, and GDF International SA, as purchaser, entered into an agreement for the sale of the entire shareholding in Engie Romania SA in exchange for a total consideration of RON 432,616,167.75. The completion of the sale under the agreement was subject to the Fund GSM approval.

Following the approval of the transaction by the Fund's shareholders during 13 February 2024 GSM, on 20 February 2024 the Sole Director of the Fund informed the market about the completion of the sale of the Fund's entire holding in Engie Romania SA. Following the transaction, the Fund received gross proceeds of RON 432,616,167.75 and no longer holds any shares in Engie Romania SA.

## Regulatory updates for portfolio companies

### Order no. 85/2024 regulating sustainability reporting aspects

On 26 January 2024, the Ministry of Finance Order no. 85/2024 regulating sustainability reporting aspects entered into force, transposing the CSRD provisions into the national legislation.

The entities in scope of Order 85/2024 should include in the administrators' report relevant information for understanding the business impact of sustainability issues and how sustainability issues affect the development, performance, and position of the entity.

The reporting requirements provided by Order 85/2024 will enter into force in stages, starting with the financial year 2024. The reporting obligations and deadlines for implementation depend on various criteria such as: number of employees, turnover, total assets, if the company is a public interest entity, if the company is part of a group, etc.

Depending on the applicability and impact of Order no. 85/2024 on their activity, the companies in the Fund's portfolio would provide further communications on this topic.

### GEO no. 32/2024 regarding measures applicable to final customers in the electricity and natural gas market

On 29 March 2024, GEO no. 32/2024 was published in the Official Gazette of Romania. Among the important changes regarding the calculation of the contribution to the Energy Transition Fund ("the windfall tax") as of 1 April 2024, the following are mentioned below:

- For electricity/ natural gas producers:
  - reduction of the reference price from 450 RON/MWh to 400 RON/MWh;
  - in case of electricity producers from wind and solar energy, the expenses with imbalances (part of the calculation of monthly expenses) increase from 5% to 10% of the value of electricity with physical delivery from own production;
- For electricity/ natural gas suppliers and traders:
  - changing the date until when the calculation methodology is applied to 31 March 2025;
  - modifying the meaning of the reference price by increasing the margin from 2% to 10% which is added to the average monthly electricity / natural gas purchase price;
  - the mention in the definition of the average purchase price of the fact that for suppliers who carry out trading activity and do not specifically allocate the purchase contracts

between the supply activity and the trading activity, the entire purchase made by the suppliers will be taken into account, regardless of the destination of the electricity / natural gas.

Regarding the Centralised Electricity Acquisition Mechanism, one of the changes approved through GEO no. 32/2024 was the elimination of the compulsory nature of this mechanism from 1 April 2024, along with the reduction of the acquisition price from RON 450/MWh to RON 400/MWh. As of the same date, the CEAM is open to all electricity producers on a voluntary basis. Starting the same date, for the volumes sold through CEAM electricity producers are no longer able to claim the unrecovered costs with the carbon allowances from the Energy Transition Fund.

The Fund has assessed these regulatory requirements, and the related impact has been reflected in the valuation updates performed during 2024 of the relevant portfolio companies.

### **Changes to Law no. 162/2017 regarding the composition of audit committee of public interest entities**

In December 2024, the Government enacted GEO no. 137/2024 for amending and supplementing Law no. 162/2017. Following the amendments to Law no. 162/2017, at least one member of the audit committee: (i) must be authorised as a financial auditor and registered in the Electronic Public Register by the competent authority of Romania, another Member State, the European Economic Area or Switzerland; or (ii) have at least 3 years of experience in statutory auditing, acquired through participation in statutory audit missions, proven with supporting documents.

Portfolio companies must comply with the abovementioned obligation regarding the composition of the audit committee by 30 September 2025 or, as the case may be, until the termination or extension by any means permitted by law of any mandate in the audit committee.

### **GEO no. 156/2024 regarding fiscal-budgetary measures in the field of public expenditures**

Through GEO no. 156/2024 companies are obliged to pay, under certain conditions, a 1% construction tax on the value of the constructions existing in the taxpayers' patrimony on 31 December of the previous year, from which the value of the buildings for which the building tax is due is deducted, according to the provisions of Title IX of the Fiscal Code.

In the case of constructions of the public/ private domain of the state or of the administrative-territorial units, the tax is due by the taxpayers who have them in administration/ concession/ use free of charge/ rental.

As part of the subsequent events analysis the Fund has received information from portfolio companies and has analysed the impact on valuation of the newly introduced tax on special constructions. For more details, please see *Annex 1 Audited Financial Statements*.



## Top portfolio holdings

Name	Fund's stake (%)	Value as per 31 Dec 2024 NAV (RON mil)	% of NAV as at 31 Dec 2024
CN Aeroporturi Bucuresti SA	20.00%	1,033.9	46.0%
CN Administratia Porturilor Maritime SA <sup>1</sup>	20.00%	371.7	16.5%
Societatea Nationala a Sarii SA <sup>1</sup>	49.00%	326.8	14.5%
<b>Top equity holdings</b>		<b>1,732.4</b>	<b>77.0%</b>
<b>Total equity holdings</b>		<b>1,981.7</b>	<b>88.1%</b>
<b>Net cash and receivables</b>		<b>268.3</b>	<b>11.9%</b>
<b>Total NAV</b>		<b>2,250.0</b>	<b>100.0%</b>

Source: internal records of the Fund

1. For the purpose of IFRS financial statements, the Fund has analysed the potential effect on the valuation of portfolio holdings of the events that took place between 31 October 2024 (date of the valuation reports for 31 December 2024 NAV) and 31 December 2024 and consequently has adjusted the value of CN Administratia Porturilor Maritime SA and Societatea Nationala a Sarii SA – for more details please see chapter *Net Asset Value*.

## CN Aeroporturi Bucuresti SA

### Financial and operational results

RON million	2023	2024 <sup>1</sup>	%	Budget 2023	Budget 2024	%
Operating revenue	1,206.8	1,447.6	+20.0%	1,118.9	1,310.3	+17.1%
Operating profit	499.7	635.4	+27.2%	288.3	470.9	+63.3%
Net profit	453.3	n.a.	n.a.	229.1	408.7	+78.4%
Dividends	401.8	n.a.	n.a.	121.3	211.1	+74.0%

Source: Individual IFRS financial statements / Budgeted figures based on company's budgets as approved by shareholders

1. Preliminary unaudited results

Traffic has recovered to pre-Covid levels in 2023 and continued to rise by 9% y.o.y, reaching 16.1 million passengers by the end of 2024. This trend, coupled with a more beneficial contract for commercial spaces, were the main positive drivers for the improved operational profitability, which was up by 27.2% y.o.y to RON 635.4 million.

### Corporate governance

Board members were appointed in July for 4-year mandates. However, Fondul Proprietatea challenged the legality of these appointments in Court due to irregularities in the selection process and outcomes, which in the Sole Director's view go against the provisions of GEO no. 109/2011. The litigation regarding the annulment of the GSM resolution will be judged on the merits, and the first hearing is set for 3 April 2025.

### ESG

CN Aeroporturi Bucuresti SA analysed the potential impact of Order no. 85/2024 on their activity and intends to implement specific reporting as per legal requirements.

## CN Administratia Porturilor Maritime SA

### Financial and operational results

RON million	2023	2024 <sup>1</sup>	%	Budget 2023	Budget 2024	%
Operating revenue	571.2	540.6	-5.4%	542.3	577.7	+6.5%
Operating profit	195.9	311.6	+59.1%	91.4	139.7	+52.8%
Net profit	195.4	n.a.	n.a.	89.8	143.1	+59.4%
Dividends	-	n.a.	n.a.	23.2	35.9	+54.7%

Source: Financial statements in accordance with applicable Romanian accounting regulations / Budgeted figures based on company's budgets as approved by shareholders

1. Preliminary unaudited results, as provided by the company, before end-of-year provisions

Traffic reached 77.5 million tons in 2024, 15% lower y.o.y, in the context of a significant drop of volumes linked to Ukraine, which decreased by more than half, to approximately 10.2 million tons. Operating profitability was up by 59.1% y.o.y., reaching RON 311.6 million in 2024, boosted by a reversal of a legal provision of RON 112.9 million.

### Corporate governance

All Board members have interim mandates. Selection process for full mandates did not start yet.

### ESG

CN Administratia Porturilor Maritime SA analysed the potential impact of Order no. 85/2024 on their activity and intends to implement specific reporting as per legal requirements.

## Societatea Nationala a Sarii SA

### Financial results

RON million	2022	2023	%	H1 2023	H1 2024	%	Budget 2023	Budget 2024	%
Operating revenue	495.3	517.1	+4.4%	237.0	241.7	+2.0%	597.5	592.2	-0.9%
Operating profit	134.4	140.8	+4.8%	57.5	66.1	+15.0%	146.3	144.7	-1.1%
Net profit	120.7	130.6	+8.2%	56.5	61.4	+8.7%	129.7	130.0	+0.3%
Dividends	114.3	130.1	+13.8%	n.a.	n.a.	n.a.	129.7	130.0	+0.3%

Source: IFRS financial statements / Budgeted figures based on company's budgets as approved by shareholders

### Corporate governance

Following the finalisation of the selection procedure for Board Members based on GEO no. 109/2011 by the Ministry of Economy, during 23 February 2024 GSM the shareholders appointed Board members for a period of 4 years. Fondul Proprietatea appointed 2 out of 5 members. Also, following finalisation of selection procedure based on GEO no. 109/2011, the Board appointed the General Manager for a period of 4 years starting 1 July 2024.

### ESG

Societatea Nationala a Sarii reports on environmental and social responsibility issues in its non-financial annual report, in accordance with GRI Standards, published on its website [www.salrom.ro](http://www.salrom.ro). Societatea Nationala a Sarii analysed the potential impact of Order no. 85/2024 on their activity and intends to implement specific reporting as per legal requirements.

## Bankruptcies, insolvencies, and reorganisations

The following companies from the Fund's portfolio are under bankruptcy, insolvency or reorganisation procedures:

- Gerovital Cosmetics SA (sole registration code 334493) is a company under bankruptcy procedure starting with 6 January 2010, according to the decision issued by Bucharest Court related to the file 22491/3/2007;
- Romplumb SA (sole registration code 2206334) is a company under bankruptcy procedure starting with 15 September 2017, according to the decision issued by Maramures Court related to the file 729/100/2012;
- Simtex SA (sole registration code 324490) is a company under bankruptcy procedure starting with 26 June 2024, according to the decision issued by Bucharest Court related to the file 5768/3/2008;
- Salubriserv SA (sole registration code 7774360) is a company under bankruptcy procedure starting with 18 June 2021, according to the decision issued by Mures Court related to the file 108/1371/2015;
- World Trade Center Bucharest SA (sole registration code 364354) is a company under insolvency procedure starting with 8 June 2010, according to the decision issued by Bucharest Court related to the file 45619/3/2011.
- Romaero SA (sole registration code 1576401) is a company under insolvency procedure starting with 17 January 2024, according to the decision issued by Bucharest Court related to the file 39261/3/2023

The holdings in these companies are reflected at zero in the NAV reporting.

# Corporate Strategy

## Distributions to shareholders

### Annual Cash Distribution Policy

In order to comply with the requirements of the Bucharest Stock Exchange Corporate Governance Code and in accordance with the IPS, Fondul Proprietatea adopted the Annual Cash Distribution Policy. The scope of the policy is to set a series of guidelines and principles on the cash distributions made by the Fund.

The Annual Cash Distribution Policy of the Fund currently in force is included in full in Annex 7 to this report and it is published on the Fund's website in the section *About the Fund/ Fund overview/ Corporate governance*.

### General payment procedure

The payments of the distributions to shareholders are performed through the Romanian Central Depository, according to the legislation in force, as follows:

- a) for shareholders having a custodian/ brokerage account, directly by the respective custodian bank or broker;
- b) for all other shareholders:
  - (i) by the Central Depository, through BRD Groupe Societe Generale (acting as Payment Agent), for bank transfers when the supporting documentation required by the Central Depository, along with a payment request, have been submitted;
  - (ii) by the Payment Agent for cash payments, at any of its agencies, or by bank transfer (when the supporting documentation required by the Payment Agent and a payment request were submitted to the Payment Agent).

For each distribution the Fund publishes on its website all the necessary details, including the Dividend Payment procedure, information regarding the potential tax implications, documents to be submitted by shareholders to benefit from certain tax exemptions or lower tax rates, payment forms, additional documentation needed in particular situations, contact details of the Paying Agent and Central Depository, etc.

Starting with the date when the statute of limitation occurs, the shareholders are no longer entitled to collect the respective distribution. According to the provisions of the legislation in force, the statute of limitation generally occurs three years after the date when the respective distribution commences, except for specific instances that are individually assessed – in these cases the payments are performed directly by the Fund based on the specific requests and documentation provided by shareholders entitled to amounts payable.

For more details regarding the general dividend payment procedure and applicable forms, please see the Fund's website, section *Investor Relations – Dividends and Distributions*.

### Special Dividend Distribution in 2024

The Sole Director proposed the distribution of a special gross dividend of RON 0.06 per share, with Payment date 7 June 2024, Ex-date on 16 May 2024 and Registration date on 17 May 2024, that was approved by shareholders during the 30 April 2024 Annual GSM. Until 31 December 2024 the shareholders collected 94.6% of the total dividend distribution.

## Distributions history

Key information on the Fund's distributions history is included in the table below:

Distribution <sup>1</sup>	Paid in	Gross distribution declared (RON)	Gross distribution per share (RON)	Total number of shares <sup>2</sup>	Status of distribution payment (%)	Deadline for distribution collection as per Central Depository
<b>Distributions performed before the start of FT mandates</b>						
Dividend	Nov 2007	36,076,046	0.002533334	14,240,540,675		
Dividend	Sep 2008	89,997,678	0.0065960489	13,644,179,910		
<b>Distributions performed during FT mandates</b>						
Dividend	Oct 2010	1,124,316,804	0.08160	13,778,392,208		11 Oct 2013
Dividend	Jun 2011	432,729,046	0.03141	13,776,792,208		30 Jun 2014
Dividend	Jun 2012	507,658,517	0.03854	13,172,250,055		30 Jun 2015
Dividend	Jun 2013	536,437,206	0.04089	13,119,031,695		28 Jun 2016
Return of capital	Jul 2014	601,325,852	0.05000	12,026,517,031		25 Jul 2017
Return of capital	Jun 2015	534,322,868	0.05000	10,686,457,366		29 Jun 2018
Return of capital	Jun 2016	516,886,344	0.05000	10,337,726,877		27 Jun 2019
Return of capital	Mar 2017	480,543,496	0.05000	9,610,869,928		27 Sep 2020 <sup>3</sup>
Return of capital	Jun 2017	443,502,747	0.05000	8,870,054,948		27 Sep 2020 <sup>3</sup>
Dividend	Jun 2018	499,976,344	0.06780	7,374,282,346		29 Jun 2021
Dividend	Jul 2019	642,318,808	0.09030	7,113,165,099		1 Jul 2022
Dividend	Jul 2020	417,965,383	0.06420	6,510,364,222		1 Jul 2023 <sup>4</sup>
Dividend	Jun 2021	427,147,747	0.07200	5,932,607,596		22 Jun 2024
Dividend	Aug 2021	413,480,183	0.07000	5,906,859,764		27 Aug 2024
Dividend	Feb 2022	351,240,772	0.06000	5,854,012,863	98.1%	18 Feb 2025
Dividend	Jun 2022	774,290,893	0.12500	6,194,326,989	97.8%	27 Jun 2025
Dividend	Jun 2023	269,837,832	0.05000	5,396,756,645	97.4%	6 Jun 2026
Dividend	Sep 2023	9,180,252,728	1.72250	5,329,609,743	97.2%	29 Sep 2026
Dividend	Jun 2024	212,452,479	0.06000	3,540,874,654	94.6%	7 Jun 2027

Source: Fondul Proprietatea internal records

1. The dividend distributions represent either annual dividends or special dividends, according to the definitions included in the Fund's Annual Cash Distribution Policy. Full details regarding each distribution are included on the Fund's website, in the section *Investor Relations – GSM Information*, at the corresponding GSM approving the distribution.

2. Number of shares defined as (1) the number of shares in issue, less (2) any unpaid shares and less (3) any treasury shares acquired via buy-backs (in the form of ordinary shares or GDRs corresponding to ordinary shares) at the registration date decided upon by the GSM approving the dividend distribution or return of capital.

3. Status of limitation was extended due to pandemic conditions; however, extended status of limitation occurred

4. Status of limitation was extended until 31 May 2026 due to certain legal provisions and procedures applied.

## Buy-back programmes

### Impact of regulatory changes implemented during 2024 on buy-back programmes

As detailed in the section *Regulatory updates*, GEO no. 71/2024 entered into force on 25 June 2024, introducing a maximum limit of 10% of the share capital during a financial year for buy-back programmes. GEO no. 71/2024 also provides for the frequency of the buy-back programmes (once in a financial year), and the conditions under which the buy-back programs can be performed (based on EGM approval and exclusively from own sources). This regulation impacts all the buy-back programmes of the Fund going forward.

Given the FSA approval on 8 August 2024 of the share capital decrease related to the cancellation of the shares acquired by the Fund within in the 14<sup>th</sup> buy-back programme, and the FSA interpretation on how the new regulation applies to the 15<sup>th</sup> buy-back programme, the **maximum** number of shares the Fund was allowed to repurchase **during 2024** was **355,642,723 shares**.

### Overview of share buy-back programmes

Progr.	Period	No. of shares (mil)	Tender offer	Status
1	May – Sep 2011	240.3	N/A	Completed
2	Apr – Dec 2013	1,100.9	Oct – Nov 2013	Completed
3	Mar – Jul 2014	252.9	N/A	Completed
4	Oct 2014 – Feb 2015	990.8	Nov – Dec 2014	Completed
5	Feb – Jul 2015	227.5	N/A	Completed
6	Sep 2015 – Sep 2016	891.7	Aug – Sep 2016	Completed
7	Sep 2016 – May 2017	830.2	Feb – Mar 2017	Completed
8	May – Nov 2017	141.9	N/A	Completed
9	Nov 2017 – Dec 2018	1,488.0	Jan – Feb 2018	Completed
10	Jan – Dec 2019	403.8	Jul – Aug 2019	Completed
11	Jan – Dec 2020	798.0	Jan – Mar 2020/ Jul – Sep 2020/ Oct – Dec 2020	Completed
12	Jan - Dec 2021	194.4	N/A	Completed
13	Jan – Dec 2022	549.0	May – Jun 2022	Completed
14	Jan – Dec 2023	2,112.4	Jan – Mar 2023 Oct – Dec 2023	Completed
15	Apr – Oct 2024	355.6	Jul – Sep 2024	Share cancellation approved <sup>1</sup>
16	Jan – Dec 2025	-	N/A	To be implemented during 2025 <sup>2</sup>
<b>Total</b>		<b>10,577.4</b>		

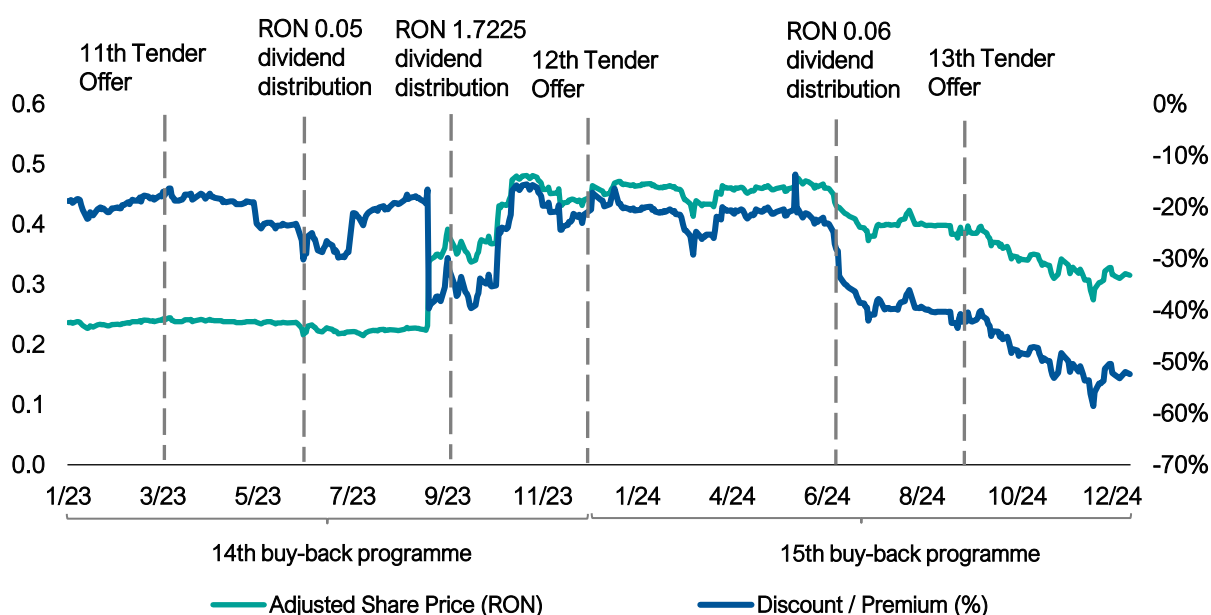
Source: Fondul Proprietatea internal records

1. The 15<sup>th</sup> buyback programme was approved during 13 February 2024 GSM, started on 15 April 2024 and was finalised on 8 October 2024. The cancellation of the related shares was approved during 2 December 2024 GSM and is pending completion of all the related regulatory steps.

2. The 16<sup>th</sup> buyback programme for 2025 for maximum 320 million shares was approved during 2 December 2024 GSM.



### Evolution of discount / premium vs. buy-back programmes and distributions



Source: Bloomberg for Adjusted Share Price (price adjusted with cash distributions), Sole Director calculations for Discount / Premium  
 Note: The (discount) / premium is calculated in accordance with the IPS i.e. the (discount) / premium between the FP shares closing price on the BVB - REGS for each trading day and the latest published NAV per share at the date of calculation. However, the discount to NAV for the trading days 7-14 September 2023 was calculated based on the 31 August 2023 NAV (published on 15 September 2023), in order to eliminate the mismatch between the NAV and FP BVB market price that was adjusted on 7 September 2023 (the Ex-date of 29 September 2023 dividend distribution).

The table below shows a summary of the buy-back programmes during 2024:

Progr.	Description	No of shares	Equivalent shares of GDRs	Total no of shares	% issued share capital <sup>2</sup>
14 <sup>th</sup>	<b>Balance at 1 Jan 2024</b>	<b>2,112,378,889</b>	-	<b>2,112,378,889</b>	
	Acquisitions	-	-	-	
	Conversions	-	-	-	
	Cancellations	(2,112,378,889)	-	(2,112,378,889)	
	<b>Balance at 31 Dec 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	Weighted average price <sup>3</sup>	RON 0.7983	USD 6.8551	RON 0.8600	
15 <sup>th</sup>	<b>Balance at 1 Jan 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	
	Acquisitions	338,876,723	16,766,000	355,642,723	
	Conversions	16,766,000	(16,766,000)	-	
	Cancellations	-	-	-	
	<b>Balance at 31 Dec 2024</b>	<b>355,642,723</b>	<b>-</b>	<b>355,642,723</b>	<b>10.0%</b>
	Weighted average price <sup>3</sup>	RON 0.6074	USD 6.9758	RON 0.6083	
<b>All</b>	<b>Total balance at 31 Dec 2024</b>	<b>355,642,723</b>	<b>-</b>	<b>355,642,723</b>	<b>10.0%</b>

Source: Sole Director calculations

Notes:

1. All information is presented based on the transaction date

2. Calculated as the total number of shares acquired within the programme (own shares and shares corresponding to GDRs) divided by the number of shares corresponding to the issued share capital at the end of the programme (for completed programmes)/at the reporting date (for ongoing programmes).

3. Weighted average price is calculated based on transaction price, excluding the related transaction costs, for the entire buy-back programme

The total number of own shares held by the Fund as at 31 December 2024 is 355,642,723, having a total nominal value of RON 184,934,215.96 (RON 0.52 per share).

### The 14<sup>th</sup> buy-back programme (implemented during 2023)

During 15 November 2022 GSM the shareholders approved the 14<sup>th</sup> buy-back programme for 2023, for a total number of 3,500 million shares in the form of ordinary shares and GDRs, at a price between RON 0.2 per share and RON 3.0 per share.

The duration of the 14<sup>th</sup> buy-back programme was 1 January 2023 – 31 December 2023. The 14<sup>th</sup> buy-back programme was carried out through daily transactions on BVB and LSE and two Tender Offers finalised by the Fund in March and December 2023, for 225 million shares and 1.67 billion shares respectively.

Within the 14<sup>th</sup> buy-back programme the Fund bought back a total number of 2,112,378,889 own shares, for a total acquisition value of RON 1,816,723,906, excluding transaction costs.

During the 30 April 2024 Annual GSM the shareholders approved the cancellation of the treasury shares repurchased within the 14<sup>th</sup> buy-back programme and this process was finalised on 30 August 2024.

### The 15<sup>th</sup> buy-back programme (implemented during 2024)

During 13 February 2024 GSM the shareholders approved the 15<sup>th</sup> buy-back programme for 2024, for a total number of 1 billion shares in the form of ordinary shares and GDRs, at a price between RON 0.2 per share and RON 1.0 per share. As detailed above in the section *Impact of regulatory changes implemented during 2024 on buy-back programmes*, the maximum number of shares the Fund was allowed to repurchase during 2024 within the 15<sup>th</sup> buy-back programme was 355,642,723 shares.

The implementation of this buyback programme was done exclusively from own sources. Auerbach Grayson and Swiss Capital were selected to provide brokerage services for the 2024 buyback programme.

The Fund was allowed to buyback daily up to 25% of the average daily volume of the Fund's shares (whether in the form of ordinary shares or GDRs) on the regulated market on which the purchase was carried out, calculated in accordance with applicable law.

First trade took place on 15 April 2024 on both BVB and LSE. The final trade within the 15<sup>th</sup> buy-back programme took place on 8 October 2024, when the regulatory limit of 10% of the Fund's share capital, as per the amendments brought by GEO no. 71/2024 to Article 29 paragraph (4) of Law no. 243/2019 was reached. The 15<sup>th</sup> buy-back programme was carried out through daily transactions on BVB and LSE and one Tender Offer finalised by the Fund in September 2024, for 269 million shares – please see details in the following section.

#### ***Tender Offer within the 15<sup>th</sup> buy-back programme***

On 24 July 2024, the Sole Director submitted to the FSA an application for the approval of a tender offer in relation to the Buy-back programme no. 15 for maximum 350 million shares.

The daily execution of buy-backs for both shares on BVB and GDRs on LSE was suspended starting with 10 July 2024.

The Fund selected Swiss Capital SA together with Auerbach Grayson as agents and Swiss Capital SA as intermediary in relation to the purchase of shares, and The Bank of New York Mellon as tender agent in relation to the GDR purchases.

On 9 August 2024, the Sole Director filed an amendment to the Tender Offer documentation with the FSA, decreasing the number of shares intended to be repurchased to **269 million shares** (both in the form of shares and GDRs). This was as a result of (i) the issuance by the FSA of the

authorisation for the share capital decrease following the cancellation of shares acquired within the 14<sup>th</sup> buy-back programme (ii) the FSA's interpretation of Article 29 (4) of Law no. 243/2019, as amended by GEO no. 71/2024, according to which the 15<sup>th</sup> buy-back programme is limited to 10% of the share capital resulting from the decrease referred to in item (i).

On 4 September 2024, the FSA approved the Fund's application for the public tender offer. The subscription period was from 11 September to 25 September 2024. On 25 September 2024, the Sole Director announced the results of the tender offer: total subscriptions of 1,845,722,562 shares representing 686.1422% of the offer (1,753,249,562 subscribed in the form of shares and 92,473,000 shares in the form of GDRs, namely 1,849,460 GDRs).

Under the tender offer, the Fund repurchased 269,000,000 shares (255,522,800 in the form of shares and 13,477,200 shares in the form of GDRs, namely 269,544 GDRs) at a purchase price of RON 0.6622 per share and the USD equivalent of RON 33.11 per GDR. The shares' Trade Date was 26 September 2024, and the settlement date was 30 September 2024 for both shares and GDRs.

During 2 December 2024 GSM the shareholders approved the cancellation of the shares acquired within the 15<sup>th</sup> buy-back programme and this is pending completion of all the related regulatory steps.

### The 16<sup>th</sup> buy-back programme (for 2025)

The 16<sup>th</sup> buy-back programme for 320 million shares to be implemented during 2025 at a price between RON 0.2 per share and RON 1.0 per share was approved by shareholders during the 2 December 2024 GSM.

The shares repurchased within this buyback programme will be cancelled. The implementation of this buyback programme would be done exclusively from own sources. Auerbach Grayson and Swiss Capital have been selected to provide brokerage services for the 2025 buyback programme.

The Fund is allowed to buyback daily up to 25% of the average daily volume of the Fund's shares (whether in the form of ordinary shares or GDRs) on the regulated market on which the purchase is carried out, calculated in accordance with applicable law.

For more details regarding the start of 16<sup>th</sup> buy-back programme for 2025, please see section *Subsequent events*.

### Impact of the buy-back programmes on the Fund's equity

The Fund recognises the treasury shares (repurchases of own shares and GDRs) at trade date as a deduction from 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. The details on the accounting treatment to be applied for the registration and cancellation of treasury shares can be found in the FSA Norm no. 39/2015, article 75.

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 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.

As at 31 December 2024, the Fund's equity elements that could be used to cover the negative reserve are sufficient and include retained earnings and share capital.

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 the cancellation date, a reallocation between the equity accounts is booked – according to Article 75 from Norm no. 39/2015 the amount representing the positive equity element resulted from cancellation may be transferred to other reserves.

Subsequently, this is available to be used according to shareholders decision, based on the amounts presented in the audited financial statements of the Fund.

The table below presents details on buy-back programme no. 15 impact in equity during 2024:

Buy-back programme no. 15 impact on equity during 2024	All amounts in RON
<b>Acquisition cost at trade price (excluding transaction costs)</b>	<b>216,324,940</b>
<b>Total costs directly related to transaction, out of which:</b>	<b>6,963,042</b>
Distribution fees paid to the Sole Director in relation with the buy-backs performed <sup>1</sup>	3,784,809
FSA fees	1,803,287
Stock Exchange fees (BVB and LSE)	378,367
Brokerage fees	109,590
Fees paid to The Bank of New York Mellon	293,968
Legal advisory fees	568,212
Central Depositary fees	17,495
Other professional fees	7,314
<b>Total impact on equity of buy-back programme no. 15 during 2024</b>	<b>223,287,982</b>

Source: Sole Director calculations

1. FTIS distribution fees related to buy-backs which are recognised directly in equity together with the acquisition cost of the underlying shares

### Movement in the reserves related to buy-back programmes

During the 30 April 2024 Annual GSM, the shareholders approved the coverage of the negative reserves in amount of RON 908,845,064 related to the 13<sup>th</sup> buy-back programme using the other reserves set up for this purpose as per the decision taken in the 2023 Annual GSM.

During 30 April 2024 Annual GSM the shareholders also approved the cancellation of the 2,112,378,889 treasury shares repurchased within the 14<sup>th</sup> buy-back programme. The negative reserve in amount of RON 774,756,258 corresponding to the treasury shares repurchased within the 14<sup>th</sup> buy-back programme was recorded on 30 August 2024, when the cancellation was finalised, following the completion of all legal and regulatory steps.

The table below shows the movement of the negative reserves during 2024:

Movement in negative reserve	All amounts in RON
<b>Opening balance of the negative reserve as at 1 January 2024 (audited)</b>	<b>(908,845,064)</b>
Coverage of negative reserves according with OGM Resolution no. 6/ 30 Apr 2024	908,845,064
Negative reserve arising on the cancellation of 14 <sup>th</sup> buy-back programme shares (recorded on 30 Aug 2024) according to EGM Resolution no. 3/ 30 Apr 2024	(774,756,258)
<b>Closing balance of the negative reserve at 31 December 2024 (audited)</b>	<b>(774,756,258)</b>

Source: Sole Director calculations

During the 29 April 2025 Annual GSM the Sole Director is proposing the coverage of the negative reserves in amount of RON 774,756,258 related to the 14<sup>th</sup> buy-back programme mainly using retained earnings, as reflected in the annual audited financial statements of the Fund.

The table below shows additional details on the estimated negative reserve that will arise upon the cancellation of the treasury shares in balance as at 31 December 2024:

Negative reserves to arise on cancellation of the treasury shares in balance as at 31 Dec 2024		Buy-back programme no. 15
Number of shares to be cancelled	(1)	355,642,723
Total costs (including transaction costs and other costs), representing the accounting value of the shares to be cancelled in the future (RON)	(2)	223,287,982
Correspondent nominal value (NV = RON 0.52 per share) (RON)	(3)=(1)*NV	184,934,216
<b>Estimated negative reserve to be booked on cancelation (RON)</b>	<b>(4)=(3)-(2)</b>	<b>(38,353,766)</b>

Source: Sole Director calculations

During 2 December 2024 GSM the shareholders approved the cancellation of the 355,642,723 treasury shares repurchased within the 15<sup>th</sup> buy-back programme. The estimated negative reserve in amount of RON 38,353,766 (please see table above) corresponding to the treasury shares repurchased within the 15<sup>th</sup> buy-back programme will be recorded only after all legal and regulatory steps related to the cancellation are completed (FSA endorsement, registration with the Trade Registry, etc.) – this process is ongoing at the date of this report.



# Financial Information

## Evolution of liquid assets

The table below shows the change in net liquid assets of the Fund as a percentage of the NAV.

RON million	31 Dec 2024	30 Sep 2024	30 Jun 2024	31 Mar 2024	31 Dec 2023
Current accounts <sup>1</sup>	285.5	321.8	449.9	479.0	546.1
Bank deposits	273.7	295.0	351.3	562.7	191.4
Dividend receivables	-	-	144.3	-	-
Total liabilities	(291.2)	(344.7)	(485.1)	(481.2)	(613.8)
<b>Liquid assets less liabilities</b>	<b>268.0</b>	<b>272.1</b>	<b>460.4</b>	<b>560.5</b>	<b>123.7</b>
<b>Net Assets Value</b>	<b>2,250.0</b>	<b>2,120.0</b>	<b>2,312.4</b>	<b>2,336.4</b>	<b>2,350.1</b>
<b>% Liquid assets less liabilities in NAV</b>	<b>11.9%</b>	<b>12.8%</b>	<b>19.9%</b>	<b>24.0%</b>	<b>5.3%</b>

Source: Sole Director calculations

1. Current accounts include also the cash blocked for distributions to shareholders

The liquid assets increased at the end of Q1 mainly as a result of the cash inflows from the disposal of the Fund's holding in Engie Romania SA, finalised in February 2024.

The most important cash outflows in Q2 are related to the Fund's dividend distribution of RON 0.06 per share with Payment date 7 June 2024.

During Q3 the main cash inflows were related to the dividends collected from portfolio companies, netted off by the cash outflows for the tender offer within the 15<sup>th</sup> buyback programme, finalised in September 2024.

## Cost ratios of the Fund

The Fund elected to use Ongoing Charge Ratio and Total Expense Ratio as alternative performance measures due to the fact that applying industry standards to the calculation of expense charges creates consistent and comparable data across the sector.

The **Ongoing Charge Ratio** of the Fund represents the annual percentage impact in shareholder returns of the recurring operational expenses, and it is calculated as the total ongoing charges for the last 12 months divided by the average monthly net asset value of the Fund during the same period.

For the purpose of this calculation, expenses do not include foreign exchange losses, value of equity investments disposed of, impairment adjustments, fair value adjustments, expenses with provisions and income tax expenses.

Although the OCR figure is based on historical information, it provides shareholders with an indication of the likely level of costs that will be incurred in managing the Fund in the future.

The OCR of the Fund as at 31 December 2024 was 1.87% and including transaction related expenses this was 1.87% (31 December 2023: 2.83% and including transaction related expenses this was 5.40%).

The OCR of the Fund is significantly higher in 2023 compared to 2024 as a result of the higher administration fees (both base fee and distribution fee) following (1) the completion of

Hidroelectrica SA IPO and subsequent distribution to shareholders of the related proceeds and (2) the implementation of the 14<sup>th</sup> buyback programme, in which the Fund repurchased 2.1 billion shares. Also, the total transaction costs recorded by the Fund are significantly higher in 2023 as a result of the expenses incurred in the listing of Hidroelectrica SA.

The **Total Expense Ratio** of the Fund recorded the same value as OCR for both 31 December 2024 and 31 December 2023.

## Fees, charges, and expenses directly or indirectly borne by investors

According to article 22 of Law no. 74/2015 the AIFM shall make available to investors the information on all fees, charges and expenses and the maximum amounts thereof which are directly or indirectly borne by investors.

Additional details on this topic are included below, as recommended in the communications received from FSA.

### Fees and costs directly borne by investors

The brokerage fees and other costs incurred by investors in acquiring the Fund's shares vary depending on the specific contractual agreements concluded between the investors and the intermediaries.

### Fees and costs indirectly borne by investors

Pursuant to the Management Agreement and to the shareholders' approval, the Fund bears, pays or will reimburse the AIFM the following expenses incurred by the AIFM:

- (i) expenses related to the payment of fees owed to the depositary;
- (ii) expenses related to intermediaries and advisors including related to the financial advisory services in connection with the trading, issue, purchase, sale or transfer of listed and unlisted securities or financial instruments from the Fund's portfolio, including fees and commissions due to relevant market operators;
- (iii) expenses related to taxes and fees owed to the FSA or other public authorities, according to applicable legislation, as well as expenses or charges imposed to the Fund by any tax authority related to the expenses in this clause or otherwise applicable to the running of the business of the Fund, including the notary fees, stamp duty tax and other similar tax;
- (iv) expenses related to the financial audit performed on the Fund and any other audits or valuations required by the legislation in force applicable to the Fund (for clarity, these expenses relate to the fair value measurement of the Fund's portfolio for the purpose of IFRS accounting and financial statements preparation and NAV calculation);
- (v) expenses related to the admission to trading of the financial instruments issued by the Fund, and any subsequent issues or offerings; expenses with intermediaries and professional advisors in relation to arranging and maintaining the listing;
- (vi) expenses related to investor relations and public relations in the interest of the Fund;
- (vii) expenses related to ongoing reporting and disclosure obligations according to legislation in force;
- (viii) expenses related to the organising of any GSM and communications with the shareholders and to the payment of fees for registrar services and services related to distributions to shareholders;
- (ix) expenses related to the payment of taxes and fees owed to the BVB, LSE and any other exchange on which the financial instruments of the Fund or GDRs or depositary interests

corresponding to shares of the Fund shall be admitted to trading, as well as membership fees;

- (x) expenses related to the registration with the Trade Registry or documents issued by the Trade Registry;
- (xi) expenses related to the payment of fees owed to the banks for banking services performed for the Fund, including credit facility costs;
- (xii) expenses related to appointing legal advisers and other advisors to act in the interest of the Fund;
- (xiii) expenses related to contracts with external service providers existing as of execution of the Management Agreement until the expiry or termination of the agreement, including expenses with lease for the headquarter of the Fund;
- (xiv) expenses related to remuneration, transport and accommodation of the members of the BoN (in relation to their services and attendance at meetings, in accordance with the Constitutive Act, the mandate agreements and any applicable internal regulations) and for independent persons (not employees of the AIFM) acting as representatives of the Fund on the corporate bodies of companies in the portfolio, where appropriate; and
- (xv) expenses relating to printing costs for the Fund's documentation;

All costs and expenses incurred by the AIFM in the performance of its functions shall not be for the account of the Fund but shall be borne by the AIFM.

The AIFM shall be liable for the following out of pocket expenses incurred by it when performing its duties, including, but not limited to:

- (i) expenses in connection with mailing and telephone, except for letters to the shareholders of the Fund;
- (ii) expenses in connection with business travel and accommodation, except for expenses related to investors relations activities, shareholders meetings and meetings of the BoN;
- (iii) expenses incurred with salaries, bonuses and other remunerations granted to the employees and collaborators of the AIFM or any associated company who acts as a delegate in accordance with the provisions of the Management Agreement;
- (iv) other expenses incurred for the functioning of the AIFM or any associated company who acts as a delegate in accordance with the provisions of the Management Agreement.

In performing its obligations under the Management Agreement, the AIFM shall not use Soft Dollar Practices (i.e., arrangements under which assets or services, other than execution of securities transactions, are obtained by a fund manager from or through a broker in exchange for the fund manager directing to the respective broker trades concluded on behalf of the undertaking for collective investment managed by that fund manager). All transactions in connection to the portfolio shall be consistent with the principle of best execution.

## Financial statements analysis

The audited financial statements for the year ended 31 December 2024, prepared in accordance with IFRS accounting standards as adopted in EU and applying the FSA Norm no. 39/2015 with subsequent amendments, are included in full in Annex 1 to this report. Also, the independent auditor's report for the IFRS financial statements of the Fund for 2024 is published on the Fund website together with the Annual Sole Director's Report for 2024 in the section *Investor Relations – Financial Results – Annual reports*.

The captions in the Statement of Financial Position and Statement of Comprehensive Income presented in the Annual Report may differ from the ones included in the audited IFRS financial statements due to other regulatory requirements. This section provides an overview of the Fund's financial position and performance for the year ended 31 December 2024. The analysis presents the main developments during 2024, for more details regarding the comparative amounts from previous period, please see the corresponding section in *Annex 1 Audited IFRS Financial Statements*.

On 15 January 2025 the Fund published the Preliminary results report for 2024 together with 31 December 2024 NAV. Subsequent to publication, the Fund has analysed the events between 31 October 2024 (date of valuation reports for 31 December 2024 NAV) and 31 December 2024 and has adjusted the value of 6 holdings for a total negative impact of RON 87.9 million.

The difference in valuation of equity investments in the IFRS financial statements of the Fund authorised for issue on 14 March 2025 vs. the NAV reporting at 31 December 2024 published on 15 January 2025 was mainly driven by the newly introduced tax on special constructions (in case of CN Administratia Porturilor Maritime SA, CN Administratia Canalelor Navigabile SA, CN Administratia Porturilor Dunarii Fluviale SA, CN Administratia Porturilor Dunarii Maritime SA) and the performance of certain companies in Q4 2024 (Societatea Nationala a Sarii SA, Complexul Energetic Oltenia SA). In addition, the valuation of CE Oltenia SA at 31 December 2024 in the IFRS financial statements was also impacted by the uncertainties resulting from the delays in the implementation of the restructuring plan, along with the associated costs, particularly concerning CO<sub>2</sub> certificates, steaming from potential amendments to carbon production quotas. No other significant valuation differences have been identified for the rest of the holdings.

### Statement of Financial Position

RON million	31 Dec 2024 Audited	31 Dec 2023 Audited	31 Dec 2022 Audited	31 Dec 2024 vs. 31 Dec 2023 (%)
Cash and current accounts	0.2	0.1	0.1	+100.0%
Distributions bank accounts	285.2	547.5	73.8	-47.9%
Deposits with banks	273.7	191.4	912.6	+43.0%
Equity investments	1,893.7	1,784.4	13,696.6	+6.1%
Non-current assets held for sale	-	432.6	-	-100.0%
Other assets	0.4	-	0.5	+100%
<b>Total assets</b>	<b>2,453.2</b>	<b>2,956.0</b>	<b>14,683.6</b>	<b>-17.0%</b>
Payable to shareholders	284.5	546.5	74.2	-47.9%
Other liabilities and provisions	6.6	67.3	39.9	-90.2%
<b>Total liabilities</b>	<b>291.1</b>	<b>613.8</b>	<b>114.1</b>	<b>-52.6%</b>
Total equity	2,162.1	2,342.2	14,569.5	-7.7%
<b>Total liabilities and equity</b>	<b>2,453.2</b>	<b>2,956.0</b>	<b>14,683.6</b>	<b>-17.0%</b>

Source: Audited IFRS financial statements of the Fund

The **liquid assets** of the Fund during 2024 included mainly term deposits with banks. All instruments were denominated in RON, with maturities of up to one year. The distribution bank accounts can only be used for payments to shareholders for past dividends not yet collected.

The most important **cash inflows** during 2024 were related to sale of the Fund's entire stake in Engie Romania SA (RON 432.6 million), to the net dividends received from portfolio companies (RON 145.8 million) and interest received on term deposits and distribution accounts (RON 34.7 million), while the most significant **cash outflows** were related to net dividends paid (RON 443.6 million) and to the acquisition of treasury shares within the 15<sup>th</sup> buyback programme, including the tender offer settled in September 2024 (RON 216.4 million in total). Other significant outflows are represented by WHT payments performed (RON 58.6 million) and administration fees paid to FTIS (RON 41.2 million).

The net increase in **Equity investments** of RON 109.3 million during 2024 was mainly related to the fair value increase of CN Aeroporturi Bucuresti SA (RON 156.2 million), Administratia Porturilor Maritime SA (RON 29.4 million), netted by the fair value decrease of Complexul Energetic Oltenia SA (RON 50.9 million) and Societatea Nationala a Sarii SA (RON 20.9 million). The updated valuation reports were prepared with the assistance of KPMG Advisory and Darian DRS and these generally have the valuation date of 31 October 2024 and use financial information from portfolio companies at 30 September 2024.

The decrease in **Non-current assets held for sale** was due to the sale of the Fund's entire stake in Engie Romania SA (RON 432.6 million) in February 2024.

At 31 December 2024, **Payable to shareholders** caption comprised the dividends payable to shareholders, out of which the most significant amounts are related to 29 September 2023 special dividend distribution (RON 238.0 million).

At the same date the **Other liabilities and provisions** caption mainly comprises Q4 2024 fees payable to the Sole Director (RON 3.5 million) and the current income tax and dividend withholding tax due to state budget (RON 1.5 million).

The **Equity** elements at 31 December 2024 include an amount of RON 774,756,258, that corresponds to the loss from cancellation of the treasury shares acquired during 2023 within the 14<sup>th</sup> buy-back programme, which was completed in August 2024. In addition, an amount of RON 11,285,684 representing current income tax payable was booked directly in equity during 2024.

**Capital expenditure** comprises the value of the licenses, the implementation costs and the updates of the accounting and reporting software, net of the accumulated amortisation. During 2024 the Fund did not incur capital expenditure costs.

## Statement of Comprehensive Income

RON million	2024 Audited	2023 Audited	2022 Audited
Net gain/ (loss) from equity investments at fair value through profit or loss	109.3	(1,612.3)	1,843.8
Gross dividend income	145.8	962.8	934.9
Interest income	34.1	157.5	25.1
Net gain/ (loss) from non-current assets held for sale	-	61.2	(157.0)
Net gain from other financial instruments at fair value through profit or loss	-	1.2	250.2
Other income/ (expenses), net <sup>1</sup>	1.1	(0.1)	4.4
<b>Net operating income/ (loss)</b>	<b>290.3</b>	<b>(429.7)</b>	<b>2,901.4</b>
Administration fees recognised in profit or loss	(19.6)	(202.2)	(79.4)



RON million	2024 Audited	2023 Audited	2022 Audited
Other operating expenses	(17.4)	(265.1)	(45.8)
<b>Operating expenses</b>	<b>(37.0)</b>	<b>(467.3)</b>	<b>(125.2)</b>
Finance costs	-	(0.1)	(0.1)
<b>Profit/ (Loss) before income tax</b>	<b>253.3</b>	<b>(897.1)</b>	<b>2,776.1</b>
Income tax	(1.8)	-	-
Withholding tax on the dividend income	-	(7.0)	(6.7)
<b>Profit/ (Loss) for the year</b>	<b>251.5</b>	<b>(904.1)</b>	<b>2,769.4</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>251.5</b>	<b>(904.1)</b>	<b>2,769.4</b>

Source: Audited IFRS financial statements of the Fund

1. This caption mainly includes the net foreign exchange gain/ (loss), annual income from the depositary bank of the Fund's GDRs and other operating income/(expenses).

The **operating income** mainly comprises the gross dividend income, the changes in fair value of financial instruments at fair value through profit or loss, interest income and the net realised gains/ losses from transactions with financial instruments. The changes in fair value of the equity investments of the Fund are recognised in profit or loss. The operating income is influenced by the performance of the portfolio companies and their decisions on dividend distributions, by the changes in the share price of listed companies as well as by money market performance.

The **Net gain from equity investments at fair value through profit or loss** during 2024 was mainly generated by the valuation of the holdings in CN Aeroporturi Bucuresti SA (RON 156.2 million gain) and Administratia Porturilor Maritime SA (RON 29.4 million), partially netted by the fair value decrease of Complexul Energetic Oltenia SA (RON 50.9 million) and Societatea Nationala a Sariei SA (RON 20.9 million).

**Gross dividend income** was mainly generated by the amounts recorded from CN Aeroporturi Bucuresti SA (RON 80.4 million) and Societatea Nationala a Sariei SA (RON 63.7 million).

The **Interest income** in 2024 was generated by the cash placements performed by the Fund under the regular cash management process and the interest on distribution accounts.

As a result of the Fiscal Code changes enacted at the end of 2023, the Fund was not able to fully utilize the prior periods fiscal losses balance and started to pay current **Income tax** during 2024. The total income tax recorded by the Fund for 2024 amounts to RON 13,049,100 and includes amounts booked both in profit or loss and in equity (as a result of (1) the reduction in legal reserve following the share capital decrease finalised on 30 August 2024 and (2) the transfer to retained earnings of uncollected dividend distributions' balance, for which the statute of limitation occurred).

Additional details on the **administration fees** are presented below:

RON million	2024 Audited	2023 Audited	2022 Audited
<b>Recognised in profit or loss</b>	<b>19.6</b>	<b>202.2</b>	<b>79.3</b>
Base fee	15.9	36.8	57.3
Distribution fee for dividends	3.7	165.4	19.3
Performance fee	-	-	2.7
<b>Recognised in other comprehensive income</b>	<b>3.8</b>	<b>35.7</b>	<b>27.9</b>
Distribution fee for buy-back programmes	3.8	35.7	27.9

RON million	2024 Audited	2023 Audited	2022 Audited
<b>Total administration fees</b>	<b>23.4</b>	<b>237.9</b>	<b>107.2</b>

Source: Audited IFRS financial statements of the Fund

The decrease in **base fee** during 2024 compared to 2023 is mainly due to the lower market capitalisation of the Fund following Hidroelectrica IPO and distribution of the IPO proceeds to shareholders as dividends.

The **distribution fee for dividends** is significantly lower in 2024 compared to 2023 as a result of the lower total gross distributed amount.

The **distribution fee for buy-back programmes** is significantly lower in 2024 compared to 2023 as a result of decrease in total buy-backs value, both in terms of number of shares bought back and share price.

### Other operating expenses

The main categories of other operating expenses are detailed in the table below:

RON million	2024 Audited	2023 Audited	2022 Audited
Legal and litigation assistance expenses	4.0	2.7	2.6
BON remunerations and other related expenses	2.1	2.7	2.2
FSA monthly fees	2.1	8.8	14.3
Fund Manager selection expenses	1.9	-	-
Portfolio valuation services	1.4	1.3	2.4
Financial auditor's fees	1.0	0.8	0.8
GSM organisation expenses	0.7	0.3	0.2
GDR delisting expenses	0.6	-	-
Tax compliance and tax advisory	0.6	0.4	0.4
Regulatory and compliance expenses	0.5	0.5	0.5
Public relations services	0.5	0.9	1.0
Investors' relations expenses	0.5	0.8	1.0
Intermediaries and other transaction related fees	-	242.9	19.1
Other operating expenses	1.5	3.0	1.3
<b>Total operating expenses</b>	<b>17.4</b>	<b>265.1</b>	<b>45.8</b>

Source: Audited IFRS financial statements of the Fund

The **intermediaries and other transaction related fees** in 2023 in amount of RON 242.9 million are mainly related to the listing of Hidroelectrica SA and include bank fees, legal costs, and other consultancy fees.

### Statement of Cash Flows

RON million	2024 Audited	2023 Audited	2022 Audited
<b>Cash flows from operating activities</b>			
Proceeds from disposal of equity investments	432.6	9,931.2	1,781.9
Dividends received (net of withholding tax)	145.8	955.8	928.2
Interest received	34.7	156.9	24.5
Amounts collected from the depository Bank of the Fund's GDRs	0.6	1.2	3.8

RON million	2024 Audited	2023 Audited	2022 Audited
Net proceeds from transactions with treasury bills and bonds	-	1.2	304.3
Amounts received from Romanian State for the unpaid share capital	-	-	189.2
WHT payments performed	(58.6)	(702.4)	(34.4)
Sole Director fees	(41.2)	(231.7)	(113.8)
Suppliers and other taxes and fees paid	(19.4)	(50.3)	(34.4)
Income tax paid	(12.5)	-	-
Intermediaries and other transaction related fees	-	(242.9)	(11.5)
Acquisition of treasury bills and bonds	-	-	(227.8)
Subscriptions to share capital increase of portfolio companies	-	(2.7)	(17.4)
Other payments performed/amounts received, net	(0.9)	(1.7)	(1.6)
<b>Net cash flows from operating activities</b>	<b>481.1</b>	<b>9,814.6</b>	<b>2,791.0</b>
<b>Cash flows from financing activities</b>			
Transfer to distribution accounts	(196.4)	(8,687.1)	(1,157.6)
Dividends transferred corresponding to shareholders having specific legal status	(0.9)	(18.4)	(2.0)
Amounts related to distributions for which statute of limitation occurred	15.1	-	11.5
Acquisition cost of treasury shares	(216.4)	(1,829.5)	(1,146.6)
Payment of fees related to the short-term bank loans	-	(0.1)	-
<b>Net cash flows used in financing activities</b>	<b>(398.6)</b>	<b>(10,535.1)</b>	<b>(2,294.7)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>82.5</b>	<b>(720.5)</b>	<b>496.3</b>
Cash and cash equivalents at the beginning of the year	191.3	911.8	415.5
<b>Cash and cash equivalents at the end of the year</b>	<b>273.8</b>	<b>191.3</b>	<b>911.8</b>

Source: Audited IFRS financial statements of the Fund

## Related party transactions

The transactions with related parties were performed in the normal course of business. For more details, please see *Annex 1 Audited IFRS Financial Statements*.

## Analysis of budget vs actual expenses

The 2024 Budget of Income, Expenses and Capital Expenditure of the Fund was prepared based on IFRS as endorsed by the EU and was approved by shareholders during 27 September 2024 GSM. It contains the main categories of budgeted income and expenses of the Fund. According to the main assumptions of the 2024 Budget, there are certain categories of income and expenses which cannot be budgeted, such as: foreign exchange gains and losses, fair value changes, gains or losses and other expenses related to disposal of financial instruments, and other items of income/ expenses.

During the year ended 31 December 2024, the actual expenses from current activity amount to RON 36.4 million, below the budgeted expenses by RON 9.6 million. The positive variance is mainly due to the lower actual expenses incurred than budgeted for BoN related expenses, administration fees, legal and litigation assistance and valuation services.

For more details, please see *Annex 5 Actual versus Budget Analysis for the year ended 31 December 2024*.

# Company Information

## The company

Fondul Proprietatea was incorporated on 28 December 2005 as a joint stock company operating as a closed-end investment company. The duration of Fondul Proprietatea is until 31 December 2031 and this may be extended by the EGM with additional periods of 5 years each.

The Fund is registered with the Bucharest Trade Register under the number J40/21901/2005 and has the sole registration code 18253260.

The main activities of the Fund according to the National Statistics CAEN and the Fund's own Constitutive Act are the business of operating mutual funds and other similar financial entities (CAEN reference 643) and the main activity is financial investments (CAEN reference 6430).

On 28 January 2022, FSA authorised Fondul Proprietatea as an AIF closed-end type intended for retail investors, with BRD - Groupe Societe Generale as depositary. The Fund is registered within the FSA Register – Section 9 – 'Alternative Investment Funds' under no. PJR09FIAIR/400018 as Alternative Investment Fund intended for retail investors.

The Fund's investment objective is the maximisation of returns to shareholders and the increase of the net asset value per share via investments mainly in Romanian equities and equity-linked securities.

Since 25 January 2011, the Fund's shares have been listed on BVB. Since 29 April 2015, 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 LSE.

During 2 December 2024 GSM the Fund's shareholders approved the delisting of the Fund's GDRs from LSE, a process which is ongoing at the date of this report, and it is expected to be finalised during the second quarter of 2025. For more information, please see section *Delisting of the Fund's GDR from the London Stock Exchange*.

### Share information

Primary listing	Bucharest Stock Exchange – since 25 January 2011
Secondary listing	London Stock Exchange – since 29 April 2015
BVB symbol	FP
LSE symbol	FP.
Bloomberg ticker on BVB	FP RO
Bloomberg ticker on LSE	FP/ LI
Reuters ticker on BVB	FP.BX
Reuters ticker on LSE	FPq.L
ISIN	ROFPTAACNOR5
FSA register no	PJR09FIAIR/400018/28.01.2022
LEI code	549300PVO1VWBFH3DO07
CIIF registration no	AC-4522-11/06.09.2024

The list of countries where the Fund has notified CSSF for marketing activities under AIFM Directive includes Denmark, the United Kingdom, France, Germany, Austria, and Romania.

## History

The Fund was incorporated by the Romanian State in 2005 as a joint stock company with the initial purpose of providing compensation to individuals whose real property assets were abusively confiscated by the Romanian State during the communist regime, and which could no longer be returned in kind to those individuals.

The Fund's initial Constitutive Act was enacted by Government Decision no. 1481/2005 regarding the incorporation of Fondul Proprietatea, which established that the Fund would be an undertaking for collective investments organised as a closed-end investment company. However, the Fund was officially registered by CNVM (currently FSA) as a closed-end investment company only in 2010 by CNVM Decision 34/18 August 2010.

The initial sole shareholder of the Fund was the Romanian state. Since the Fund's launch, the shares have been awarded by the National Authority for Property Restitution to individuals entitled to receive compensation from the Romanian State and who chose to convert their compensation entitlements into shares issued by the Fund.

In January 2015, Law no. 10/2015 entered into force, confirming that the Romanian State will no longer use the compensation scheme for Fondul Proprietatea shares in the future. Starting 15 March 2013, the date when GEO no. 4/2012 regarding the application of certain provisions of Law no. 247/2005 entered into force, the compensation process was suspended.

The Romanian state's participation in the share capital of the Fund as at 31 December 2024 was of 370,456,198 shares, representing 10.42% of the Fund's subscribed and paid-up share capital.

## Investment policy

The Fund's investment objective as set out in the IPS is the maximisation of returns to shareholders and the increase of the net asset value per share, through investments predominantly in Romanian equities and equity linked securities, subject to legislation and regulations in force.

The Fund's IPS is drafted by the AIFM with the observance of the investment limits set forth in the applicable laws and regulations and in the Constitutive Act. The current IPS was approved by shareholders during the 15 December 2021 EGM and entered into force on 1 April 2022.

The IPS sets the prudential rules concerning the investment policy of the Fund and presents the investment goals, objectives, and the decision-making process for selecting investments in accordance with the investment objectives. The Fund's investment restrictions are included in the IPS, which is published on the Fund webpage in the section *About the Fund – Fund overview*.

The investment policy of the Fund is established by the AIFM, with the observance of the Constitutive Act and of the investment limits provided by the legal provisions in force and it is in line with the IPS approved by shareholders. In case of any breaches to the IPS, the AIFM would inform investors by publishing current reports.

The AIFM provides the strategy in accordance with the investment policy to the Board of Nominees for analysis before this is submitted for GSM approval. The Board of Nominees' opinion on the proposed strategy is presented to the AIFM and to the GSM.

## Sole Director and AIFM

Franklin Templeton has been the Sole Director of the Fund starting 29 September 2010, with successive mandates of two or four years. The portfolio management and the administrative activities are performed by FTIS via its Bucharest Branch. As at 31 December 2024, Mr. Johan Meyer is the permanent representative of the AIFM, being also the portfolio manager of the



Fund. At the same date, Mr. Daniel Naftali is the substitute for the permanent representative, in accordance with the provisions of Article 34, paragraph 12 of Law no. 74/2015 on alternative investment fund managers.

### Management Agreement in force during 1 April 2022 – 31 March 2024

During the quarter ended 31 March 2024, the Fund was managed by FTIS as its Sole Director and AIFM under the AIFM Directive and local implementation regulations, based on the Management Agreement in force between 1 April 2022 – 31 March 2024.

The table below presents the key commercial terms of the Management Agreement in force during 1 April 2022 – 31 March 2024:

<b>Base Fee per year</b>	<ul style="list-style-type: none"> <li>0.45%</li> </ul>
<b>Consideration for the Base Fee</b>	<ul style="list-style-type: none"> <li>Weighted average market capitalisation of the Fund</li> </ul>
<b>Distribution Fee for all distributions</b>	<ul style="list-style-type: none"> <li>2.50% applied to the value of the distributions during 1 April 2022 – 31 March 2023</li> <li>1.75% applied to the value of the distributions during 1 April 2023 – 31 March 2024</li> </ul>
<b>Consideration for the Distribution Fee</b>	<ul style="list-style-type: none"> <li>Share buy-backs and GDR buy-backs</li> <li>Public tender buy-backs</li> <li>Return of share capital and dividends</li> </ul>
<b>Duration</b>	<ul style="list-style-type: none"> <li>2 years</li> </ul>

### Management Agreement for the period 1 April 2024 – 31 March 2025

During 25 September 2023 GSM the shareholders approved the renewal of FTIS mandate as Sole Director and AIFM of the Fund for a duration of 1 year (1 April 2024 - 31 March 2025).

The management agreement for the period 1 April 2024 – 31 March 2025, under substantially same terms as the previous Management Agreement and in line with the current IPS of the Fund, was approved by shareholders during 26 March 2024 GSM. The main change relates to the increase of the base fee rate from 0.45% in the Management Agreement until 31 March 2024 to 1.35% in the Management Agreement starting 1 April 2024.

The table below presents the key commercial terms of the Management Agreement in force during 1 April 2024 – 31 March 2025:

<b>Base Fee per year</b>	<ul style="list-style-type: none"> <li>1.35%</li> </ul>
<b>Consideration for the Base Fee</b>	<ul style="list-style-type: none"> <li>Weighted average market capitalisation of the Fund</li> </ul>
<b>Distribution Fee for all distributions</b>	<ul style="list-style-type: none"> <li>1.75% applied to the value of the distributions</li> </ul>
<b>Consideration for the Distribution Fee</b>	<ul style="list-style-type: none"> <li>Share buy-backs and GDR buy-backs</li> <li>Public tender buy-backs</li> <li>Return of share capital and dividends</li> </ul>
<b>Duration</b>	<ul style="list-style-type: none"> <li>1 year</li> </ul>

### Appointment of the substitute for the permanent representative

On 8 November 2024, the Trade Registry registered the FTIS Resolution no. 24 of 9 October 2024 regarding the appointment of Mr. Daniel-Adrian Naftali as the substitute for the permanent representative, in accordance with the provisions of Article 34, paragraph 12 of Law no. 74/2015 on alternative investment fund managers.

Thus, the legal representation of the AIFM is carried out by:

- 1) Mr. Johan Meyer – permanent representative;

- 2) Mr. Daniel-Adrian Naftali – substitute for the permanent representative, in case Mr. Johan Meyer is unable to carry out his activity.

### Selection and appointment of Fund's Sole Director after 31 March 2025

During 25 September 2023 GSM the shareholders approved that the BoN should launch a transparent and competitive selection procedure for the appointment of a new Sole Director, based on investment expertise and experience, in accordance with the legal provisions in force. The shareholders also approved that the BoN is empowered to establish new terms and conditions for the evaluation and remuneration of the fund manager, corresponding to the new objectives, in line with international best practices and present them for approval to the GSM.

During 27 September 2024 GSM the shareholders approved the following items related to the selection process: the selection criteria, the appointment of Deutsche Numis as selection advisor, the selection advisory budget of RON 3.8 million to be used by the members of the BoN, the authorisation of the Chairperson of the BoN to take various actions and to act in the name of and on behalf of the Fund as part of the selection process.

During 27 September 2024 GSM the shareholders also approved the extension of FTIS mandate for a period of one year starting with 1 April 2025 and until 31 March 2026, only to the extent that (a) the GSM does not appoint a new AIFM by 31 March 2025 and (b) such appointment does not enter into force by 31 March 2025.

On 7 October 2024 the BoN of Fondul Proprietatea announced the commencement of the selection process for an AIFM for the Fund based on the selection criteria approved by shareholders during 27 September 2024 GSM, in which prospective candidates were invited to register their interest by no later than 21 October 2024.

On 22 October 2024, in order to allow additional time for further submissions of interest the Fund's BoN announced the extension of the deadline for submissions of interest from the previously stated 21 October 2024 to 4 November 2024.

On 26 November 2024, the Fund's BoN announced that it has received five submissions of interest from a diverse range of candidates, with the following details disclosed regarding their identity: 3 diversified global asset managers, a global infrastructure asset manager, and a Romania-based asset manager, with the deadline for Proposal submissions scheduled for 29 November 2024.

On 29 November 2024, the Sole Director of the Fund informed investors that after careful consideration, it has decided not to submit a response to the Request for Proposal in the ongoing selection process for the Fund's AIFM.

On 2 December 2024 the Fund's BoN announced that, following the passing of the deadline for Proposal submissions on 29 November 2024, it has received submissions from 2 candidates, including: a global infrastructure asset manager and an European-based AIFM in partnership with a Romanian asset management advisory firm. Also, the BoN stated that along with its selection advisor Deutsche Numis, will assess the proposals based on the selection criteria approved by shareholders during 27 September 2024 GSM.

Additional information on the selection process (including answers to shareholders' questions), as provided by the Board of Nominees, are included on the Fund's website, in the sections:

- *Investor Relations – Investor reports*
- *Investor Relations - GSM Information*
- *FAQs - Selection of a new Fund Manager*
- *Press centre - News*

Also, please see section *Subsequent events* for more updates after the reporting date.

## Shareholder structure information

### Shareholder structure as at 31 December 2024

Shareholder categories <sup>1</sup>	% of subscribed and paid-up share capital	% of total voting rights	% of total exercisable voting rights <sup>2</sup>
Treasury shares <sup>3</sup>	10.00%	10.00%	-
Romanian private individuals	50.92%	50.92%	56.58%
Romanian institutional shareholders	16.01%	16.01%	17.79%
Romanian State represented by Ministry of Finance	10.42%	10.42%	11.57%
Foreign private individuals	4.92%	4.92%	5.47%
Foreign institutional shareholders	6.21%	6.21%	6.90%
The Bank of New York Mellon (GDRs) <sup>4</sup>	1.52%	1.52%	1.69%

Source: Depozitarul Central SA

1. Information provided based on settlement date of transactions.

2. The suspended voting rights related to the Fund's treasury shares acquired under the buyback programmes, either in the form of shares and/or GDRs, were not included in the computation of the exercisable voting rights.

3. 355,642,723 treasury shares acquired in 2024 within the 15<sup>th</sup> buyback program (either in the form of shares and/or GDRs).

4. The shares underlying the GDRs issued by the BNYM are held in the name of BNYM and for the account of the GDRs holders. Out of BNYM holding, the GDRs held by Fondul Proprietatea were excluded, namely 0 GDRs (0 shares equivalent).

As at 31 December 2024, the Fund had 22,803. shareholders. The total number of voting rights was 3,556,427,239, out of which a total of 3,200,784,516 exercisable voting rights.

### Ownership disclosures submitted by shareholders during the reporting period

According to Art. 71(1) of Law no. 24/2017, if a shareholder acquires or disposes of shares from an issuer listed on a regulated market, having attached voting rights, the shareholder must notify the issuer about the percentage of voting rights held following the acquisition or disposal in discussion, when the percentage reaches, exceeds or falls below one of the thresholds: 5%, 10%, 15%, 20%, 25%, 33%, 50% and 75%. As a result of this legal requirement during 2024 the Fund has received the ownership disclosures presented below.

In addition to these ownership disclosures, the shareholder Ministry of Finance exceeded the 10% threshold during 2024, as presented in the section *Shareholder structure as at 31 December 2024* above.

#### NN Private Pension Funds - disclosure of holdings under 10%

On 27 June 2024, the Fund announced that Fondul de Pensii Facultative NN Activ, Fondul de Pensii Facultative NN Optim and Fondul de Pensii Administrat Privat NN have sent an aggregate disclosure of holdings under 10% of the total voting rights in the Fund.

According to the disclosure, as of 20 June 2024 Fondul de Pensii Facultative NN Activ, Fondul de Pensii Facultative NN Optim and Fondul de Pensii Administrat Privat NN, by virtue of acting in concert, held a number of 345,978,890 voting rights, representing 9.82% from the total number of voting rights of the Fund at 31 May 2024, of 3,524,403,683 (calculated based on trading date as total issued shares - 5,668,806,128 excluding treasury shares that do not carry voting rights - 2,144,402,445).

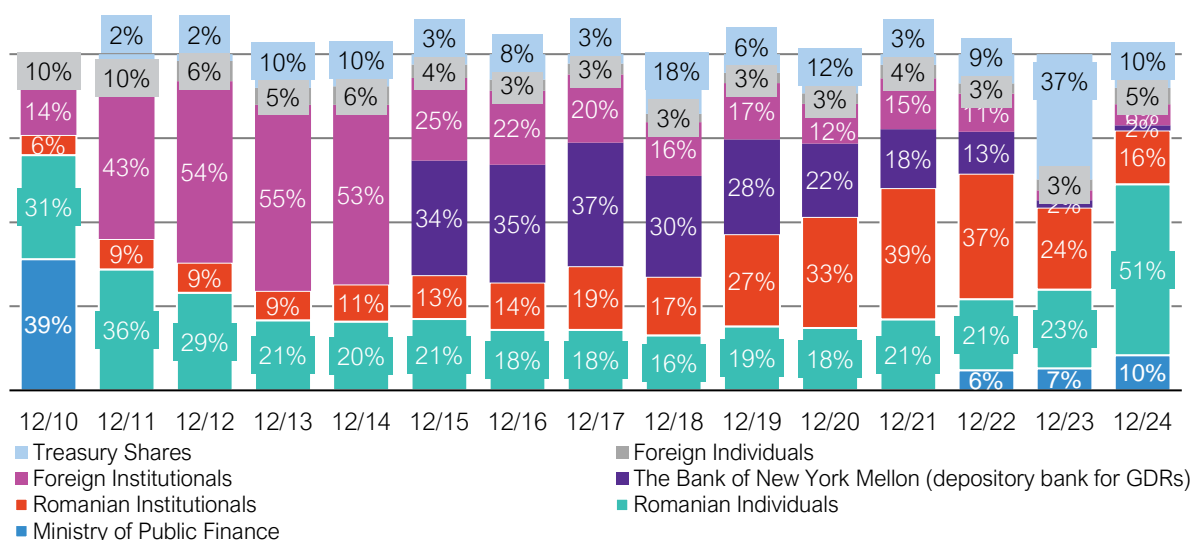
#### NN Private Pension Funds - disclosure of holdings under 5%

On 4 September 2024<sup>1</sup>, the Fund announced that Fondul de Pensii Facultative NN Activ, Fondul de Pensii Facultative NN Optim and Fondul de Pensii Administrat Privat NN have sent an aggregate disclosure of holdings under 5% of the total voting rights in the Fund. According to

<sup>1</sup> On 13 November 2024 the Sole Director published an erratum related to the current report released on 4 September 2024 – for more details please see the Fund's website, section *Investor Relations - Investor Reports*.

the disclosure, as of 30 August 2024 Fondul de Pensii Facultative NN Activ, Fondul de Pensii Facultative NN Optim and Fondul de Pensii Administrat Privat NN, by virtue of acting in concert, held a number of 172,723,045 voting rights, representing 4.98% of the total Fondul Proprietatea voting rights (3,470,123,151) excluding own shares that do not have voting rights (86,304,088), respectively out of 3,556,427,239 voting rights.

### Evolution of the shareholder structure



Source: Depozitarul Central SA, based on issued share capital until 31 July 2011, based on paid share capital starting 31 July 2011

## Share capital information

### Changes in share capital during the reporting period

	31 December 2024	31 December 2023	31 December 2022
Issued share capital (RON)	1,849,342,164.28	2,947,779,186.56	3,233,269,110.76
Paid in share capital (RON)	1,849,342,164.28	2,947,779,186.56	3,233,269,110.76
Number of shares in issue	3,556,427,239	5,668,806,128	6,217,825,213
Number of paid shares	3,556,427,239	5,668,806,128	6,217,825,213
Nominal value per share (RON)	0.52	0.52	0.52

Source: National Trade Registry

During the 30 April 2024 Annual GSM the shareholders approved the decrease of the subscribed and paid-up share capital of the Fund by RON 1,098,437,022.28, from RON 2,947,779,186.56 to RON 1,849,342,164.28, pursuant to the cancellation of 2,112,378,889 own shares acquired by the Fund during 2023 through the 14<sup>th</sup> buy-back programme. The share capital decrease was finalised on 30 August 2024, after all legal and regulatory steps related to the cancellation were completed.

During 2 December 2024 GSM the shareholders approved the decrease of the subscribed and paid-up share capital of the Fund by RON 184,934,215.96, from RON 1,849,342,164.28 to RON 1,664,407,948.32, pursuant to the cancellation of 355,642,723 own shares acquired during 2024 through the 15<sup>th</sup> buy-back programme. The share capital decrease will be recorded only after all legal and regulatory steps related to the cancellation are completed – this process is ongoing at the date of this report, and it is expected to be completed during the first semester of 2025.

## GDR facility

The GDR facility is limited to one-third of the Fund's subscribed share capital under the Romanian securities regulations, or 23,709,514 GDRs (1,185,475,700 shares equivalent) as at 31 December 2024, each GDR representing 50 shares. As at 31 December 2024, 1.52% of the Fund's issued shares were held by The Bank of New York Mellon, the GDR depositary bank, accounting for 1,083,399 GDRs, representing 4.57% of the GDR facility.

During 2 December 2024 GSM the Fund's shareholders approved the delisting of the Fund's GDRs from LSE, a process which is ongoing at the date of this report, and it is expected to be finalised during the second quarter of 2025. For more information, please see next section.

## Delisting of the Fund's GDR from the London Stock Exchange

During 2 December 2024 GSM the Fund's shareholders approved the delisting of the Fund's GDRs from LSE. On 12 December 2024 the Sole Director informed shareholders of the initiation of the cancellation of trading with respect to the GDRs from the Specialist Fund Segment of the Main Market of the London Stock Exchange and of the termination of the Deposit Agreement in respect of the GDRs dated 27 April 2015 between the Fund and The Bank of New York Mellon.

An application has been made to the LSE for trading in the GDRs to be cancelled. The last day of trading in the GDRs on the LSE is expected to be 24 April 2025 and the cancellation of the trading is expected to take effect at or about 8:00 am (UK time) on 25 April 2025.

The Fund has also served a formal notice to BNYM to terminate the GDR Deposit Agreement. Further information on the actions to be taken by holders of GDRs in connection with the delisting was provided by BNYM and can be found accessing BNYM website [www.adrbny.com](http://www.adrbny.com).

For other information regarding the delisting of the Fund's GDR from the LSE, please see the Fund's website, section *FAQs - The cancellation of trading with respect to the GDRs corresponding to the shares of Fondul Proprietatea from the LSE*.

## Evolution of the Fund's share capital since listing

The following table presents information on the main events during the period from 1 January 2011 until 31 December 2024, which have changed the amount of the issued share capital of the Fund.

Date	Event	Structure of the share capital after event			
		Issued share capital (RON)	Paid share capital (RON)	Issued shares (Shares)	Paid shares (Shares)
1 Jan 2011	Opening balance	13,778,392,208.00	13,778,392,208.00	13,778,392,208	13,778,392,208
24 Feb 2014	Cancellation of shares BB 1	13,538,087,407.00	13,172,832,785.00	13,538,087,407	13,172,832,785
25 Jun 2014	Decrease for annual cash distribution to shareholders	12,861,183,036.65	12,515,396,724.25	13,538,087,407	13,174,101,815
26 Sep 2014	Cancellation of shares BB 2	11,815,279,886.85	11,469,656,813.90	12,437,136,723	12,073,322,962
27 Jan 2015	Cancellation of shares BB 3	11,575,064,733.65	11,229,443,001.15	12,184,278,667	11,820,466,317
31 May 2015	Decrease for annual cash distribution	10,965,850,800.30	10,638,419,685.30	12,184,278,667	11,820,466,317
12 Aug 2015	Cancellation of shares BB 4	10,074,080,745.90	9,746,649,630.90	11,193,423,051	10,829,610,701
14 Mar 2016	Cancellation of shares BB 5	9,869,265,720.90	9,541,834,605.90	10,965,850,801	10,602,038,451
9 Jun 2016	Decrease for annual cash distribution	9,320,973,180.85	9,011,732,683.35	10,965,850,801	10,602,038,451

Structure of the share capital after event					
Date	Event	Issued share capital (RON)	Paid share capital (RON)	Issued shares (Shares)	Paid shares (Shares)
26 Oct 2016	Partial cancellation of shares BB 6	9,168,314,116.70	8,859,073,619.20	10,786,251,902	10,422,439,552
18 Jan 2017	Partial cancellation of shares BB 6	8,562,968,634.10	8,253,728,136.60	10,074,080,746	9,710,268,396
24 Mar 2017	Decrease for covering accounting loss and for extraordinary cash distribution	5,742,226,025.22	5,534,852,985.72	10,074,080,746	9,710,268,396
16 Jun 2017	Decrease for annual cash distribution	5,238,521,987.92	5,049,339,565.92	10,074,080,746	9,710,268,396
29 Nov 2017	Partial cancellation of shares BB 7	4,854,034,784.56	4,664,852,362.56	9,334,682,278	8,970,869,928
29 Jun 2018	Partial cancellation of shares BB 7 and BB 8	4,771,610,196.08	4,582,427,774.08	9,176,173,454	8,812,361,104
28 Dec 2018	Partial cancellation of shares BB 8	4,733,020,898.32	4,543,838,476.32	9,101,963,266	8,738,150,916
15 Oct 2019	Cancellation of shares BB 9	3,959,264,762.44	3,770,082,340.44	7,613,970,697	7,250,158,347
30 Sep 2020	Cancellation of shares BB 10	3,749,282,292.08	3,560,099,870.08	7,210,158,254	6,846,345,904
25 Oct 2021	Cancellation of shares BB 11	3,334,342,422.84	3,145,160,000.84	6,412,196,967	6,048,384,617
1 Feb 2022	Payment of unpaid shares by Romanian State	3,334,342,422.84	3,334,342,422.84	6,412,196,967	6,412,196,967
19 Oct 2022	Cancellation of shares BB 12	3,233,269,110.76	3,233,269,110.76	6,217,825,213	6,217,825,213
12 Oct 2023	Cancellation of shares BB 13	2,947,779,186.56	2,947,779,186.56	5,668,806,128	5,668,806,128
30 Aug 2024	Cancellation of shares BB 14	1,849,342,164.28	1,849,342,164.28	3,556,427,239	3,556,427,239
<b>31 Dec 2024</b>	<b>Closing balance</b>	<b>1,849,342,164.28</b>	<b>1,849,342,164.28</b>	<b>3,556,427,239</b>	<b>3,556,427,239</b>
	Treasury shares			(355,642,723)	(355,642,723)
	<b>Voting rights</b>			<b>3,200,784,516</b>	<b>3,200,784,516</b>

Source: Fondul Proprietatea internal records

## Changes to the Constitutive Act during 2024

During 25 September 2023 EGM, the Fund's shareholders approved the amendment of Article 19(3) of the Fund's Constitutive Act, as proposed by the Ministry of Finance. The amendment entered into force on 30 January 2024, when the updated Constitutive Act (based on the FSA Authorisation no. 6/ 19 January 2024) was registered with the Trade Registry.

In addition to that, during 2024 the shareholders approved the following changes to the Fund's Constitutive Act:

- approval of the amendment of Article 19(3) of the Fund's Constitutive Act, to extend the maximum mandate term of the AIFM to 4 years (EGM Resolution no. 6 of 27 September 2024);
- approval of the amendment of Article 20 of the Fund's Constitutive Act, regarding appointment of the replacement for the permanent representative (EGM Resolution no. 7 of 27 September 2024);



- approval of the amendment of Article 7 of the Fund's Constitutive Act with the new value of the subscribed and paid-up share capital of the Fund and corresponding number of shares, once the share capital decrease by RON 184,934,215.96, from RON 1,849,342,164.28 to RON 1,664,407,948.32, pursuant to the cancellation of 355,642,723 own shares acquired during 2024 through the 15<sup>th</sup> BB programme will be finalised (EGM Resolution no. 9 of 2 December 2024).

The updated Constitutive Act, as approved by the shareholders through EGM Resolutions no. 6 and 7 of 27 September 2024 was submitted to the FSA for authorisation in accordance with Art. 34 (4) of FSA Regulation no. 7/2020. The amendments will enter into force after FSA authorisation and registration with the Trade Registry of the updated Constitutive Act.

The updated Constitutive Act, as approved by the shareholders through EGM no. 9 of 2 December 2024 will be effective once the following steps are completed – the process is ongoing as at the date of this report:

- (i) the EGM Resolution is published in the Official Gazette of Romania, Part IV for at least two months;
- (ii) FSA authorizes the amendment of Article 7 paragraph (1) of the Fund's Constitutive Act;
- (iii) the EGM Resolution for approving this share capital decrease is registered with the Trade Registry.

## Credit facility agreement and issued debt

The Fund did not have any loans, borrowings or credit facilities in place during 2024. Also, the Fund did not have any bonds or other debt securities in issue during 2024.

## Employees

As at 31 December 2024 the Fund had no employees. Given that the Fund is administrated by the AIFM, it is not expected that the Fund will have any employees before 31 March 2026.

## Subsidiaries

As at 31 December 2024, the Fund controlled the following companies, which under Romanian applicable laws qualify as subsidiaries of the Fund, all of which are incorporated and operate in Romania. In the Sole Director's opinion, none of these subsidiaries qualifies as a significant subsidiary.

Name	Ownership interest
Alcom SA	72%
Zirom SA	100%

Source: Fondul Proprietatea internal records

None of the Fund's subsidiaries holds shares in the Fund as at 31 December 2024, based on the information made available to the Fund. There was no corporate reorganisation of the Fund or its subsidiaries during 2024.

## Branches

During 2024 the Fund had no branches.

# Net Asset Value

## NAV methodology

The key performance indicator of the Fund is its Net Asset Value. The Fund is required to publish a monthly net asset value per share in accordance with the local rules issued by the capital market regulator, no later than 15 calendar days after the reporting month end and after the dates when share capital changes are recorded within Trade Registry.

All NAV reports are published on the Fund's website together with the share price and discount/premium information.

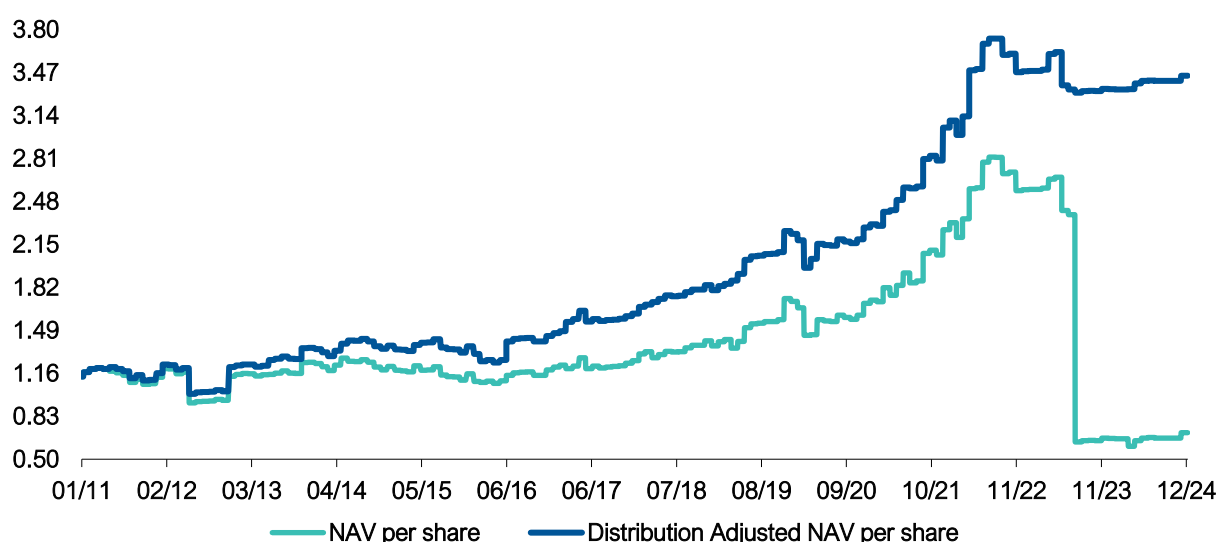
Starting with 28 January 2022, the date when the Fund's registration process as an AIF with the FSA was finalised, the Fund started to apply the Romanian AIF Law (Law no. 243/2019) and AIF Regulation (Regulation no. 7/2020).

Listed liquid shares are valued either at closing market prices if listed on regulated markets, or at reference prices if listed on an ATS. Listed illiquid and unlisted shares are valued using valuation techniques in accordance with International Valuation Standards. The holdings in the companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity are valued at zero.

The treasury shares acquired through buy-backs are excluded from the number of shares used in the NAV per share computation. Due to the fact that in substance the Fund's GDRs are similar to the ordinary shares to which they correspond, in the computation of the number of shares used for the NAV per share calculation, the equivalent number of shares corresponding to the GDRs bought back and held by the Fund as at the NAV reporting date is also deducted, together with the number of ordinary own shares bought back and held.

## NAV evolution

### Evolution of distribution adjusted NAV per share

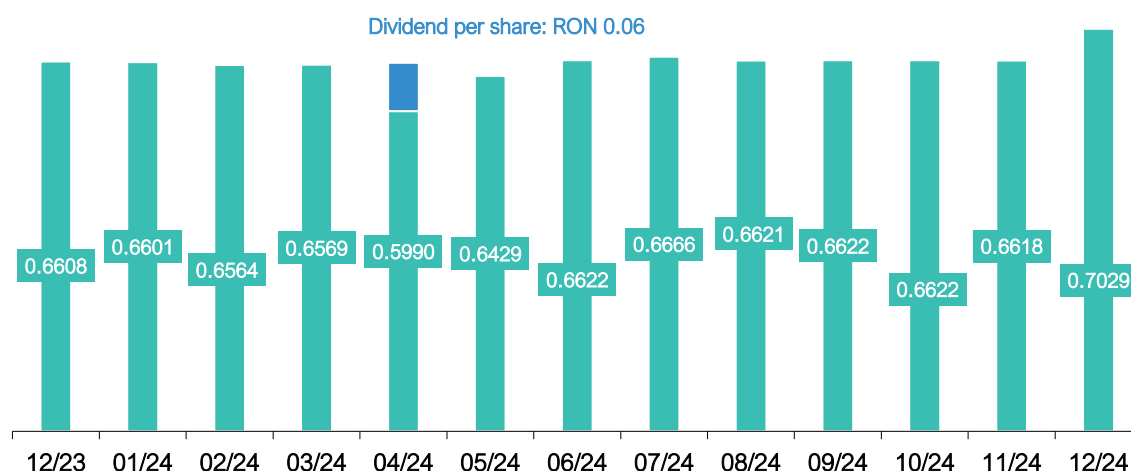


Source: Sole Director calculations

Note: Distribution Adjusted NAV per share is calculated as the NAV per share for the respective month plus the cumulated cash distributions per share since the start of FT mandates

### Evolution of the NAV per share (RON)

The following chart shows information on the monthly published NAVs per share for the period from 31 December 2023 to 31 December 2024:



Source: Sole Director calculations

During the **first quarter of 2024**, the Fund has analysed the potential effect on the valuation of portfolio holdings of the events that took place between 31 October 2023 (the date of valuation reports for 31 December 2023 NAV reporting) and 31 December 2023 and consequently has adjusted the value of CE Oltenia SA from RON 64.8 million to RON 56.8 million in the 29 February 2024 NAV reporting of the Fund and in the 2023 IFRS financial statements of the Fund, authorised on 25 March 2024.

In addition, the value of the listed holdings decreased by RON 8.4 million during the quarter, mainly due to Alro SA share price drop.

During the **second quarter of 2024**, the NAV per share was stable (0.8% increase compared to the end of the first quarter). The most important developments during the quarter impacting the NAV were the valuation update of the unlisted holdings at the end of June (net increase of RON 65.5 million vs. 31 March 2024 NAV - details included below), the dividends recorded from portfolio companies (RON 145.3 million), the dividend distribution approved by the Fund's shareholders in April (RON 212.5 million) and the 15<sup>th</sup> buyback programme carried out by the Fund during this period (64.6 million shares acquired for a total value of RON 29.7 million).

In June the Fund performed valuation updates for the 4 largest unlisted holdings, which represent 95.5% of the Fund's total unlisted portfolio as at 30 June 2024. The valuation was performed with the assistance of KPMG Advisory, in accordance with International Valuation Standards. The valuation date for the updated reports was 31 May 2024 (date for the market multiples) and it was based on the financial data of the companies as at 31 March 2024. The reports also considered all relevant subsequent events until 30 June 2024 (such as dividends declared, changes in legislation, etc.).

The total impact of the valuation update was an increase of RON 57.6 million compared to 31 December 2023 NAV.

Portfolio company	Value in 30 Jun 2024 NAV	Value in 31 Mar 2024 NAV/ 29 Feb 2024 NAV	Value in 31 Dec 2023 NAV	30 Jun 2024 NAV vs. 31 Dec 2023 NAV	
	RON million	RON million	RON million	RON million	%
CN Aeroporturi Bucuresti SA	924.5	877.7	877.7	46.8	5.3%
CN Administratia Porturilor Maritime SA	349.4	328.3	328.3	21.1	6.4%

Portfolio company	Value in 30 Jun 2024 NAV	Value in 31 Mar 2024 NAV/ 29 Feb 2024 NAV	Value in 31 Dec 2023 NAV	30 Jun 2024 NAV vs. 31 Dec 2023 NAV	
	RON million	RON million	RON million	RON million	%
Societatea Nationala a Sarii SA	319.3	318.4	318.4	0.9	0.3%
CE Oltenia SA	53.6	56.8	64.8	-11.2	-17.3%
<b>Total</b>	<b>1,646.8</b>	<b>1,581.2</b>	<b>1,589.2</b>	<b>57.6</b>	<b>3.6%</b>

Source: Fondul Proprietatea internal records

In December 2023, the Fund prepared a valuation report for the holding in Mecon SA, a company listed on AeRO, the ATS of BVB, whose shares had not been traded since April 2023. In June 2024, Mecon shares started trading again on AeRO, however, due to the very low trading frequency the Fund considers that the market is not active according to the definition in IFRS 13 and as a result the market trades are not representative of the fair value of the holding. Consequently, in the NAV report prepared for 30 June 2024 the Fund continued to value the holding in Mecon SA based on the valuation report prepared in December 2023 with the assistance of the external valuer Darian DRS.

During the **third quarter of 2024**, the NAV per share was similar to the NAV at the end of the second quarter. The tender offer within the 15<sup>th</sup> buyback programme for 269 million shares (in the form of ordinary shares and shares equivalent to GDRs) at a price of RON 0.6622 was finalised on 30 September 2024. There were no significant valuation updates in Q3 2024 for the holdings in the Fund's portfolio.

During the **last quarter** of 2024 the NAV per share recorded an increase of 6.1%. The most important event that impacted the NAV per share was the valuation update process for the portfolio holdings.

For 31 December 2024 NAV, valuation updates in accordance with the International Valuation Standards were prepared for 15 holdings with the assistance of KPMG Advisory and Darian DRS, representing all the unlisted portfolio and 2 listed companies with low liquidity. The valuation date was 31 October 2024, and the reports were based on the financial data of the companies as at 30 September 2024. The overall impact of the valuation adjustments Fund's holdings is detailed in the table below:

Portfolio company	Value in 31 Dec 2024 NAV	Value in 30 Jun 2024 NAV	Value in 31 Dec 2023 NAV	31 Dec 2024 NAV vs. 31 Dec 2023 NAV	
	RON million	RON million	RON million	RON million	%
CN Aeroporturi Bucuresti SA	1,033.9	924.5	877.7	156.2	+17.8%
CN Administratia Porturilor Maritime SA	371.7	349.4	328.3	43.4	+13.2%
Societatea Nationala a Sarii SA	326.8	319.3	318.4	8.4	+2.6%
Complexul Energetic Oltenia SA	43.1	53.6	64.8	(21.7)	-33.5%
Zirom SA	25.6	28.6	28.6	(3.0)	-10.5%
Posta Romana SA	22.3	17.4	17.4	4.9	+28.2%
CN Administratia Canalelor Navigabile SA	14.2	15.6	15.6	(1.4)	-9.0%
Aeroportul Int Timisoara - Traian Vuia SA	7.4	6.0	6.0	1.4	+23.3%
CN Administratia Porturilor Dunarii Fluviale SA	4.9	3.1	3.1	1.8	+58.1%
CN Administratia Porturilor Dunarii Maritime SA	3.5	3.2	3.2	0.3	+9.4%
Plafar SA	3.1	2.0	2.0	1.1	+55.0%
Aeroportul Int Mihail Kogalniceanu - Constanta SA	2.3	2.1	2.1	0.2	+9.5%
Societatea Electrocentrale Craiova SA	-	-	-	-	0.0%
<b>Total unlisted holdings</b>	<b>1,858.8</b>	<b>1,724.8</b>	<b>1,667.2</b>	<b>191.6</b>	<b>+11.5%</b>

Portfolio company	Value in 31 Dec 2024 NAV	Value in 30 Jun 2024 NAV	Value in 31 Dec 2023 NAV	31 Dec 2024 NAV vs. 31 Dec 2023 NAV	
	RON million	RON million	RON million	RON million	%
Alcom SA	10.2	10.1	10.1	0.1	+1.0%
Mecon SA	2.4	2.4	2.4	-	0.0%
Romaero SA	-	-	-	-	0.0%
<b>Total listed not liquid holdings</b>	<b>12.6</b>	<b>12.5</b>	<b>12.5</b>	<b>0.1</b>	<b>+0.8%</b>
<b>Total</b>	<b>1,871.4</b>	<b>1,737.3</b>	<b>1,679.7</b>	<b>191.7</b>	<b>+11.4%</b>

Source: Fondul Proprietatea internal records

On 15 January 2025 the Fund published the Preliminary results report for 2024 together with 31 December 2024 NAV. Subsequent to the publication, the Fund has analysed the events between 31 October 2024 (date of valuation reports for 31 December 2024 NAV) and 31 December 2024 and has adjusted the value of 6 holdings for a total negative impact of RON 87.9 million.

The difference in valuation of equity investments in the IFRS financial statements of the Fund authorised for issue on 14 March 2025 vs. the NAV reporting at 31 December 2024 published on 15 January 2025 was mainly driven by the newly introduced tax on special constructions (in case of CN Administratia Porturilor Maritime SA, CN Administratia Canalelor Navigabile SA, CN Administratia Porturilor Dunarii Fluviale SA, CN Administratia Porturilor Dunarii Maritime SA) and the performance of certain companies in Q4 2024 (Societatea Nationala a Sarii SA, Complexul Energetic Oltenia SA).

In addition, the valuation of CE Oltenia SA at 31 December 2024 in the IFRS financial statements was also impacted by the uncertainties resulting from the delays in the implementation of the restructuring plan, along with the associated costs, particularly concerning CO<sub>2</sub> certificates, steaming from potential amendments to carbon production quotas.

Details regarding the adjustments performed are presented in the table below:

Portfolio company	Value in 31 Dec 2024 NAV	Value in 31 Dec 2024 IFRS	31 Dec 2024 IFRS vs. 31 Dec 2024 NAV	
	RON million	RON million	RON million	%
CN Administratia Porturilor Maritime SA	371.7	357.7	(14.0)	-3.8%
Societatea Nationala a Sarii SA	326.8	297.5	(29.3)	-9.0%
Complexul Energetic Oltenia SA	43.1	6.0	(37.1)	-86.1%
CN Administratia Canalelor Navigabile SA	14.2	7.6	(6.6)	-46.5%
CN Administratia Porturilor Dunarii Fluviale SA	4.9	4.6	(0.3)	-6.1%
CN Administratia Porturilor Dunarii Maritime SA	3.5	2.9	(0.6)	-17.1%
<b>Total</b>	<b>764.2</b>	<b>676.3</b>	<b>(87.9)</b>	<b>-11.5%</b>

The Fund will continue to closely monitor the evolution of financial markets and that of the specific industries the portfolio companies operate in, and for each NAV reporting date will assess if an updated valuation is required.

# Corporate Governance

## Overview

The Fund has a clear and transparent corporate governance framework concluded in 2011, that was updated and enhanced in the subsequent periods. The framework presents clearly, for public reference, the main characteristics of the Fund's corporate governance structure, the functions of the Fund's Sole Director and those of the Board of Nominees, as well as their powers and responsibilities and the related information is presented on the Fund's website in the section *About the Fund – Fund Overview – Corporate Governance*.

## Compliance with corporate governance principles

### BVB Corporate Governance Code in force at 31 December 2024

The Fund lends great importance to the principles of good corporate governance and coinciding with its listing at the beginning of 2011, has adhered to the BVB Corporate Governance Code.

Following the self-assessment conducted, the Sole Director informs the shareholders and investors that the Fund is fully compliant with the provisions of the BVB Corporate Governance Code in force at 31 December 2024.

For more details please see Annex 4 Compliance with the corporate governance requirements.

### BVB Corporate Governance Code in force starting 1 January 2025

On 9 December 2024, the Bucharest Stock Exchange published the revised Corporate Governance Code reflecting recent regulatory changes, global standards and stakeholders' priorities (the "new Code"). Companies are expected to start adjusting their practices in line with the new Code from 1 January 2025. Therefore, the annual report of the companies for financial year 2025 will be the first reporting that companies have to prepare based on the provisions of the new Code.

Compared to the previous version of the Code, companies will not only have to state whether they comply or not but also publish information on how the provisions have been applied, including actions taken to achieve compliance and the results of those actions.

The Fund is currently in the process of analysing the requirements of the new BVB Corporate Governance Code and would implement any necessary changes during 2025.

## Management structure of the Fund

### Corporate bodies

In September 2010, a one-tier system of governance was implemented at the Fund's level, as a result of the implementation of the rules established by Romanian legislation in force, in order to allow the appointment of the Fund Manager as Sole Director of the Fund. Although the Fund is currently administrated under a one-tier system, its corporate structure also includes the Board of Nominees, a contractually created body whose main role is to monitor the activity of the Sole Director.

The powers and duties of the above-mentioned bodies are described in a number of official documents, available on the Fund's website in *About the Fund – Fund Overview – Corporate Governance* section:

- The Constitutive Act of the Fund;



- The current Management Agreement, signed between the Fund and FTIS in 2024, applicable until 31 March 2025;
- The IPS; and
- Other internal regulations.

### Commitment to follow the principles of corporate governance

In accordance with best corporate governance practices, the Fund is managed in a climate of transparency, based on open discussions between FTIS and the Board of Nominees.

FTIS, its employees and the members of the Board of Nominees have a duty of care and loyalty towards the Fund. Hence, FTIS and the Board of Nominees pass their resolutions as required for the welfare of the Fund, primarily in consideration of the interests of shareholders and investors.

The Fund implemented corporate governance principles and has in place:

- The Code of Ethics and Business Conduct of Fondul Proprietatea;
- The Annual Cash Distribution Policy;
- The Remuneration Policy;
- The Forecast Policy;
- General dividend payment procedure;
- Procedure regarding the handling of petitions; and
- The Policy regarding Related Parties Transactions.

## General Shareholders Meeting

### Overview

Any GSM shall be convened by the Sole Director whenever necessary, with the prior notification of the Board of Nominees, in accordance with the provisions of the law. The date of the meeting may not be less than 30 calendar days after publishing the convening notice. The convening notice shall be published in the Official Gazette of Romania, Part IV, and in one of the widely distributed newspapers in Romania.

In exceptional cases, when the Fund's interest requires it, the Board of Nominees may convene the GSM. Any convening notice will be sent for publication purposes to BVB and FSA in accordance with the capital markets regulations. Any convening notice will also be published on the Fund's website in the *Investor Relations - GSM Information* section, together with any explanatory document related to items included on the meeting agenda.

The annual financial statements are made available starting with the date of the convening notice of the Annual OGM, convened to resolve upon them.

### General Shareholders Meeting organisation

The GSM is usually chaired by the permanent representative of the Sole Director, who may designate another person to chair the assembly. The chairperson of the meeting designates one or more technical secretaries to verify the fulfilment of the formalities required by law for carrying out the meeting and for drafting the minutes thereof, apart from the GSM secretary appointed by shareholders during the GSM.

The minutes, signed by the Chairperson and by the GSM secretaries, shall ascertain the fulfilment of the formalities relating to the convening notice, the date and place of the meeting, the agenda, the shareholders presence, the number of shares, a summary of the issues discussed, the resolutions passed, and, upon shareholders request, the statements made by such shareholders during the meeting.

The resolutions of the GSM shall be drafted pursuant to the minutes and shall be signed by the person empowered by the shareholders to do this. In observance of the capital market regulations, the resolutions of the GSM will be disseminated to BVB and FSA within 24 hours after the event. The resolutions will also be made available on the Fund's website under the respective GSM section.

### General Shareholders Meeting main duties

The main duties of the OGM are the following:

- a) to discuss, approve and amend the annual financial statements after reviewing the reports of the AIFM and financial auditor;
- b) to establish the distribution of the net profit and to establish the dividends;
- c) to appoint the members of the Board of Nominees and to cancel their appointment;
- d) to appoint the AIFM in accordance with the law and to cancel its appointment;
- e) to appoint and cancel the appointment of the financial auditor and to set the minimum duration of the financial audit agreement;
- f) to approve the remuneration policy applicable to the members of the Board of Nominees and to the AIFM, that includes the level of their remuneration, and to set the level of remuneration of the financial auditor;
- f<sup>1</sup>) to vote on an annual basis on the remuneration report for the previous fiscal year; such a vote shall be of an advisory nature and the Fund shall explain in the following remuneration report how the GSM vote has been taken into account;
- g) to rule over the management of the AIFM and to evaluate his/ her performances and to discharge him/ her from its management;
- h) to decide on the action in a court of law against the AIFM or, as the case may be, against the financial auditor, for damages caused to the Fund;
- i) to approve the strategy and the development policies of the Fund;
- j) to approve the annual budget for the following financial year;
- k) to decide upon the pledge, lease or creation of movable securities or mortgages on the assets of the Fund;
- l) to approve significant related parties' transactions, if their value is greater than 5% of the net asset value, at the proposal of the AIFM;
- m) to decide on any other aspects regarding the Fund, according to the legal duties.

The EGM is entitled to decide mainly upon:

- a) set-up or closing of some secondary units: branches, agencies, representative offices or other such units with no legal personality;
- b) share capital increase;
- c) share capital decrease or re-completion thereof by issuing new shares;
- d) conversion of shares from one category to another;

- e) conversion of a category of bonds to another category or to shares;
- f) issue new bonds;
- g) approval of the admission for trading and selection of the regulated market on which the Fund's shares will be traded;
- h) the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of the Fund, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of the Fund, less receivables;
- i) change of the management system of the Fund;
- j) limitation or cancellation of the preference right of the shareholders;
- k) approval of the IPS;
- k<sup>1</sup>) approval of (i) the dissolution and liquidation of the Fund; or (ii) the extension of the duration of the Fund;
- l) any other amendment of the Constitutive Act or any other resolution requiring the approval of the EGM.

### GSM during the reporting period

During 2024, there were 5 GSMs in which the shareholders adopted 29 resolutions (10 EGM resolutions and 19 OGM resolutions). All EGM and OGM resolutions are published on the Fund's webpage at *Investor Relations – GSM Information* section and a summary is included below.

#### 13 February 2024 GSM

During 13 February 2024 GSM the Fund's shareholders approved the following:

- approval the disposal of the Fund's entire stake in Engie Romania SA;
- approval of a new buy-back programme to be carried during the financial year 2024, for maximum 1 billion shares (in the form of shares or GDRs), at a price that cannot be lower than RON 0.2 per share or higher than RON 1 per share.

The third point on the agenda, regarding the approval of a mandate for executing discretionary disposals exceeding 20% of the total value of the non-current assets less receivables of the Fund, was rejected by shareholders.

#### 26 March 2024 GSM

During 26 March 2024 GSM the Fund's shareholders mainly approved the following:

- The appointment of Mr. Marius-Alin Andries as member of the BoN following the expiration of the mandate of Mr. Omer Tetik on 6 April 2024; the mandate is valid for a period of 3 years starting with 7 April 2024;
- The approval of the Management Agreement between Fondul Proprietatea and FTIS for a period of 1 year starting 1 April 2024 and until 31 March 2025, with a change in the base fee rate such that the base fee is 1.35% (item added on the agenda at the request of the shareholder Ministry of Finance);
- The approval of the Remuneration Policy of Fondul Proprietatea in force starting 1 April 2024, to reflect the provisions of the Management Agreement, i.e. with a change in the base fee rate so that the base fee is 1.35% (item added on the agenda at the request of the shareholder Ministry of Finance).

During 26 March 2024 GSM the Fund's shareholders rejected the following:

- The Management Agreement as proposed by the Sole Director (including the 2.00% base fee rate);
- The updated Remuneration Policy as proposed by the Sole Director (including the 2.00% base fee rate);
- The 2024 budget of Fondul Proprietatea, in accordance with the supporting materials (including the 2.00% base fee rate);
- The appointment of a member of the BoN following the expiration of the mandate of Mr. Nicholas Paris on 6 April 2024;
- The approval of the strategy of the Fund applicable to the mandate period 1 April 2024 to 31 March 2025 so that it includes the preservation of the current portfolio managed by FTIS (item added on the agenda at the request of the shareholder Ministry of Finance).

### 30 April 2024 Annual GSM

During the 30 April 2024 Annual GSM of the Fund the shareholders mainly approved:

- The decrease of the subscribed and paid-up share capital of the Fund by RON 1,098,437,022.28, from RON 2,947,779,186.56 to RON 1,849,342,164.28, pursuant to the cancellation of 2,112,378,889 own shares acquired by the Fund during 2023 through the 14<sup>th</sup> buy-back programme;
- The decrease of the legal reserve of the Fund by RON 57,097,985.69 from RON 646,653,823.00, representing 21.94% of the share capital, to RON 589,555,837.31, representing 20.00% of the share capital as at 31 December 2023. The amount of RON 57,097,985.69 is transferred to retained earnings and remains available for future use by shareholders;
- The decrease of the legal reserve of the Fund by RON 219,687,404.45 from RON 589,555,837.31 to RON 369,868,432.86, representing 20.00% of the share capital value after the implementation and effectiveness of the share capital decrease contemplated under item 1 of the 30 April 2024 EGM agenda. Following the decrease, the corresponding amount is transferred to retained earnings and remains available for future use by shareholders;
- The Annual Activity Report of the Sole Director of the Fund for the financial year 2023 and the financial statements for the year ended on 31 December 2023; the ratification of all legal acts concluded, adopted or issued on behalf of the Fund, as well as of any management/administration measures adopted, implemented, approved or concluded during 2023, along with the discharge of the Sole Director's for any liability for its administration during 2023;
- The Remuneration Report of Fondul Proprietatea for 2023 (consultative vote);
- The coverage from other reserves of the negative reserves of RON 908,845,063.69 incurred in 2023 financial year derived from the cancellation of the treasury shares acquired during the 13<sup>th</sup> buyback programme;
- The coverage from various elements of retained earnings of the accounting loss of RON 904,097,085.75 incurred in 2023 financial year;
- The distribution of a gross dividend of RON 0.06 per share from retained earnings, subject to the approval by the OGM of item 5 as set out in the 30 April 2024 OGM agenda (Payment date 7 June 2024);
- The additional fee of EUR 27,000 (before VAT) to Ernst & Young Assurance Services SRL, the financial auditor of the Fund and the approval of the corresponding change of the 2024 budget of the Fund.

## 27 September 2024 GSM

During the 27 September 2024 GSM of the Fund the shareholders mainly approved:

- approval of the amendment of Article 19 (3) of the Fund's Constitutive Act, to extend the maximum mandate term of the AIFM to 4 years;
- approval of the amendment of Article 20 of the Fund's Constitutive Act, regarding appointment of the replacement for the permanent representative;
- approval of 2024 revised Budget of the Fund;
- appointment of Ms. Ileana-Lacramioara Isarescu as member of the BoN of Fondul Proprietatea for a period of 3 years starting the date she accepts this appointment (the second seat remains vacant as the other candidates did not obtain the statutory majority provided by the Fund's Constitutive Act for being elected as member of the BoN);
- appointment of Ernst & Young Assurance Services SRL as the financial auditor of the Fund for the financial year ending 31 December 2025;
- approval of the selection criteria, as prepared and proposed by the BoN on the basis of the advice received by the BoN from Deutsche Numis, based on which the BoN shall select the AIFM of Fondul Proprietatea:
  - a. Established investment management entity operating to global standards in asset management, client servicing, compliance, financial reporting, investor relations, and risk management, and with experience and expertise in mandates invested in Romania and/ or similar markets.
  - b. Proposal for Fondul Proprietatea's investment mandate which should predominantly be focused on continued investment in domestic entities, including state-owned enterprises, and which may involve further direct or indirect investment in unquoted entities.
  - c. Regulatory authorisation necessary to implement Fondul Proprietatea's investment mandate, specifically an AIFM authorised as an AIFM by the Romanian FSA or an EU- authorised AIFM with a credible basis for seeking a passport to operate in Romania.
  - d. Internal resources necessary to implement Fondul Proprietatea's investment mandate including operational capacity in Romania (or credible basis for establishing a Romanian office or credible proposal to put resources in place which may involve an outsourcing model).
  - e. Remuneration structure aligned with interests of shareholders as a whole in the long-term delivery of Fondul Proprietatea's investment mandate.
- appointment, following selection by the BoN, of Deutsche Numis as selection advisor assisting the Fund through the members of the BoN;
- approval of a maximum advisory budget of RON 3.8 million, including all applicable taxes and out-of-pocket expenses, to be used by the members of the BoN, for the payment of the services to be provided by Deutsche Numis, as well as for any other services related to the selection of an AIFM, including financial advisory services and legal services required for this purpose.
- approval of the authorisation of the Chairperson of the BoN to take the following actions and to act in the name of and on behalf of the Fund (the "Authorisation"):
  - a. to select and appoint any advisors to assist the Fund and the BoN in relation to the AIFM selection process;
  - b. to negotiate and agree in the name and on behalf of Fondul Proprietatea, any documents regarding the selection process; and
  - c. to sign, execute and deliver all agreements with advisors, written instruments and all other documents, necessary in order to fulfil the Authorisation granted hereby.

- approval of the extension of FTIS mandate and of the terms of the management agreement between Fondul Proprietatea and FTIS for 1 year starting with 1 April 2025 and until 31 March 2026, inclusive, with all the other provisions of the Management Agreement remaining unchanged. The extended mandate and the corresponding addendum will enter into force only to the extent that by 31 March 2025 (a) the OGM does not appoint a new AIFM, and (b) such appointment does not enter into force by 31 March 2025.

During 27 September 2024 GSM the Fund's shareholders rejected the following items added on the agenda at the request of the shareholder Ministry of Finance:

- during the time frame remained until the end of the mandate granted to FTIS, i.e. 31 March 2025, the Sole Director shall not be entitled to buy-back shares of Fondul Proprietatea, GDRs or titles of interest corresponding to shares of Fondul Proprietatea;
- approval of the extension of the mandate and of the terms of the management agreement concluded between Fondul Proprietatea and FTIS for 1 year starting with 1 April 2025 and until 31 March 2026 under certain conditions and subject to the compliance with: the preservation of the current portfolio of the Fund and prohibition of share buy-backs and the retention/ use of cash held by exclusively for the management of the current portfolio.

## 2 December 2024 GSM

During the 2 December 2024 GSM of the Fund the shareholders mainly approved:

- the delisting of the Fund's GDRs issued by BNYM and admitted to trading on the Specialist Fund Market of the LSE, and the empowerment of FTIS to perform any related legal acts or actions necessary;
- approval of the decrease of the subscribed and paid-up share capital of Fondul Proprietatea by RON 184,934,215.96, from RON 1,849,342,164.28 to RON 1,664,407,948.32, pursuant to the cancellation of 355,642,723 own shares acquired by the Fund during 2024 within the 15<sup>th</sup> buy-back programme;
- approval of the 16<sup>th</sup> buy-back programme for 2025, for 320 million shares, at a price between RON 0.2 per share and RON 1 per share;
- appointment for a period of 3 years of Mr. Nicholas Paris as member of the BoN of Fondul Proprietatea following the expiration of the mandate of on 6 April 2024. The mandate started on 2 December 2024;
- approval of 2025 budget of Fondul Proprietatea.

## The Fund's shareholders rights

According to the provision of the Constitutive Act in force, each share issued by the Fund which is rightfully owned and paid by a shareholder carries the following rights: (i) voting right at the GSM, (ii) the right to elect and to be elected in the management bodies, and (iii) the right to take part in the profit distribution.

The Fund currently observes the one paid share, one vote, and one dividend principle. There are no shares conferring the right to more than one vote or preference shares.

With respect to the right to receive dividends, the Constitutive Act sets out that the Fund's net profit shall be distributed based on the resolution of the GSM, each shareholder being entitled to receive dividends proportionally with the number of paid in shares held in the Fund's share capital. Pursuant to Law no. 24/2017, the payment of dividends shall be carried out no later than 6 months from the date of the GSM approving the dividend distribution.



The Romanian legislation imposes various restrictions regarding the unpaid shares, including no voting rights for those unpaid shares and no right to receive dividends or return of capital in relation to them.

Currently, the Constitutive Act does not specify any further special conditions on such rights than those specified by the law. Other than as presented above, no rights, preference or restrictions are attached to the shares.

Pursuant to the Companies' Law, as a rule, the shares issued by a company entitle each holder to equal rights. Such rights mainly refer to the shareholders' involvement in the operations of a company and the resulting benefits and are regulated by the applicable laws. Shareholders must exercise their rights in good faith, without breaching the interest of other shareholders or that of the company. The Fund ensures a fair treatment of investors and there is no preferential treatment for any investor.

The Fund is committed to communicate with its shareholders effectively and actively and ensure that all shareholders have equal access to relevant material information, so as to allow them to fully exercise their rights. The AIFM has established a dedicated experienced investor relations team, responsible for handling relationship with both private and institutional investors, locally and abroad.

The Fund has a dedicated GSM related section on its website (*Investor Relations – GSM Documentation*). The information in this section typically includes: the time and place of meetings; information on how to exercise voting rights, including the proxy process with relevant forms; meeting agendas, as well as detailed documents relating to specific agenda items and draft of shareholders resolutions.

The Fund is committed to encourage shareholders to participate at GSMs, to fully exercise their rights, and to raise questions concerning items debated during such meetings. GSMs enable and encourage the dialogue between the shareholders and the Fund and its representatives.

The shareholders may attend the GSMs in person or may be represented either by their legal representatives or by representatives having a special or a general proxy, based on the proxies' templates made available by the Fund. Such proxies' templates may be obtained from the Fund's headquarters and/ or can be found on the Fund's website, under the respective GSM section item.

Also, the shareholders who cannot attend are able to vote in absence by sending the votes to the Fund's headquarters or via e-mail having attached an extended electronic signature, using the voting bulletin for the votes by correspondence made available by the Fund at the headquarters and/ or on the Fund's website.

Starting 2024, namely the 13 February 2024 GSM, the Fund also implemented the possibility for the Fund's shareholders registered as such on the GSM Reference Date, to vote by electronic means via eVote platform, in accordance with the provisions of Art. 197 of FSA Regulation no. 5/2018. The electronic voting may be used exclusively before each GSM, as detailed in the GSM Procedure published on the Fund's website in the Investor Relations - GSM Information Section.

Shareholders holding individually or jointly at least 5% of the Fund's paid share capital may ask for calling of a GSM. Such shareholders have also the right to add new items on the agenda of a GSM, provided such proposals are accompanied by a justification or a draft resolution proposed for approval and copies of the identification documents of the shareholders who made the proposals.

Proposals with respect to adding new items on the agenda of such GSM can be submitted at the Fund's headquarters, or by e-mail having attached an extended electronic signature, in compliance with Law no. 455/2001 on digital signature.

Likewise, the shareholders holding individually or jointly at least 5% of the Fund's paid share capital are entitled to propose revised versions of resolutions for the items listed on the agenda or proposed by other shareholders for the agenda of the GSM.

The shareholders of the Fund, regardless of the stake held in the share capital, may submit written questions with respect to the items on the agenda of the GSMs. The shareholders may also send such questions by e-mail or may raise them during the GSM. The answers will be provided during the GSM; the questions may be answered as well on the Q&A section of the Fund's website.

Should the questions require elaborate answers, a Q&A form will be made available on the Fund's website. The disclosure of commercially sensitive information that could result in a loss or competitive disadvantage for the Fund will be avoided when providing the answers, in order to protect shareholders' interest.

A shareholder who was absent at a GSM or has voted against a certain resolution and has requested that its vote against the resolution is registered in the minutes of that GSM is entitled to challenge such resolution within 15 days as of its publication in the Official Gazette of Romania, Part IV. Also, claims regarding an absolute nullity of a shareholder resolution may be filed at any time.

## Increase of the Fund's share capital

The share capital of the Fund can be increased with EGM approval, in accordance with the provisions of Romanian law:

- by issuing new shares in exchange for cash contributions, based on the offering documentation approved according to legislation in force;
- by incorporation of reserves, except for legal reserves and of the reserves created out of the revaluation of the patrimony, as well as of the benefits and issuing premiums.

The share capital increase shall be registered at the Trade Registry, on the basis of the resolution of the Fund's GSM.

The share capital cannot be increased by issuing new shares if there are outstanding unpaid shares in the share capital of the Fund.

## Board of Nominees and the Consultative Committees

The Board of Nominees consists of 5 members appointed by the OGM in accordance with the provisions of the Constitutive Act in force.

The Board of Nominees has sufficient members in order to effectively supervise, scrutinise and evaluate the activity of the Sole Director and the fair treatment of all shareholders.

The composition of the Board of Nominees is balanced so as to enable it to take well-informed decisions. The decision-making process is a collective responsibility of the Board, which remains fully liable for decisions taken within its field of competence.

An independent member is defined as one who does not maintain, nor has recently maintained, directly or indirectly, any business relationship with the Fund or persons linked to the Fund, or shareholders of the Fund, of such significance as to potentially influence them.

The Board of Nominees ensures that the consultative committees of the Fund (i.e. the Nomination and Remuneration Committee and the Audit and Valuation Committee) are constituted to examine specific topics chosen by the Board and to report to the Board. The majority of the members of such committee should be independent.

The mandate of each member of the Board of Nominees imposes restrictions around confidentiality of information and certain type of reporting and consent requirements on the individual's ability to personally trade in the Fund's shares. The members of the Board of Nominees may be shareholders of the Fund.

Beginning with 2016, the Fund implemented the Board members annual evaluation – for more details please see section *Nomination and Remuneration Committee* below.

### Board of Nominees composition and activities during 2024

The structure of the Board of Nominees as at 31 December 2024 was the following:

Name	Position	First appointment date	Current mandate expiring on	Length of service	BON meetings attendance	AVC meetings attendance	NRC meetings attendance
Mrs. Ilinca von Derenthall	• Chair of BON, member of NRC	26 Nov 2020	26 Nov 2026	4 years and 1 month	8/9	n/a	4/4
Mr. Ciprian Lăduncă	• BoN member, Chair of AVC	16 Nov 2020	16 Nov 2026	4 years and 1 month	9/9	6/6	n/a
Mr. Nicholas Paris <sup>1</sup>	• BoN member, Chair of NRC, member of AVC	6 Apr 2021	2 Dec 2027	3 years and 8 months	9/9	5/6	4/4
Mr. Marius-Alin Andries <sup>2</sup>	• BoN Member, member of NRC, member of AVC	7 Apr 2024	7 Apr 2027	8 months	6/9	3/6	1/4
Ms. Ileana-Lacramioara Isarescu <sup>3</sup>	• BoN Member	1 Oct 2024	1 Oct 2027	3 months	2/9	n/a	n/a

Source: Fondul Proprietatea internal records

1. Between 6 April 2024 (the expiration date of his previous mandate) and 2 December 2024 Mr. Nicholas Paris was an interim member of the BoN, as he did not obtain the statutory majority provided by the Fund's Constitutive Act for being elected as member of the BoN. During 2 December 2024 GSM the Fund's shareholders re-appointed Mr. Nicholas Paris as member of the BoN for a period of 3 years starting 2 December 2024.

2. During 26 March 2024 GSM, the Fund's shareholders appointed Mr. Marius-Alin Andries as member of the BoN for a period of 3 years starting 7 April 2024, replacing Mr. Omer Tetik after the expiration of his mandate effective 6 April 2024.

3. During 27 September 2024 GSM, the Fund's shareholders appointed Ms. Ileana-Lacramioara Isarescu as member of the BoN for a period of 3 years starting 1 October 2024, replacing Mr. Martin Bernstein, after his resignation effective 12 July 2024.

During 2024, at the request of the BoN, there were also several informal conference calls and meetings organised for discussing current subjects regarding the Fund's activity, most specifically the selection of a new fund manager.

For more details regarding the activity of the Board of Nominees during 2024, please see the annual activity report of the Board, available on the Fund's webpage in the *Investor Relations – GSM Information* section.

**Mrs. Ilinca von Derenthall** is an experienced finance professional with an international executive career in financial audit, investment banking and wealth management. Mrs. von Derenthall was active in Germany, Austria and Romania, and she is currently based in Vienna, Austria. Her knowledge of doing business and knotting strong personal ties comprises Central and South-Eastern Europe as well as the UK. Mrs. von Derenthall also acts as a non-executive director and Chair of the Advisory Board in other companies in Romania, Austria and the United Kingdom.

As at 31 December 2024, Mrs. Derenthall did not hold any shares issued by the Fund. Mrs. von Derenthall is an independent member of the Board of Nominees.

**Mr. Ciprian Ladunca** brings extensive experience serving on boards across a wide spectrum of industries, including listed and non-listed companies, financial institutions, banks, insurance

firms, pension funds, investment funds, state-owned enterprises, private businesses, chambers of commerce, and NGOs. Renowned for his expertise in corporate governance, corporate finance, business growth, and financial institutions, Ciprian Ladunca is passionate about driving organisational success through sound governance and forward-thinking strategies. His qualifications are bolstered by specialized certifications from leading international universities, covering critical board agenda topics such as Business Administration, Corporate Governance, Finance, Digital Strategy/Fintech, and ESG.

As at 31 December 2024, Mr. Ladunca held 10,000 shares issued by the Fund, through LCL GRUP SRL. Mr. Ladunca is an independent member of the Board of Nominees.

**Mr. Nicholas Paris** is very experienced in investment management, especially in the closed-end fund area around the globe. He is a Fellow of the Chartered Institute for Securities & Investment of the UK and a Fellow of the Institute for Chartered Accountants in England & Wales. Mr. Paris also acts as a Managing Director of DCI Advisors Ltd.

As at 31 December 2024, Mr. Paris held no shares issued by the Fund. Mr. Paris is an independent member of the Board of Nominees.

**Mr. Marius-Alin Andries** has a long and extensive experience in academia, financial institutions and public administration. He is a professor of Finance and Banking at Alexandru Ioan Cuza University of Iasi and Secretary of State at the Ministry of Finance, Government of Romania. Mr. Andries has also served as Governor for Romania of the Asian Infrastructure Investment Bank and the Black Sea Trade and Development Bank.

As at 31 December 2024, Mr. Andries held no shares issued by the Fund.

**Ms. Ileana-Lacramioara Isarescu** is a senior leader with over 25 years of business development, finance and government relations experience. Ms. Isarescu has spent the last 14 years leading the government affairs activities for IBM Romania and Moldova, navigating complex regulatory landscapes, developing strong relationships with government stakeholders and ensuring business alignment with national economic policy agendas. Previously, Ms. Isarescu spent 12 years in finance and business development positions in Bucharest, Vienna and New York and served for 10 years as non-executive board director for RomReal, an Oslo Stock Exchange listed real estate company. Ms. Isarescu holds an MBA Degree from Harvard Business School, Boston, US and a MSc Degree in International Economics from the Academy of Economic Studies in Bucharest, Romania.

As at 31 December 2024, Ms. Isarescu held no shares issued by the Fund. Ms. Isarescu is an independent member of the Board of Nominees.

### Duties of the Board of Nominees

The main duties of the Board of Nominees include:

- 1) Requesting, if necessary, the insertion of supplementary matters in the text of the GSM calling notice, following the information received from the AIFM with regard to the summoning of the OGM or EGM;
- 2) Receiving from the AIFM the answers to the written requests submitted by shareholders before the GSM date, on topics regarding Fund activity;
- 3) Receiving from the AIFM the annual financial statements, the annual activity report presented by the AIFM and the financial auditors' report, before being made available to shareholders and analysing them, in order to formulate an opinion to be presented to both the AIFM and to the GSM;
- 4) Receiving from the AIFM for analysis the annual report and the management policy of Fondul Proprietatea and presenting an opinion to the AIFM and to the GSM;

- 5) Receiving from the AIFM for analysis the annual budget, before it is submitted for approval to the GSM and presenting an opinion to the AIFM and to the GSM;
- 6) Receiving from the AIFM for analysis the strategy in accordance with the Fund's investment policy, before these are submitted for approval to the GSM, and presenting an opinion to the AIFM and to the GSM;
- 7) Receiving from the AIFM for analysis and approval the framework for carrying out Fondul Proprietatea operations, as well as any other Fondul Proprietatea regulations issued by the AIFM according to legal provisions in force, capital market rules and regulations;
- 8) Receiving from the AIFM for analysis the proposal to the OGM for concluding the financial audit agreement and presenting an opinion to the AIFM and to the GSM;
- 9) Reviewing on a regular basis the investment policy of Fondul Proprietatea and presenting an opinion to the GSM at any time it deems necessary, but in any case, at least once a year to the Annual OGM;
- 10) Receiving the internal auditor's report and presenting an opinion to the AIFM and to the GSM;
- 11) Monitoring the following, based on information and reports received from the AIFM:
  - the list of all portfolio investments and percentage breakdown by each investment type;
  - the list of major transactions implemented in the Fund portfolio for the period under review;
  - the total profit of the portfolio companies and comparison with the appropriate market benchmark;
  - comparison of the obtained profit with the initial objective;
  - the extent of compliance with the investment policy, including, specifically, the degree to which any performance objectives set out are achieved, as well as any variations and actions taken to achieve such objectives and improve investment results;
  - the performance evaluation report.

The Board of Nominees shall draft and present to the GSM an annual report regarding the monitoring activity performed or a monitoring report for another period agreed by the GSM.

- 12) Representing the GSM in relation with the AIFM regarding the communication between the two corporate bodies, except for the cases expressly regulated by the Constitutive Act regarding the direct communication between the GSM and the AIFM;
- 13) Verifying the report of the AIFM and permanently overseeing the management of the Fund, verifying if the operations carried out by the AIFM are following the applicable law, the Constitutive Act and any relevant resolution of the GSM;
- 14) Calling upon the GSM, under the conditions provided in the Constitutive Act;
- 15) Participating to the GSM and presenting the reports in all cases provided by the Constitutive Act or regarding any issue it deems to be relevant for the GSM;
- 16) Proposes to the GSM the prior approval or rejection of the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of the Fund, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of the Fund, less receivables;
- 17) Recommending to the GSM the termination of the management contract for the case when the Board of Nominees considers this is to the benefit of the shareholders;
- 18) Recommending to the GSM on any other issues the Board of Nominees considers relevant to the shareholders;

- 19) Recommending to the EGM the appointment of the public offer intermediate and his remuneration, following the proposal of the AIFM, when it becomes necessary that such a company is appointed, related to the admission to trading of Fondul Proprietatea;
- 20) Approving the delegation by the AIFM of certain activities. The delegation shall be effective in accordance with the legal provisions in force;
- 21) Monitoring the AIFM performance in accordance with the Management Agreement.

### **Main duties of the BoN pursuant to 25 September 2023 and 27 September 2024 GSMs**

In addition to the duties of the BoN included in the Fund's Constitutive Act (presented above), the following were approved pursuant to 25 September 2023 and 27 September 2024 GSMs:

- 1) Initiating, organising the transparent selection procedure for a new Fund Manager and establishing new objectives, performance criteria and presenting them for approval by the GSM;
- 2) Establishing new terms and conditions for the evaluation and remuneration of the manager of the Fund corresponding to the new objectives, in line with international best practices and presenting them for approval by the GSM;
- 3) Authorisation of Mrs. Ilinca von Derenthall, as the Chairperson of the BoN (with authority to be substituted by another member of the BoN), with the signature of such person being binding upon and mandatory for the Fund, to take the following actions and to act in the name of and on behalf of the Fund:
  - a. to select and appoint any advisors (without prejudice to any appointment pursuant to an OGM resolution approving point 5 of the 27 September 2024 OGM agenda) to assist Fondul Proprietatea and the BoN in relation to the AIFM selection process;
  - b. to negotiate and agree, as the case may be, in the name and on behalf of Fondul Proprietatea, any documents (as well as any amendments thereto) regarding the selection process; and
  - c. to sign, execute and deliver all agreements with advisors, written instruments and all other documents, which are necessary, desirable and/or appropriate in order to fulfil the authorisation granted.

## **Consultative Committees**

### **Audit and Valuation Committee**

A permanent Audit and Valuation Committee composed of Board of Nominees members was established to help the governing bodies of the Fund in the area of internal control and financial reporting. The AVC reviews the annual financial statements and the proposal for profit distribution and performs other activities under the European audit regulation. In addition, the AVC analyses the proposal for appointing the independent financial auditor, who is appointed by shareholders at an OGM.

The AVC also supervises the Fund's risk management strategy and its financial performance and assesses any issues brought to its attention by the internal auditor.

The Sole Director reports to the AVC at least once per year on the internal audit plan and on any material relevant matters.

The AVC includes members that have the necessary expertise and qualifications in the area of financial audit and accounting.

As at 31 December 2024 the members of the AVC were Mr. Ciprian Ladunca (as Chairperson), Mr. Nicholas Paris, Mr. Marius-Alin Andries.



## Nomination and Remuneration Committee

A Nomination and Remuneration Committee composed of Board of Nominees members was established to help the governing bodies of the Fund in the area of nomination and changes in remuneration.

As at 31 December 2024 the NRC members were Mr. Nicholas Paris (as Chairperson), Mrs. Ilinca von Derenthall and Mr. Marius-Alin Andries.

The Fund has in place a Remuneration Policy and its latest version was adopted by shareholders during 26 March 2024 GSM (available on the Fund's website in *About the Fund – Fund Overview – Corporate Governance* section). The Fund's Remuneration Policy purpose is to set forth the corporate governance principles with regards the remuneration of the (i) Sole Director and of the (ii) Board of Nominees members.

An updated version of the Remuneration Policy is subject to shareholders approval during 29 April 2025 GSM, and this is available on the Fund's website in the section *Investor Relations – GSM Information – GSM Documentation*.

The NRC fully implemented the requirements of the Remuneration Policy of Fondul Proprietatea, undertaking an annual evaluation for the members of the Board of Nominees and of the Committees. The independence of each member of the Board of Nominees has also been analysed.

During 2024 the NRC has led the selection process of a new fund manager of the Fund, in accordance with the shareholders decision during 25 September 2023 GSM, a process which is currently ongoing at the date of this report. For more information please see section *Selection and appointment of Fund's Sole Director after 31 March 2025*.

During 2024, the Chairperson of the NRC also led the evaluation process which included the completion of questionnaires and discussions between the NRC and each member of the BoN and of the Committees. The experience, balance of skills, diversity and knowledge of the BoN was considered as well as Board effectiveness, role, and structure.

Formal performance evaluations will continue to take place at least annually. The NRC considers succession planning as part of its responsibilities, making recommendations to the Board of Nominees and shareholders when required.

More details on the remuneration of the Sole Director and of the Board of Nominees members are presented in the Remuneration Report of Fondul Proprietatea for 2024 which is available on the Fund's website in the section *Investor Relations – GSM Information* and will be subject to Fund's shareholders advisory vote during 29 April 2025 Annual GSM.

## The Sole Director and AIFM of the Fund

### Overview

The Sole Director of the Fund is Franklin Templeton International Services S.à r.l., a société à responsabilité limitée qualifying as an alternative investment fund manager under Article 5 of the Luxembourg Law of 12 July 2013 on alternative investment fund managers, authorised by the Commission de Surveillance du Secteur Financier under no. A00000154/21 November 2013, whose registered office is located at 8A rue Albert Borschette, L-1246 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B 36.979 and registered with the Romanian FSA under number PJM07.1AFIASMDLUX0037/10 March 2016.

FTIS, being qualified as an AIFM under Chapter 2 of the Luxembourg Law of 12 July 2013 on alternative investment fund managers, is entitled to carry out services in Romania in accordance with the Law no. 74/2015 being registered with the registry kept by the FSA and is

authorised to carry out the management of a fund such as Fondul Proprietatea (including, without limitation, risk management and portfolio management).

The Sole Director issues decisions regularly and whenever necessary for the daily operations of the Fund. The Sole Director is responsible for the Fund's executive management. FTIS as Sole Director and AIFM acts in the best interest of the Fund and protects the general interests of the shareholders.

The Sole Director is appointed and revoked by the OGM. The duration of the current mandate as the AIFM and Sole Director of the Fund is of 1 year starting 1 April 2024.

In June 2009, Franklin Templeton Investment Management Limited United Kingdom was designated the winner of the international tender procedure organised by the Fund for the selection of the Fund's Investment Manager and Sole Director. Franklin Templeton Investment Management Limited United Kingdom, Bucharest Branch was the Sole Director of the Fund between 29 September 2010 and 31 March 2016.

In order to comply with the AIFM Directive, FTIS was appointed as the AIFM and Sole Director of the Fund for a mandate of two years starting 1 April 2016 until 31 March 2018. This was followed by other successive mandates of two years, as detailed below:

- Mandate from 1 April 2018 until 31 March 2020, approved during 14 February 2018 GSM
- Mandate from 1 April 2020 until 31 March 2022, approved during 28 June 2019 GSM
- Mandate from 1 April 2022 until 31 March 2024, approved during 15 December 2021 GSM

During 25 September 2023 GSM the shareholders approved that the BoN should launch a transparent and competitive selection procedure for the appointment of a new Sole Director of the Fund, a process which is currently ongoing at the date of this report.

During the same GSM shareholders also approved the renewal of FTIS mandate as Sole Director and AIFM of the Fund for a duration of 1 year (1 April 2024 - 31 March 2025). The management agreement for the period 1 April 2024 – 31 March 2025, under substantially same terms as the previous Management Agreement and in line with the current IPS of the Fund, was approved by shareholders during 26 March 2024 GSM.

During 27 September 2024 GSM the shareholders approved the extension of FTIS mandate for a period of 1 year starting with 1 April 2025 and until 31 March 2026, only to the extent that (a) the GSM does not appoint a new AIFM by 31 March 2025 and (b) such appointment does not enter into force by 31 March 2025.

On 31 December 2024, FTIS, the current AIFM of the Fund, does not hold any shares issued by the Fund.

## FT policies

Treating customers fairly is one of the core values of Franklin Templeton.

Preferential treatment among clients is strictly prohibited. Aiming to ensure fair treatment to any client or investor, FT has developed and implemented several policies and procedures. FTIS applies FT global best practices to meet regulatory obligations and comply with laws and regulations.

These include:

- Code of Ethics and Business Conduct that summarises the values, principles and business practices guiding the FT business conduct and also provides a set of basic principles to guide Covered Persons (all officers, directors, employees and temporary employees of Franklin Resources, Inc. and all of its United States and non-U.S. subsidiaries and affiliates), regarding the minimum ethical requirements expected from them;

- Franklin Templeton Stewardship Policy comprising details on FT stewardship activities that include monitoring and engagement on topics such as strategy, performance, risk (including social and environmental risk) and governance (including remuneration and culture);
- Conflicts of Interest Policy to evidence that policies and procedures are put in place in FT to address actual, perceived, or potential areas of conflicts and to prevent or manage such conflicts as well as to ensure compliance with relevant regulatory requirements;
- Data Protection Policy to ensure that business operations comply with the Data Protection Regulation;
- Anti-Corruption Policy to ensure that FTIS employees comply with the U.S. Foreign Corrupt Practices Act and applicable anti-bribery and anti-corruption regulations of the local jurisdictions where FTIS operates;
- Compliance Policy and Charter, which sets the compliance framework, describing the generic compliance and regulatory requirements and the consequences of failure to comply;
- Personal Investments and Insider Trading Policy designed to prevent Franklin Templeton employees from engaging in prohibited insider trading and to fairly disclose non-public information;
- Gifts and Entertainment Compliance Policy, intended to deter providers of gifts or entertainment from seeking or receiving special favours from employees of Franklin Templeton;
- Regular staff training on compliance and related matters;
- Reinforcement of corporate values which focus on acting in the client's best interests, with integrity and confidentiality.

### The main duties of the AIFM

As provided by the Constitutive Act, the Management Agreement and the IPS, the main duties of FTIS performed under the control of the GSM and monitored by the Board of Nominees, are:

- fulfilling the necessary and useful operations to achieve the Fund's business objective, except for the operations reserved by the law for the GSM, having all the obligations attributed to it by the applicable law;
- proposing to the Board of Nominees for the prior approval and further, to the GSM for final approval, the general strategy in accordance with the investment policy;
- implementing the investment policy and achieving a proper balance between profits and the risks related to Fondul Proprietatea portfolio;
- informing the Board of Nominees periodically on any significant changes in the activities and portfolio structure of the Fund;
- establishing a reference date for shareholders entitled to vote within the GSM, under the law, and drafting the text of GSM calling notice, after obtaining the prior approval of the Board of Nominees and after adding to the agenda the matters requested by the Board of Nominees;
- giving responses on the aspects concerning the business of Fondul Proprietatea, upon the written request submitted by any shareholder before the date of the GSM; such responses shall be notified to the Board of Nominees;
- ensuring that a copy of or extract of the GSM minutes is given to any shareholder upon his request; making available to shareholders the financial statements of the Fund and the

reports of the AIFM and of the financial auditors, after the announcement of the Annual OGM is published;

- preparing the annual financial statements, drafting the annual activity report, examining the financial auditors' report, presenting them to the Board of Nominees before submitting such documents to the GSM and making proposals on the distribution of the profit to the GSM, after obtaining the prior approval of the Board of Nominees;
- managing the relationship with Romanian Central Depository with regard to its shareholders register functions;
- preparing an annual report on the management and business policy of Fondul Proprietatea, to be presented to the Board of Nominees for approval prior to its submission to the GSM;
- proposing to the Board of Nominees for prior approval and further, to the GSM for final approval, the annual budget and business plan;
- approving the outsourcing of certain activities, within the limits of the approved budget, delegating the performance of certain activities, subject to the observance of the applicable legislation;
- submitting to the approval of the EGM the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of the Fund, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of the Fund, less receivables;
- executing contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of the Fund, whose value does not exceed, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of the Fund, less receivables, without the GSM approval;
- proposing to the OGM the conclusion of the financial audit agreement according to the legal provisions in force, upon obtaining the prior approval of the Board of Nominees;
- approving the internal audit procedure and the internal audit plan;
- deciding on the relocation of the registered office, provided that the registered office shall always be registered in Romania;
- making available to the Board of Nominees the reports and other necessary documents for exercising the monitoring duties, in accordance with the Constitutive Act;
- informing at once the Board of Nominees of any litigation or infringement of legislation regarding the AIFM, any operation that might represent an infringement to the investment policy and about the plans/ correction measures for approaching these matters;
- calling the GSM to decide whenever an issue appears on which the Board of Nominees has a disagreement with the AIFM, which cannot be resolved amiably;
- proposing to the Board of Nominees the recommendation for EGM for the appointment of the investment firm/ investment bank who shall manage a public offer, as well as its remuneration, when it becomes necessary that such a company is appointed related to the admission to trading of Fondul Proprietatea;
- approving any related parties transactions, and, if the related parties transactions' value is greater than 0.25% of the NAV, to ask for the Board of Nominees' approval, and, if the related parties transactions' value is greater than 5% of the NAV, to convene the GSM.

The AIFM ensures that the provisions of the relevant European and Romanian capital markets legislation are complied with and implemented by the Fund. Likewise, the AIFM ensures the

implementation and operation of an accounting, risk management and internal control system which meets the requirements of the Fund.

The employees of the AIFM and the persons closely related to them and to the AIFM qualify as insiders and have the duty to report to the AIFM and to the FSA any and all trading/ business performed for their own account with (i) shares or other securities issued by the Fund and admitted for trading on regulated markets; and/ or (ii) derivative financial instruments relating to securities issued by the Fund and/ or (iii) any other instruments relating thereto.

The AIFM has the duty to disclose immediately to the Board of Nominees any material personal interests it may have in the transactions of the Fund as well as all other conflicts of interest.

AIFM conducts all business according to the principle that it must manage any conflicts of interest fairly between itself and the Fund. Franklin Templeton organisation has group-wide policies for managing conflicts of interest and ensuring the ethical conduct of its entire staff which apply to the AIFM. These policies were designed to evidence compliance with the conflict-of-interest requirements as set out in MiFID II and were also submitted to FSA during the AIFM's licensing application.

All business transactions between the Fund and the AIFM as well as persons or companies closely related to them must comply with the normal industry standards and applicable corporate regulations.

### Permanent representative of the AIFM

As at 31 December 2024, Mr. Johan Meyer is the permanent representative of the AIFM, being also the portfolio manager of the Fund. At the same date, Mr. Daniel Naftali is the substitute for the permanent representative, in accordance with the provisions of Article 34, paragraph 12 of Law no. 74/2015 on alternative investment fund managers.

**Mr. Johan Meyer** is the CEO of FTIS Bucharest Branch and the Portfolio Manager of Fondul Proprietatea and has been based in Bucharest since November 2016. He joined Franklin Templeton Investments in 2004. Prior to his role in Romania, he was Managing Director South Africa, and Director of Africa Strategy for Templeton Emerging Markets Group. In this capacity, he was responsible for setting the overall strategy for his respective area, providing guidance and thought leadership, coordinating appropriate resources and coverage, and leveraging the group's expertise to add value across products within the strategy. Mr. Meyer holds a Bachelor of Commerce and a Bachelor of Commerce (Honours) degree both with specialisation in economics from the University of Pretoria. He speaks English and Afrikaans.

As at 31 December 2024, Mr. Meyer held no shares issued by the Fund.

**Mr. Daniel Naftali** is deputy portfolio manager for Fondul Proprietatea. He joined Franklin Templeton in 2010. He has 19 years of experience, out of which 15 within Franklin Templeton. Prior to joining Franklin Templeton, Mr. Naftali acted as an investment analyst at Raiffeisen Asset Management Romania, and equity analyst at Alpha Finance Romania. Mr. Naftali holds a MSc degree in International Securities, Investment and Banking from the ICMA Centre, Henley Business School – University of Reading, UK, a master's degree in Banking and Insurance from the University of Orleans, France, and a MSc and BSc in Finance and Banking from the Academy of Economic Studies in Bucharest. He also is a CAIA Charter holder.

As at 31 December 2024, Mr. Naftali held no shares issued by the Fund.

### The remuneration of the AIFM

The fees due to AIFM are approved by shareholders and are part of the management agreements. The fees payable to the AIFM are calculated in RON and paid EUR - the amount calculated in RON is converted into EUR using the official exchange rate for RON to EUR published by the National Bank of Romania in the last banking day of the period invoiced. The



fees are calculated and paid on a quarterly basis. The payment of the fees is performed after the computation of the fees is verified and certified by the Depositary of the Fund.

More details on the remuneration of the AIFM are presented in Remuneration Report of Fondul Proprietatea for 2024 which is available on the Fund's website in the section *Investor Relations – GSM Information* and that will be subject to Fund's shareholders advisory vote during 29 April 2025 Annual GSM.

### Potential professional liability risks for AIFM

The AIFM will always maintain the capital requirements and insurance required under AIFM Directive and national legislation. The AIFM has in place the following insurance:

- Professional liability to provide against any failure to duly perform the management agreement;
- Fidelity bond to provide against any failure to account to the Fund for any money or investments.

### The Depositary of the Fund

The Fund has appointed BRD – Groupe Societe Generale SA as its depositary and custodian, to hold and transfer the Fund's assets, and to certify the Fund's NAV, and the computation of the AIFM fees through a depositary and custody agreement entered into force on 20 May 2016 for a three-year term. The agreement was subsequently extended multiple times, and the current agreement expires on 20 May 2028.

The Depositary has the following main obligations under the agreement in place:

- Physically safeguards all the Fund's financial instruments which can be physically delivered or registered or held in an account directly or indirectly in the name of the Depositary and are transferable securities including those which embed derivatives, money market instruments or units of collective investment undertakings (the Custody Assets);
- Verifies the ownership of, and maintain records on, all assets which do not qualify as Custody Assets and which, in accordance with applicable national law, are only directly registered in the name of the Fund with the issuer itself or its agent, such as a registrar or a transfer agent, based on the documents supplied by the Fund, as well as on external evidence (the Non-Custody Assets);
- Keeps in custody the Custody Assets belonging to the Fund, separately from the Depositary's assets or other Funds' assets, and registers them separately thus, as to be identifiable as the Fund's property;
- Settles the transactions with Custody Assets and Non-Custody Assets of the Fund in and from the Fund's accounts, according to the instructions received from the Fund and in accordance with the applicable Central Depositary's regulations;
- Collects the interests and other income related to the Custody Assets and exercises the rights conferred by such Custody Assets, in accordance with the proper instructions received from the Fund. The Depositary assists the Fund in recovering the difference of tax on dividends withheld by the issuers (in case of investments abroad or in Romania), according to the tax treaties in force;
- Certifies the value of the net assets, and the unit value of the net assets in compliance with the legal provisions in force;
- Makes the payment of the equivalent value of the financial instruments or participation interests purchased by the Fund, makes the payment of all the financial duties, including the



payment of interests, taxes, fees and other operational costs of the Fund, makes payments for any other purposes, according to the proper instructions received from the Fund;

- Validates and certifies the calculation of the AIFM for the fees owed by the Fund to it;
- Provides proxy voting services upon request and according to the instructions received;
- Carries out any other activities provided by laws and regulations as part of its responsibility.
- Executes payments from the Fund's cash account only upon receiving proper instructions and only after assessing the operation as compliant to the legal provisions, Fund's articles of incorporation and regulations of the Fund;
- Transfers financial instruments from the securities account of the Fund only upon receipt of proper instructions, after the assessment of the operation as compliant with legal provisions, the provisions of the articles of incorporation of the Fund, and upon the receipt of the equivalent value of such financial instruments, where applicable;

#### Liability in case of safe-keeping of Custody Assets:

- In case of loss of a Custody Asset by the Depositary or by a third party to whom the custody was delegated by the Depositary, the Depositary shall be liable to the Fund in the conditions set forth by Article 21 (12) and (13) of AIFM Directive as such were transposed by Article 20 (13) and (14) of Law no. 74/2015, as well as by Articles 100 and 101 of EU Regulation 231/2013. In such conditions, unless the Depositary proves the existence of an exoneration cause set forth by the EU Regulation 231/2013, the Depositary shall return to the Fund identical Custody Asset or a custody asset with a corresponding value within maximum five business days upon the Fund's or the AIFM's request;
- In case of other damages produced by the Depositary in connection with safe-keeping of Custody Assets other than losses of such Custody Assets, the Depositary shall not be liable towards the Fund for its actions or inactions in relation to these obligations as long as they respect the legal provisions and the damages are not due to the Depositary's negligence, fraud, breach of agreement, bad faith or wilful default.

#### Liability in case of safe-keeping of Non-Custody Assets and other duties of the Depositary:

- With respect to all duties other than the safe-keeping of Custody Assets, the Depositary shall not be liable towards the Fund for its actions or inactions in relation to these obligations, as long as they respect the legal provisions, and, in addition, the Depositary shall not bear any prejudice or expense resulting from such action or inaction, except in the case where these are due to the Depositary's negligence, fraud, breach of agreement, bad faith or wilful default;
- The Depositary shall not be liable for the incompleteness or illegality of any investment made by third parties on behalf of the Fund's account and received by the Depositary from them or in case the investment is no longer valid or is fraudulent, either by reason of invalidity, forgery, falsity, incompleteness or otherwise except in so far as such situation results from the negligence, wilful default, bad faith, breach of agreement or fraud on the part of the Depositary;
- The Depositary shall not be liable to the Fund or any third party for any indirect consequential or special damages, including loss of profits or business opportunity, arising in connection with the agreement;
- Except as set out in the agreement concluded with the Fund and applicable law, the Depositary expressly disclaims all obligations to the Fund.

## Other aspects

### The auditor of the Fund

The auditor of the Fund for the year ended 31 December 2024 is Ernst & Young Assurance Services SRL, registered with the Trade Registry under no. J40/5964/1999, having Sole Registration Code RO11909783, member of the Chamber of Financial Auditors of Romania and registered in the Public Registry of Financial Auditors of ASPAAS with number FA77.

On 28 April 2021 the shareholders of the Fund approved the appointment of the Ernst & Young Assurance Services SRL as the financial auditor of Fondul Proprietatea for the financial years 2022, 2023, 2024.

On 27 September 2024 the shareholders of the Fund approved the appointment of the Ernst & Young Assurance Services SRL as the financial auditor of Fondul Proprietatea for the financial year ending 31 December 2025.

### Gender and nationality diversity

The Fund and FTIS support gender and ethnic diversity and promotion of women in management positions.

Franklin Templeton culture is founded on diversity, inclusion, and empowerment and the selection policy is to appoint the best qualified person for the job, considering factors such as diversity of gender, experience, and qualification. As a global company, Franklin Templeton believes it benefits from the unique skills and experiences of an inclusive workforce made up of employees who span different generations, capabilities, and cultural identification.

There are two female members in the Board of Nominees, and FTIS has women involved in the management of the Fund. Also, people from more than 10 different nationalities are involved in the management of the Fund.

## ESG

### Sustainable Finance Disclosure Regulation

Within the meaning of Article 6 of the SFDR, the sustainability risks were not deemed relevant for the investment decision process due to the Fund's unique initial set-up as well as the current applicable regulatory framework, that imposes numerous investment restrictions, hence limiting the investment decisions. Also, the Fund has limited ability to consider sustainability risks in its investment decisions unless there are amendments to the governing regulatory framework of the Fund, which cannot be reliably estimated at the date of this report.

### Taxonomy Regulation

The investments underlying Fondul Proprietatea do not take into account the EU criteria for environmentally sustainable economic activities, including enabling or transitional activities, within the meaning of the Taxonomy Regulation.

### Corporate Sustainability Reporting Directive

Based on the CSRD provisions as well as the related requirements transposed in national legislation, there is a specific exemption from the reporting requirements on sustainability information applicable in case of the Fund.

## Conflicts of interests

FTIS implemented a Conflicts of Interest Policy and adopted operating solutions suitable to facilitate the identification and adequate handling of any situations in which an employee has an actual or potential conflict between the interest of the Fund and his/ her own or on behalf of third parties. Also, FTIS adopted operating solutions suitable for the adequate handling of any issues arising from related party transactions.

The Board of Nominees has also set strict rules for handling potential conflicts of interests in their mandate agreements and the Code of Ethics.

## Regulatory framework

### Governing legislation

The Fund operates in accordance with the provisions of the following main laws and regulations:

- Law no. 31/1990 regarding companies, with subsequent amendments;
- Law no. 82/1991 Accounting Law;
- Law no. 247/2005 regarding the reforms in the sectors of justice and property as well as certain related measures, with subsequent amendments;
- Law no. 10/2015 on amending Title VII of Law no. 247/2005 regarding the reforms in the sectors of justice and property, as well as certain related measures, with subsequent amendments;
- Law no. 74/2015 on alternative investment fund managers;
- Law no. 24/2017 on issuers of financial instruments and market operations;
- Law no. 162/2017 regarding the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements;
- Law no. 126/2018 on the markets of financial instruments;
- Law no. 129/2019 on anti-money laundering and counter-terrorist financing and for amending other regulations;
- Law no. 243/2019 on the regulation of alternative investment funds and supplementing certain acts;
- Government Decision no. 1481/2005 regarding the incorporation of Fondul Proprietatea;
- GEO no. 81/2007 for the acceleration of the compensation procedure related to the real estate abusively confiscated, with subsequent amendments;
- Regulation (EU) no. 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision;
- Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC;
- Regulation (EU) no 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC;

- Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC;
- Regulation (EU) no. 1212/ 2018 of the European Parliament and of the Council of 3 September 2018 laying down minimum requirements implementing the provisions of Directive 2007/36/EC of the European Parliament and of the Council as regards shareholder identification, the transmission of information and the facilitation of the exercise of shareholders rights;
- FSA Regulation no. 9/2014 regarding the authorisation and functioning of the investment management companies, undertakings for the collective investment in transferable securities and the depositaries of undertakings for the collective investment in transferable securities
- FSA Norm no. 39/2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated, and supervised by FSA – Financial Investments and Instruments Sector, with subsequent amendments;
- FSA Norm no. 13/2019 on the framework for the statutory financial audit of the entities authorised, regulated and supervised by the FSA, as subsequently amended;
- FSA Regulation no. 4/2013 on underlying shares for depositary receipts;
- FSA Regulation no. 10/2015 regarding the alternative investment funds management;
- FSA Regulation no. 5/2018 regarding the issuers of financial instruments and market operations;
- FSA Regulation no. 12/2018 on the implementation of certain provisions of Regulation (EU) no. 1286/ 2014 on key information documents for structured and insurance-based individual investment products;
- FSA Regulation no. 13/2019 on implementing the measures related to anti-money laundering and counter-terrorist financing within the financial sectors supervised by the FSA with subsequent amendments provided within FSA Regulation no. 18/2022;
- FSA Regulation no. 7/2020 on the authorisation and function of alternative investment funds, as subsequently amended;
- Corporate Governance Code of Bucharest Stock Exchange.

## Regulatory updates

### Minimum corporate tax

The fiscal requirements regarding the minimum corporate tax were published in the Official Gazette of Romania on 27 October 2023 and are in force starting 1 January 2024. Based on these provisions, a minimum corporate tax of 1% on adjusted turnover is implemented for taxpayers:

- with an adjusted turnover above EUR 50 million in the previous fiscal year **and**
- for which during the concerned year:
  - the minimum corporate tax is higher than the corporate tax calculated according to the applicable general rules **or**
  - if the entity registers a tax loss.

The adjusted turnover is calculated as the difference of the total revenues of the entity and among other (i) non-taxable revenues, (ii) revenues related to product inventory costs, (iii) revenues related to the costs of work in progress, (iv) specific revenues from the production of tangible and intangible assets, (v) revenues from subsidies, (vi) compensation revenues obtained from insurance/ reinsurance companies for damage caused to stocks or tangible

assets. The Fund's adjusted turnover did not exceed the EUR 50 million threshold in 2023; therefore the Fund was not subject to the provisions of the minimum corporate tax in 2024.

### Utilisation of tax losses

Starting 1 January 2024, the utilisation of tax losses is limited as follows:

- entities showing a tax profit will be able to offset only 70% of the tax profit with past tax losses (assuming that tax losses are available for utilisation). The remaining 30% of the tax profit will be subject to Romanian corporate income tax at the 16% rate;
- tax losses brought forward from the fiscal years prior to 1 January 2024, as recorded as at 31 December 2023, might be recovered from future taxable profits during the next 7 years;
- tax losses recorded starting with 1 January 2024 might be recovered from future taxable profits during the next 5 years.

As a result, the Fund was only able to offset 70% of the tax profit recorded in 2024. The remaining 30% was subject to Romanian corporate income tax at the 16% rate. The Romanian corporate income tax is computed and declared on a quarterly basis. For more details, please see *Annex 1 Audited IFRS Financial Statements*.

### Corporate Sustainability Reporting Directive

On 28 November 2022, the European Parliament adopted Directive (EU) 2022/2464 regarding corporate sustainability reporting, published in the Official Journal of the European Union on 16 December 2022. The requirements start to apply between 2024 and 2028, and the Member States have to transpose the directive into local legislation so that it applies from 1 January 2024.

According to the provisions in CSRD, there is an explicit exemption for alternative investment funds in respect of the applicability of reporting requirements on sustainability information based on the provisions introduced in the revised Accounting Directive, Article 1 Scope, paragraph 4.

On 20 February 2024, the FSA approved Norm no. 4/2024 amending FSA Norm no. 39/2015 for the implementation CSRD requirements. The provisions of FSA Norm 4/2024 are applicable starting 4 April 2024, at the date of publication in the Official Gazette of Romania.

Based on the provisions of the FSA Norm 4/2024, similarly to the provisions of CSRD, there is a specific exemption from the reporting requirements on sustainability information applicable in case of the Fund.

### Implications of GEO no. 71/2024 on the Fund's activity

GEO no. 71/2024 entered into force on 25 June 2024, amending various capital market legislation. A summary of the main topics impacting the Fund's activity is included below:

#### 1. Substitute for the Permanent Representative

GEO no. 71/2024 introduces the obligation to appoint a substitute for the Permanent Representative (of FTIS in relation with Fondul Proprietatea). The Fund implemented all the necessary requirements in this respect, including decision issued by FTIS, registration with Romanian Trade Registry, amendment of the Constitutive Act based on 27 September 2024 EGM resolution.

#### 2. Returns of capital

GEO no. 71/2024 introduces maximum thresholds under which returns of capital for share capital decrease could be performed (previously, no thresholds were provided in the legislation):

- One return of capital during a financial year up to maximum 5% of the share capital;
- Additional returns of capital which can take place several times during a financial year up to an annual limit of 10% of the share capital, observing the following cumulative conditions: (1) EGM approval; (2) returns of capital are done exclusively from own sources; and (3) registering profit in the last 3 previous financial years, according to audited annual financial statements.

### 3. Buy-back programmes

GEO no. 71/2024 regulates (i) the frequency of buy-back programmes (i.e., once in a financial year) and (ii) a maximum threshold of 10% of the share capital under which the buy-back programs can be performed, with the observance of the 2 cumulative conditions: (1) EGMS approval and (2) Buy-backs are done exclusively from own sources.

In addition, these conditions are now applicable irrespective of the buy-back program's purpose (i.e., share capital decrease or other purposes). Please see section *Buy-back programmes* for details regarding the impact of this regulatory change for the Fund.

### Changes to Law no. 162/2017 regarding the composition of audit committee of public interest entities

Law no. 162/2017 was amended by GEO no. 137/2024, which entered into force on 3 December 2024, and requires that at least one member of the audit committee must be authorised as a financial auditor and registered in the electronic public register by the competent authority of Romania, another Member State, the European Economic Area or Switzerland or have at least 3 years of experience in statutory auditing, acquired through participation in statutory audit missions, proven by supporting documents.

The structure and membership of the Fund's Audit and Valuation Committee is compliant with the new requirements.

### GEO no. 156/2024 regarding fiscal-budgetary measures in the field of public expenditures

Starting from 1 January 2025 the standard dividend withholding tax rate has been increased from 8% to 10%. That means that if the Fund will receive dividends in 2025 from a portfolio entity which does not benefit from the holding exemption (the Fund needs to hold more than 10% of the share capital of the dividend paying entity for at least 1 year to benefit from this exemption), the dividends will be subject to a 10% withholding tax. Moreover, if the Fund will distribute dividends to its shareholders in 2025, the standard withholding tax rate applicable for such a distribution will amount to 10%.



# Risk Management

## Overview of main risks

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and with the markets in which it invests. The most important financial risks the Fund is exposed to are market risk, valuation risk and credit risk. The management monitors the potential adverse effects on the financial performance of the Fund associated with these risk factors. In addition, non-financial risks such as operational risks, legal, regulatory risks and cyber risks are monitored and mitigated where possible. The management consider that all risks are aligned with the Fund's risk appetite and that controls and reporting functions are in place and aligned with the severity of the risks.

Starting 29 September 2010, the Fund management implemented financial risk management procedures consistent with those applied globally by Franklin Templeton.

Description of risk	Mitigating action
<p><b>Market risk</b></p> <p>Changes in market prices and rates, such as security prices, changes in interest rates or foreign exchange rates will affect the Fund's income or the value of its holdings.</p>	<p>The Fund implements market risk management techniques to manage and control market risk exposures, keeping them within acceptable levels, while optimising returns. The AIFM has an ongoing risk management framework in compliance with requirements of the AIFM Directive.</p>
<p><b>Security price risk and valuation risk</b></p> <p>Fluctuations in the value of a security instrument as a result of changes in market prices, whether caused by factors specific to the issuer or factors affecting all instruments traded in the market, can negatively affect the Fund's income or value of its holdings.</p> <p>Securities without a readily available market price, such as the Fund's unlisted holdings, are exposed to uncertainties coming from the valuation of the securities prices, from factors such as the choice of valuation model, parameter uncertainty and timeliness of parameter estimates.</p>	<p>Diversification across securities and industries is the primary technique for mitigating equity price risk. All potential investments undergo a thorough due diligence process. Portfolio management reviews the risk/ return profiles of portfolio assets on a regular basis. A detailed pricing policy ensures adequate valuation of the unlisted holdings. Valuations performed by the external service providers are reviewed by Franklin Templeton's Fair Valuation Committee.</p>
<p><b>Dilution risk</b></p> <p>Share capital changes in state owned companies where the Fund holds a minority position can result in a reduced valuation, legal action, and loss for the Fund.</p>	<p>Dilution risk based on unjustified economic inputs can be detrimental to a company's value. Where it is quantifiable, dilution risk is therefore considered in the companies' valuations. The portfolio management team, investor relations and legal teams are actively involved in all corporate actions involving the Fund's holdings. Fundamental analysis, investor communication and legal action are used to solidify the Fund's position. External legal and third-party counsel is used where beneficial.</p>
<p><b>Sector concentration risk</b></p> <p>Large portfolio exposure to a specific industry sector or group of companies expose the Fund to</p>	<p>Diversification and concentration limits are set and monitored periodically. The companies in which the Fund holds equity instruments operate</p>

Description of risk	Mitigating action
concentration risk and can cause overall Fund performance to be negatively affected by the performance of a specific sector.	in different industries. Regular review is performed assessing sector by sector risk and return contribution.
<b>Corporate governance risk</b>	
Poorly managed companies in the Fund's portfolio can negatively affect the Fund's performance due to missing professional skills and missing experience in the industry the company operates in.	The portfolio management team is actively involved with portfolio companies, promoting and enhancing high standards of good corporate governance.
<b>People Risk</b>	
The ability of the Fund to achieve its objectives is dependent upon the expertise of the Fund Manager and its ability to attract and retain suitable staff.	Fund management and the Board of Nominees ensure that the principal members of the management team are suitably incentivised, participate in strategic leader programmes and monitor key succession planning metrics. The Board discusses this risk regularly with the Sole Director.
<b>Share price discount to NAV risk</b>	
Shares of the Fund are traded on the Bucharest and London stock exchanges. Market participants expectations may cause the shares of the Fund to trade at a premium or discount to the NAV per share of the Fund. Investor returns may be positively or negatively affected by such market factors.	The Fund has implemented several measures to reduce the discount to NAV, including an attractive dividend yield, ongoing buy-back programs as well as transparency, disclosure, and proactive investor relation efforts. A discount objective and related DCM are part of the IPS.
<b>Credit and Counterparty risk</b>	
There is a risk of financial loss to the Fund if counterparties to financial instruments fail to meet their contractual obligations; it arises principally from cash and deposits with banks, treasury bills, government bonds and other receivables.	Cash and short-term money market instruments are diversified across counterparties. An internal Credit Counterparty Committee oversees the selection and approval of authorised counterparties. The committee meets periodically and reviews current exposure, credit limits and ratings for counterparties. The committee has the power to assign a counterparty to a "watch list" or "restricted list" thereby limiting or preventing further trades with it.
<b>Liquidity risk</b>	
The Fund might not be able to meet its financial obligations as they fall due.	As a closed end investment fund, liquidity risk of the Fund is less significant than for an open-end fund, as shareholders do not have the option to redeem their holdings.
The Fund's equity investments include unlisted instruments issued by companies domiciled in Romania, which are not traded on a regulated market and generally may be considered illiquid. As a result, the Fund may not be able to sell certain investments within the time constraints imposed by its own liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of a particular issuer.	The Fund's approach to managing liquidity is to ensure that it has sufficient liquid assets to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's assets are periodically monitored for their liquidity levels under both normal and stressed market conditions.
<b>Operational and cyber risk</b>	
The Fund might incur direct or indirect loss arising from a wide variety of causes associated with the Fund's processes, service providers, technology, and	The Fund's objective in managing operational risk is to maintain a proper balance between limitation of financial losses and damage to the Fund's reputation with the overall cost

Description of risk	Mitigating action
<p>infrastructure, and from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Failure or breach of information technology systems and security may entail risk of financial loss, disruption to operations or damage to the reputation of the Fund. Operational risks arise from all the Fund's operations.</p>	<p>effectiveness, avoiding control procedures that restrict initiative and creativity. The Fund has in place an operational monitoring system, documented through policies and procedures, which ensures escalation and remediation of potential operational issues. The information technology framework is designed to mitigate the risk of a cyber security breach. A dedicated Cyber Security Program aims to monitor, identify, and respond to cyber-attacks and external threats. The operational monitoring system covers all teams involved with the operations of the Fund.</p>
<h3>Legal and regulatory risk</h3>	
<p>The existence, operation and the initial set-up of the Fund are regulated by local and European regulations. Such regulations may be subject to change or subject of some local interpretations and may directly affect the Fund and its shareholders. This risk is sustained by the legislative history of the past years that reveals a series of laws which have also changed the Fund's portfolio composition and/or limited portfolio management's ability to pursue desired investments.</p>	<p>Representatives of the Fund consult with external agencies and law firms with the aim to anticipate potential regulatory changes and interpretations and assess their impact on the Fund. In doing so the Fund strives to optimise its operational efficiency under current and upcoming regulations. Franklin Templeton has internal policies promoting compliance with best practices and regulations.</p>
<h3>Uncertainties and risks about the future strategy of Fondul</h3>	
<p>During 25 September 2023 GSM, the shareholders approved that the Board of Nominees should launch a transparent and competitive selection procedure for the appointment of a new AIFM.</p> <p>On 7 October 2024, the BoN of Fondul Proprietatea announced the commencement of the selection process based on the selection criteria approved by shareholders during 27 September 2024 GSM.</p> <p>At the date of the publication of this report, no detailed information is available about the future strategy of Fondul and how the implementation will take place, including by reference to the currently applicable regulatory framework.</p> <p>A new strategy may be significantly different compared to the terms and conditions under which FTIS is currently managing Fondul.</p>	<p>The Board of Nominees manages the selection process and issues information to shareholders. All the information made available to FTIS (including questions received from shareholders) is published on Fondul website.</p> <p>On 29 November 2024, the Sole Director of the Fund announced that it will not submit a response to the Request for Proposal in the ongoing selection process for the Fund's AIFM.</p> <p>FTIS remains committed to the management of the Fund until the end of its mandate.</p>

Source: Fondul Proprietatea

## Internal control and risk management

Franklin Templeton has implemented internal policies and procedures for the Fund to ensure that timely and accurate disclosure is made on all material compliance matters, including the investment restriction breaches, NAV errors, regulatory reporting, and disclosures. In addition, strict internal rules, designed to protect the Fund's interests, have been established in the areas of financial reporting, internal control, and risk management.

Franklin Templeton's approach is to use a dedicated team of risk management specialists who are independent of the portfolio managers and provide robust risk and performance analytics and unbiased perspective on the risks and exposures in the portfolios.

Franklin Templeton has established the Compliance department responsible for managing the compliance risk of the AIFM and of the Fund, considering the applicable legislation as well as the internal policies and procedures. The Compliance department is responsible for providing regulatory guidance, advice, and compliance training to operational departments, assisting them in managing the reputational risk in relation to legal and regulatory requirements and codes of conduct and performing second level compliance controls.

The Fund and FTIS are covered by relevant policies, procedures and global good standing practices implemented within the Franklin Templeton group as required by regulatory requirements.

FTIS has implemented a Risk Management Policy applicable to the Fund. The purpose of this policy is to outline the main business processes in place and to establish an effective risk framework which observes regulatory requirements and thereby enhances the governance structure throughout the business.

Franklin Templeton oversees the key compliance risks based on the annual Compliance Monitoring Plan. The risk assessment is a critical element of the compliance oversight and monitoring program. The high-risk areas are reviewed at least annually to reflect the results of the final risk assessment for each year.

In respect of the portfolio monitoring activity, Franklin Templeton has implemented procedures and controls which are designed to ensure that all assets are managed prudently and in accordance with client mandates. In addition, Franklin Templeton has a dedicated Investment Compliance team of specialists who are responsible for the rigorous day-to-day monitoring of all accounts, including Fondul Proprietatea, against the agreed investment guidelines and constraints.

The front office trade management system has embedded compliance functionality which enables investment restrictions, regulatory and internal requirements to be included within the system. All trade orders (with the exception of foreign exchange trades and certain debt and derivative security trades) are automatically checked against the relevant investment restrictions in the system prior to trading.

Post trade compliance checks are automatically run overnight for all portfolios against the investment restrictions included within the trade management system. Any exceptions are investigated and cleared by Franklin Templeton Investment Compliance team. Investment restrictions that cannot be automated are reviewed periodically.

All active and passive breaches are reported to the relevant investment managers, Compliance department, and operating departments. Corrective action is taken as necessary to address and resolve any issues. Trading errors are monitored by the Investment Compliance department of Franklin Templeton. Compliance department produces monthly reports providing details on material compliance matters and initiatives, updates on monitoring activities and current client complaints and breaches. These reports are circulated to the relevant senior management.

The FTIS Risk Management Committee of Franklin Templeton provides the oversight framework for risk management processes and is made up of senior management from the business areas and key risk and control functions. Meeting quarterly, it reviews risk reports and input from business management and maintains a detailed register of risk items and resolutions.

The Board of FTIS provide oversight, being aware of the risk management practices and their deployment within the firm, staying apprised of significant risks and management responses.

## Risk management systems

The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor the risks and compliance with risk limits. The AIFM has a risk management process document filed with the regulator of the AIFM and risk management policies which cover the risks associated with the Fund and the adequacy and effectiveness of this framework is reviewed and approved at least annually. Regular reporting is prepared and reviewed by the AIFM Senior Management.

For each relevant risk area, risk limits are set by the AIFM considering the objectives, strategy, and risk profile of the Fund. These limits are monitored regularly as required by the nature of the risk area, and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables to the Fund. Diversification and concentration limits are set for the management of market risk and are monitored daily.

An important part of the Fund's assets consists of unlisted securities. The principal risks in relation to the Fund are therefore market risk, valuation risk and credit risk. Further details in relation to the nature and extent of these risks are presented above in *Overview of Main Risks* section and in the Audited IFRS financial statements of the Fund, Annex 1 to this report.

Amongst other measures considered regularly, the AIFM is assessing and monitoring market risk through relative Value at Risk (VaR) calculated using the Monte Carlo approach. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables, unlike a traditional sensitivity analysis. VaR can be defined as the predicted loss a portfolio can experience at a specified confidence level (e.g. 99%) over a given period of time (e.g. 20 days).

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than 1 month (20 days) and a historical observation period of not less than 1 year (250 days). A 99% 1-month VaR means that the expectation is that 99% of the time over a 1-month period the Fund will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk.

The AIFM uses the relative VaR methodology and calculates this figure for the portfolio using observable prices for listed securities and proxies for the unlisted holdings. Relative VaR is simply the absolute VaR of the portfolio divided by the absolute VaR of the benchmark. The benchmark used is the one that is most representative of the Fund's strategy and likely risk exposures.

It is noted that the use of this VaR methodology, as any other statistical risk measure, has limitations. There is some probability that the loss could be greater than the VaR amounts and therefore the AIFM can neither guarantee that losses will not exceed the indicated VaR, nor that losses in excess of the VaR amounts will not occur more frequently. Risk statistics are subject to fluctuations and historical figures may not reflect current or future portfolio characteristics.

The AIFM assesses on a regular basis the sensitivity of the Fund's portfolio in relation to local and global markets, commodities, as well as historical scenarios.

The Fund's equity trading activity is conducted on a Delivery versus Payment basis with approved counterparties only, minimising counterparty exposure. Any counterparty is subject to a review and approval process prior to any trading activity. The risk function of the AIFM prepares and assesses counterparty exposure reports regularly and reviews the reporting provided by FT Counterparty Credit Committee.

***No risk limits set by the AIFM have been exceeded or were likely to be exceeded during 2024.***



## Liquidity risk

As at 31 December 2024, the Fund held 82.6% of the NAV in unlisted securities. In addition, the total unlisted holdings and listed but not liquid holdings represent 95.1% of the NAV at 31 December 2024. There were no assets subject to special arrangements arising from their illiquid nature.

The Fund's closed-end structure has relatively low liquidity requirements, reducing the impact of potential illiquidity in the portfolio. The risk function of the AIFM performs a regular assessment of the asset liquidity status using liquidity market data from different sources to ensure that the portfolio is sufficiently liquid in normal and exceptional market conditions.

The processes for potential listing of Societatea Nationala a Sarii SA as proposed by Fondul Proprietatea need to continue to be supported by Romanian State as controlling shareholder. There may be a risk for the listing to be blocked by Romanian State and the percentage of unlisted securities in Fund's portfolio not to be decreased.

The Fund's shares are not redeemable, and shareholders do not have the right to require their shares to be purchased by the Fund. Accordingly, the general liquidity management policies ensure the Fund's portfolio is sufficiently liquid to meet the following main obligations:

- the Fund's operating and financing expenses: in practice, these expenses are typically covered by dividends received from the Fund's holdings; and
- the potential need to repay borrowings at short notice, which might require to be met by the sale of liquid assets.

## Leverage under AIFM Directive considerations

The leverage definition under AIFM Directive is wider than the traditional gearing definition applied. In accordance with the Regulation (EU) 231/2013 leverage is any method which increases the Fund's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a percentage of Fund's exposure to its net asset value and is calculated on both a gross and commitment method.

Under the gross method, exposure represents the sum of the Fund's positions (including all holdings like ordinary shares) after deduction of cash balances and cash equivalents, without taking account of any hedging or netting arrangements. Under the commitment method, exposure is calculated without the deduction of cash balances and cash equivalents and after certain hedging and netting positions are offset against each other if applicable.

The use of derivative financial instruments is permitted. The Fund is not using derivatives to hedge any risks as at 31 December 2024.

The maximum incremental level of leverage which the AIFM is entitled to employ on behalf of the Fund for AIFM Directive monitoring and reporting purposes is 50% which, considering 100% of long assets held in the portfolio, relates to a ratio of 1.5 (or 150%) for both the gross method and the commitment method.

***There was no change to the level of leverage applied for AIFM Directive monitoring and reporting purposes since 1 January 2024.***

***Therefore, the actual level of leverage recorded under the requirements of AIFM Directive for 31 December 2024 is 100% using the "commitment" method and 88.08% under the "gross" method.***



## Subsequent Events

### Update on the selection process for an AIFM

On 21 January 2025 the BoN announced that in collaboration with its selection advisor Deutsche Numis, the BoN has conducted an initial review of candidate submissions based on the selection criteria approved by shareholders during 27 September 2024 GSM. Following its review, the BoN announced on the same date that it will conduct additional due diligence and will engage with candidates during scheduled meetings, to take place in February 2025, at the office of the selection advisor.

In line with the shareholders instructions, the BoN will only select candidates that satisfy the condition to be, or be in a consortium with, an EU regulated AIFM. A further update will be made by the BoN to investors following completion of its review.

### Court reasoning in the litigation against CN Aeroporturi Bucuresti SA

On 27 January 2025, the Fund received the reasoning of Civil Decision no. 373/7 March 2024 of the Bucharest Court of Appeal in file no. 2779/93/2021, in the appeal phase, concerning the claim for annulment filed by the Fund against the EGM Resolution no. 15/ 26 October 2021 of CN Aeroporturi Bucuresti SA for approving the increase of the share capital from RON 143,772,150 to RON 4,912,283,610, as a result of the contribution in kind of the Romanian State with the land inside the Baneasa Airport.

The Sole Director, together with its legal counsel, is analysing the entire communication received from the Bucharest Court of Appeal and will issue further communications, if and when required.

### Start of the 16<sup>th</sup> buyback programme

In accordance with EGM Resolution no. 10/2 December 2024, published in the Official Gazette of Romania, Part IV, no. 393/29 January 2025, the 16<sup>th</sup> buyback programme refers to the acquisition of a maximum number of 320,000,000 ordinary shares and/or equivalent GDRs. The shares repurchased during this buyback programme will be cancelled. The trade price range for the programme is from RON 0.2 per share to RON 1 per share. The implementation of this buyback programme will be done exclusively from own sources.

Auerbach Grayson and Swiss Capital have been selected to provide brokerage services for the 16<sup>th</sup> buyback programme. The first trade took place on 3 February 2025 on BVB.

The Fund is allowed to buyback daily up to 25% of the average daily volume of the Fund's shares (in the form of ordinary shares or GDRs) on the regulated market on which the purchase is carried out, calculated in accordance with applicable law. AIFM will report on a weekly basis on the progress of the 16<sup>th</sup> buyback programme according to the legislation in force.

## Signatures:

14 March 2025

**Johan Meyer**

Permanent Representative

Prepared by

**Catalin Cadaru**

Fund Administration and  
Oversight Senior Manager

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

## Contact

**Address:** 76-80 Buzesti Street, 7th floor, District 1, postal code 011017, Bucharest, Romania.

**Web:** [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)

**E-mail:** [office@fondulproprietatea.ro](mailto:office@fondulproprietatea.ro)  
[investor.relations@fondulproprietatea.ro](mailto:investor.relations@fondulproprietatea.ro)

**Telephone:** +40 21 200 9600

**Fax:** +40 21 200 9631/32  
+40 31 630 00 48

## **Annex 1**

### **FONDUL PROPRIETATEA SA**

### **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

Prepared in accordance with the IFRS accounting standards as adopted in EU and applying the Financial Supervisory Authority ("FSA") Norm no. 39/ 28 December 2015, regarding the approval of the accounting regulations in accordance with IFRS, applicable to the entities authorised, regulated and supervised by the FSA – Financial Investments and Instruments Sector as well as to the Investor Compensation Fund ("Norm 39/2015")

## Contents

---

Statement of Comprehensive Income .....	1
Statement of Financial Position .....	2
Statement of Changes in Shareholders' Equity.....	3
Statement of Cash Flows.....	5
Notes to the Financial Statements.....	6

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

		<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
	<i>Note</i>		
Net gain/(loss) from equity investments at fair value through profit or loss	6	109,339,147	(1,612,251,514)
Gross dividend income	7	145,848,924	962,766,928
Interest income	8	34,091,919	157,467,146
Net foreign exchange (loss)		(88,642)	(1,397,889)
Net gain from non-current assets held for sale valued at fair value through profit or loss	9	-	61,200,000
Net gain from other financial instruments at fair value through profit or loss		-	1,165,243
Other income, net		1,117,370	1,307,978
<b>Net operating income/(expense)</b>		<b>290,308,719</b>	<b>(429,742,108)</b>
Operating expenses		(37,012,737)	(224,440,567)
Transaction costs		-	(242,865,533)
<b>Total operating expenses</b>	10	<b>(37,012,737)</b>	<b>(467,306,100)</b>
<b>Finance costs</b>	11	<b>-</b>	<b>(68,471)</b>
<b>Profit/(Loss) before income tax</b>		<b>253,295,982</b>	<b>(897,116,679)</b>
Income tax	12	(1,763,416)	-
Withholding tax on the dividend income	12	-	(6,980,407)
<b>Profit/(Loss) for the year</b>		<b>251,532,566</b>	<b>(904,097,086)</b>
Other comprehensive income/ (loss)		-	-
<b>Total comprehensive income/ (loss) for the year</b>		<b>251,532,566</b>	<b>(904,097,086)</b>
<b>Basic and diluted earnings/ (loss) per share</b>	14	<b>0.0731</b>	<b>(0.1709)</b>

The annual financial statements were authorised for issue on 14 March 2025 by:

Franklin Templeton International Services S.à r.l. Luxembourg, in its capacity of Sole Director and Alternative Investment Fund Manager of Fondul Proprietatea SA

Johan Meyer

Permanent Representative

Prepared by:

Catalin Cadaru

Fund Administration and Oversight Senior Manager

The notes on pages 6 to 57 are an integral part of these annual financial statements.

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

	<i>Note</i>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Assets</b>			
Cash and current accounts	15	226,802	60,109
Distributions bank accounts	15	285,228,126	547,496,881
Deposits with banks	15	273,747,721	191,368,978
Equity investments	16	1,893,735,461	1,784,396,314
Non-current assets held for sale	17	-	432,616,168
Other assets		375,625	27,704
<b>Total assets</b>		<b>2,453,313,735</b>	<b>2,955,966,154</b>
<b>Liabilities</b>			
Payable to shareholders	18(a)	284,460,632	546,457,941
Other liabilities and provisions	18(b)	6,736,383	67,328,920
<b>Total liabilities</b>		<b>291,197,015</b>	<b>613,786,861</b>
<b>Equity</b>			
Paid share capital	19(a)	1,849,342,164	2,947,779,187
Other reserves	19(b)	(404,887,825)	646,805,769
Treasury shares	19(c)	(223,287,982)	(1,873,193,280)
Retained earnings		940,950,363	620,787,617
<b>Total equity</b>		<b>2,162,116,720</b>	<b>2,342,179,293</b>
<b>Total liabilities and equity</b>		<b>2,453,313,735</b>	<b>2,955,966,154</b>

The notes on pages 6 to 57 are an integral part of these annual financial statements.



**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

	Share capital	Other reserves	Treasury shares	Retained earnings	Total attributable to the equity holders of the Fund
<b>Balance as at 1 January 2024</b>	<b>2,947,779,187</b>	<b>646,805,769</b>	<b>(1,873,193,280)</b>	<b>620,787,617</b>	<b>2,342,179,293</b>
Profit for the year	-	-	-	251,532,566	251,532,566
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>251,532,566</b>	<b>251,532,566</b>
<b>Transactions with owners, recorded directly in equity</b>					
Dividends declared (see Note 19 d) )	-	-	-	(212,452,479)	(212,452,479)
Acquisition of treasury shares (see Note 19 c) )	-	-	(223,287,982)	-	(223,287,982)
Cancellation of treasury shares (see Note 19 b) )	(1,098,437,023)	(774,756,258)	1,873,193,280		-
Other reserves used to cover accounting loss		(151,946)		151,946	-
Distributions for which the statute of limitation occurred (see Note 12)				15,431,010	15,431,010
Corporate income tax recorded directly to equity as per IAS 12 requirements (see Note 12)				(11,285,684)	(11,285,684)
Legal reserve transfer to retained earnings (see Note 19 b) )	-	(276,785,390)	-	276,785,390	-
<b>Total transactions with owners recorded directly in equity</b>	<b>(1,098,437,023)</b>	<b>(1,051,693,594)</b>	<b>1,649,905,298</b>	<b>68,630,182</b>	<b>(431,595,136)</b>
<b>Balance as at 31 December 2024</b>	<b>1,849,342,164</b>	<b>(404,887,825)</b>	<b>(223,287,982)</b>	<b>940,950,363</b>	<b>2,162,116,720</b>

The notes on pages 6 to 57 are an integral part of these annual financial statements.

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

	<b>Share capital</b>	<b>Other reserves</b>	<b>Treasury shares</b>	<b>Retained earnings</b>	<b>Total attributable to the equity holders of the Fund</b>
<b>Balance as at 1 January 2023</b>	<b>3,233,269,111</b>	<b>667,020,430</b>	<b>(1,194,334,988)</b>	<b>11,863,588,989</b>	<b>14,569,543,542</b>
(Loss) for the year	-	-	-	(904,097,086)	(904,097,086)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(904,097,086)</b>	<b>(904,097,086)</b>
<b>Transactions with owners, recorded directly in equity</b>					
Profit appropriation to other reserves (see Note 19 b) )	-	908,845,064	-	(908,845,064)	-
Dividends declared (see Note 19 d) )	-	-	-	(9,450,090,560)	(9,450,090,560)
Acquisition of treasury shares (see Note 19 c) )	-	-	(1,873,193,280)	-	(1,873,193,280)
Cancellation of treasury shares (see Note 19 b) )	(285,489,924)	(908,845,064)	1,194,334,988	-	-
Legal reserve transfer to retained earnings (see Note 19 b) )	-	(20,214,662)	-	20,214,662	-
Distributions for which the statute of limitation occurred	-	-	-	16,676	16,676
<b>Total transactions with owners recorded directly in equity</b>	<b>(285,489,924)</b>	<b>(20,214,661)</b>	<b>(678,858,292)</b>	<b>(10,338,704,287)</b>	<b>(11,323,267,164)</b>
<b>Balance as at 31 December 2023</b>	<b>2,947,779,187</b>	<b>646,805,769</b>	<b>(1,873,193,280)</b>	<b>620,787,617</b>	<b>2,342,179,293</b>

The notes on pages 6 to 57 are an integral part of these annual financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
<b>Cash flows from operating activities</b>		
Proceeds from disposal of equity investments	432,616,168	9,931,212,040
Dividends received (net of withholding tax)	145,848,924	955,786,521
Interest received	34,668,676	156,856,933
Amounts collected from the depository Bank of the Fund's GDRs	578,408	1,179,636
WHT payments performed	(58,574,904)	(702,390,480)
Sole Director administration fees	(41,215,533)	(231,666,775)
Suppliers and other taxes and fees paid	(19,397,865)	(50,349,332)
Income tax paid	(12,535,621)	-
Intermediaries and other transaction related fees	-	(242,939,993)
Subscriptions to share capital increase of portfolio companies	-	(2,678,640)
Other (payments performed), net	(928,081)	(333,695)
<b>Net cash flows from operating activities</b>	<b>481,060,171</b>	<b>9,814,676,215</b>
<b>Cash flows from financing activities</b>		
Acquisition cost of treasury shares	(216,380,495)	(1,829,544,967)
Transfer to distribution accounts	(196,460,763)	(8,687,126,113)
Dividends transferred corresponding to shareholders having specific legal status	(852,446)	(18,362,279)
Transfers from distribution accounts (statute of limitation declared)	15,064,242	-
Payment of fees related to the short term bank loans	-	(68,471)
<b>Net cash flows used in financing activities</b>	<b>(398,629,462)</b>	<b>(10,535,101,830)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>82,430,710</b>	<b>(720,425,615)</b>
Cash and cash equivalents at the beginning of the year	191,332,267	911,757,882
<b>Cash and cash equivalents at the end of the year as per the Statement of Cash Flows</b>	<b>273,762,977</b>	<b>191,332,267</b>
<b>Reconciliation of Statement of Cash Flows with the equivalent items reported in the Statement of Financial Position</b>		
	<b>31 December 2024</b>	<b>31 December 2023</b>
Cash and current accounts (see Note 14)	226,802	60,109
Bank deposits with original maturities of less than three months (see Note 14)	273,536,175	191,272,158
<b>Cash and cash equivalent as per Statement of Financial Position</b>	<b>273,762,977</b>	<b>191,332,267</b>
Interest accrued on bank deposits (see Note 14)	211,546	96,820
Distribution bank accounts (see Note 14)	284,442,572	546,066,907
Interest accrued on distribution accounts (see Note 14)	785,554	1,429,974
<b>Total cash and current accounts, distribution accounts, deposits with banks, as per Statement of Financial Position</b>	<b>559,202,649</b>	<b>738,925,968</b>

The notes on pages 6 to 57 are an integral part of these annual financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**1. General information**

Fondul Proprietatea SA (referred to as “Fondul Proprietatea” or “the Fund”) was incorporated as a joint stock company, undertaking for collective investment, in the form of a closed end investment company, based on Law no. 247/2005 on the reform in the field of property and justice and other adjacent measures, as subsequently amended (“Law 247/2005”) and registered in Bucharest on 28 December 2005. The address of the Fund’s registered office is 76 - 80, Buzesti Street, 7th Floor, District 1, Bucharest.

Starting 1 April 2016, Fondul Proprietatea is an alternative investment fund as defined by the Directive 2011/61/EU (“Alternative Investment Fund Managers Directive”) and by the Romanian legislation. On 28 January 2022, the Financial Supervisory Authority authorized Fondul Proprietatea as a closed-end Alternative Investment Fund intended to retail investors, with BRD Groupe Société Générale as depositary. The Fund undertakes its activities in accordance with Law 24/2017 on issuers of financial instruments and market operations, Law 74/2015 regarding Alternative Investment Fund Managers, Law 247/2005, Law 297/2004 regarding the capital market, as subsequently amended, Law 243/2019 regulating the alternative investment funds and amending and supplementing certain normative acts and Companies Law 31/1990 republished as subsequently amended and it is an entity authorised, regulated and supervised by the FSA, as an issuer. In accordance with its Constitutive Act, the main activity of the Fund is the management and administration of its portfolio.

The Fund was initially established to allow the payment in shares equivalent of the compensation due in respect of abusive expropriations undertaken by the Romanian State during the communist period, when properties were not returned in kind. Beginning with 15 March 2013, the compensation process was suspended and starting January 2015, the Romanian State decided to use a different compensation scheme that no longer involves the payment in Fondul Proprietatea shares equivalent.

Starting with 1 April 2016 the Fund is managed by Franklin Templeton International Services S.à r.l. (“FTIS”) as its Sole Director and Alternative Investment Fund Manager (“AIFM”) under the Alternative Investment Fund Managers Directive and local implementation regulations.

During the September 2023 GSM, the shareholders of the Fund approved the Sole Director’s mandate renewal for a period of 1 year, starting on 1 April 2024 and ending on 31 March 2025. The related contractual terms along with the execution of the Management Agreement were approved by the Fund’s shareholders during the 26 March 2024 OGS.

During the same September 2023 GSM, the shareholders also approved that the Board of Nominees should launch a transparent and competitive selection procedure for the appointment of a new director based on investment expertise and experience for a mandate not exceeding four years from 1 April 2024, in accordance with the legal provisions in force. The shareholders also approved that the Board of Nominees is empowered to establish new terms and conditions for the evaluation and remuneration of the manager of the Fund corresponding to the new objectives, in line with international best practices and present them for approval by the GSM.

During the 27 September 2024 GSM, the Fund’s shareholders approved the extension of FTIS mandate for one additional year, up to 31 March 2026, under the same terms and conditions. This extension is conditioned by the fact that by 31 March 2025, the shareholders (i) have not appointed a new AIFM and (ii) such appointment has not entered into force by the respective date. Please see Note 22 Subsequent events for more information.

Since 25 January 2011, Fondul Proprietatea has been a listed company on the spot regulated market managed by the Bucharest Stock Exchange in Tier I Shares of the Equity Sector of the market, under ISIN number ROFPTAACNOR5 with the market symbol “FP”. Since 29 April 2015, the Fund’s Global Depositary Receipts (“GDR”) have been listed on the London Stock Exchange (“LSE”) – Specialist Fund Market, under ISIN number US34460G1067, with the market symbol “FP.”. The Bank of New York Mellon has been appointed by the Fund to act as depositary bank in relation to the GDR facility. The GDR facility is limited to one-third of the Fund’s subscribed share capital under the Romanian securities regulations, each GDR representing 50 shares, and the currency of the GDRs is the US dollar.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**1. General information (continued)**

During the GSM held on 2 December 2024, the shareholders approved the delisting of the GDR issued by The Bank of New York Mellon and admitted to trading on the Specialist Fund Market of the London Stock Exchange. At the date of authorization of these financial statements, the delisting process is ongoing. The envisaged delisting date is 25 April 2025 with more details about the transaction being available on the Fund's website or through communication from The Bank of New York Mellon.

**2. Basis of preparation****(a) Statement of compliance**

These separate financial statements are the annual statutory financial statements of Fondul Proprietatea for the year ended 31 December 2024 prepared in accordance with IFRS accounting standards as adopted by the EU and applying the FSA Norm 39/2015. These financial statements are available starting with 17 March 2025, on the Fund's official webpage, [www.fondulproprietatea.ro](http://www.fondulproprietatea.ro), and at the Fund's registered office.

The Fund is an investment entity and does not consolidate its subsidiaries as it applies IFRS 10, IFRS 12 and IAS 27 (Investment Entities). In consequence, the Fund does not prepare consolidated financial statements, the separate financial statements being the Fund's only financial statements. The Fund has reassessed the criteria for being an investment entity for the year ended 31 December 2024 and determined that it continues to meet them.

In determining whether the Fund meets the criteria from the definition of an investment entity, the management considered the investments portfolio structure and the Fund's investment objective. Aspects considered in making this judgement were the fact that the Fund has more than one investment, more investors neither of which are related parties of the Fund and the ownership interests from its portfolio are in the form of equity. The Fund's investment objective is a typical one for an investment entity, respectively the maximization of returns to shareholders and the increase of the net asset value per share via investments in Romanian equities and equity-linked securities.

The Fund's management analysis considered also other relevant factors, including the fact that substantially all Fund investments are accounted for using the fair value model, the Fund has a set exit strategy for its equity positions through initial public offerings and/or private placements.

**(b) Going concern**

The Fund's equity decreased by 7.69% at the reporting date compared to 31 December 2023 because of the distributions performed during 2024 through dividends and buybacks. All distributions to shareholders were performed in accordance with the provisions of the Management Agreement, related Investment Policy Statement as well as relevant shareholders decisions.

The Fund's Sole Director has at the authorization date of these financial statements, a reasonable expectation that the Fund has adequate resources to meet all its obligations as and when they fall due and continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements.

According to the Fund's Constitutive Act, the duration of Fondul Proprietatea is until 31 December 2031 and it may be extended by the extraordinary general meeting of shareholders, with additional periods of 5 years.

While assessing the appropriateness of the going concern basis, the Sole Director has analysed all relevant events, factors and conditions related to the Fund's ability to continue as a going concern. These events, factors and conditions include but are not limited to:

- the portfolio structure/composition at the end of the reporting period and expected developments/events for a period of at least 12 months (including potential listings, dividends receivable).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**2. Basis of preparation (continued)****(b) Going concern (continued)**

- ongoing litigations and subsequent potential scenarios/ actions, including the ones related to the share capital increase of CN Aeroporturi Bucuresti SA.
- 2025 Budget approval by shareholders and the ongoing costs needed to run the Fund (Sole Director's fees, buyback related costs, transaction costs and other operating expenses).
- cash management policies and procedures implemented and related cash flow projections up to 31 March 2026 (the end of the Sole's Director 1-year mandate approved during 2024) give a reasonable expectation that all the Fund's obligations will be met in the regular course of business.
- envisaged distributions to shareholders through dividends and buybacks, in the context of the shareholders approvals and regulatory requirements (e.g. 10% share capital buyback limitation).
- discount evolution and changes in the shareholder's structure.
- shareholders decisions during the period, including GDR delisting.

In addition, the Sole Director has considered the events and approvals during the reporting period related to the selection process, as described below.

During the September 2023 GSM, the shareholders of the Fund approved the Sole Director's mandate renewal for a period of 1 year, starting on 1 April 2024 and ending on 31 March 2025. The related contractual terms along with the execution of the Management Agreement were approved by the Fund's shareholders during the 26 March 2024 OGSM. During the same September 2023 GSM, the Board of Nominees was empowered by the shareholders to initiate, organize a transparent selection procedure for a Fund Manager after 1 April 2025 and to establish new objectives, performance criteria and remuneration conditions realigned with these objectives and present them for approval by the shareholders.

During the 27 September 2024 GSM, the Fund's shareholders approved the extension of FTIS current mandate for one additional year, up to 31 March 2026, under the same terms and conditions. This extension is conditioned by the fact that by 31 March 2025, the shareholders (i) have not appointed a new AIFM and (ii) such appointment has not entered into force by the respective date.

On 29 November 2024, the Sole Director of the Fund announced that it will not submit a response to the Request for Proposal in the ongoing selection process for the Fund's Alternative Investment Fund Manager. FTIS remains committed to the management of the Fund until the end of its mandate.

The Board of Nominees has stated that it had received two AIFM submissions from a global infrastructure asset manager and a European-based AIFM in partnership with a Romanian asset management advisory firm and the process is ongoing at the date of authorisation of these financial statements.

Based on the information made available to the Sole Director, the selection process does not impact the going concern assessment at 31 December 2024. This will be reassessed once the new strategy of the Fund, proposed by the new AIFM, will be approved by the shareholders.

The Sole Director has concluded that the Fund is operating under normal circumstances relevant for a closed end fund, and there are no significant developments impacting the going concern assessment compared to the previous audited financial statements.

**(c) Basis of measurement**

These annual financial statements have been prepared on a fair value basis for the main part of the Fund's assets (equity investments, non-current assets held for sale, respectively), and on the historical cost or amortised cost basis for the rest of the items included in the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**2. Basis of preparation (continued)****(d) Functional and presentation currency**

These annual financial statements are prepared and presented in Romanian Lei (RON), which is the Fund's functional and presentation currency. All financial information presented in RON has been rounded to the nearest unit.

**(e) Foreign currency**

Transactions in foreign currency are translated into the functional currency of the Fund at the exchange rate valid at the date of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated into the functional currency at the exchange rate valid at that date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated into the functional currency at the exchange rate valid at the date of the transaction and are not subsequently remeasured.

The exchange rates of the main foreign currencies, published by the National Bank of Romania at 31 December 2024 were as follows: 4.9741 RON/EUR, 4.7768 RON/USD and 5.9951 RON/GBP (31 December 2023: 4.9746 RON/EUR, 4.4958 RON/USD and 5.7225 RON/GBP).

**(f) Use of estimates**

The preparation of these annual financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information and critical judgements in applying accounting policies with significant areas of estimation uncertainty that have the most significant impact on the amounts recognised in these annual financial statements are included in the following notes:

- Note 4 – Risk management;
- Note 5 – Financial assets and financial liabilities;
- Note 12 – Income tax;
- Note 13 – Deferred tax;
- Note 16 – Equity investments;
- Note 17 – Non-current assets held for sale;
- Note 20 – Contingencies.

The Fund uses measurement techniques to develop accounting estimates in regards to the valuation of its holdings and other relevant assets and liabilities. It does so in order to measure these items at monetary amounts that cannot be observed directly and must instead be estimated

**(g) The impact of the Russia – Ukraine military conflict on the Fund's financial position**

On 24 February 2022, Russia engaged in military actions on Ukraine territory. The Fund does not have any direct exposure to Russia or Ukraine. The Sole Director is closely monitoring developments that may impact financial markets including sanctions, actions by governments and developments in Ukraine itself. The Sole Director will further assess the impact on the portfolio companies operations and valuation and take any potential actions needed, as facts and circumstances are subject to change and may be specific to investment strategies and jurisdictions. At the authorization date of these annual financial statements, the Sole Director is not able to reliably estimate the impact as events are unfolding day-by-day.

The Fund's Sole Director will continue to closely monitor the evolution of the economic environment and the effects of the economic measures applied on a national and international level.

### 3. Material accounting policies

The material accounting policies applied in these annual financial statements are the same as those applied in the Fund's financial statements for the year ended 31 December 2023 and have been applied consistently to all periods presented in these annual financial statements.

#### (a) Subsidiaries and associates

Subsidiaries are entities controlled by the Fund. The existence of significant influence is assessed, in each reporting year, by analysing the ownership structure of the companies in which the Fund holds 20% or more of the voting power of the investee, their articles of incorporation and the Fund's power to participate in the financial and operating policy decisions of the investee.

However, the Fund does not exercise significant influence in several companies in which it holds between 20% and 50% of the voting power, where the Fund's rights as minority shareholder are protective in nature, and not participative and where the majority shareholder, or a group of shareholders holding majority ownership of the investee, operate without regard to the views of the Fund.

Also, in situations where the Fund holds less than 20% of the voting power of an investee, but it is a significant shareholder and demonstrates that it has significant influence through Board representation and participates in the policy making decisions, the investee is considered an associate.

As at 31 December 2024 and 31 December 2023 there were two portfolio companies, which met the criteria for classification as subsidiaries, and two portfolio companies which met the criteria for classification as associates. The lists of subsidiaries and associates as at 31 December 2024 and 31 December 2023 are disclosed in Note 21 Related parties (b) and (c) and in Note 16 Equity investments.

#### (b) Financial assets and liabilities

##### i) Recognition

The Fund recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. The Fund applies trade date accounting. Financial assets and liabilities are recognised initially at fair value plus, in case of financial assets and financial liabilities not measured at fair value through profit or loss, any directly attributable transaction costs (including brokerage fees).

Mergers of portfolio companies are recognised at the date when the merger is registered with the Trade Register. Share capital increases of portfolio companies are also recognised at the date the shareholder decision is registered with the Trade Register.

##### ii) Classification and subsequent measurement

- *Financial assets at fair value through profit or loss*

The Fund classified all its equity investments as equity investments at fair value through profit or loss (the default option under IFRS 9). The Fund also uses the fair value classification and subsequent measure for all its government bonds and treasury bills. Being an investment entity as described in the *Statement of compliance* section, the Fund's management believes that fair value classification and subsequent measure method are the most relevant for the Fund.

Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are recorded in profit or loss. Subsequent measurement is at fair value and all changes in fair value are accounted for through profit or loss. Financial assets at fair value through profit or loss are not subject to the review for impairment.

- *Financial assets and liabilities at amortised cost*

As required by *IFRS 9 Financial instruments*, the Fund classifies financial assets which are debt instruments as subsequently measured at amortised cost based on both:

- the business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

### 3. Material accounting policies (continued)

#### (b) Financial assets and liabilities (continued)

- *Financial assets and liabilities at amortised cost (continued)*

Financial assets and liabilities are measured at amortised cost using the effective interest method, less any impairment losses (of financial assets). Financial assets and liabilities at amortised cost include cash and current accounts, deposits with banks, dividends receivable, payables to shareholders, amounts due to service suppliers and other receivables and payables.

- *Financial assets reclassified as non-current assets held for sale*

See accounting policy 3(c) for details.

#### iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset and the Fund has transferred substantially all of the risks and rewards of the asset.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

#### iv) Fair value measurement

When available, the Fund measures the fair value of an equity instrument using quoted prices in an active market for that instrument at the reporting date. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of equity instruments that are not traded in an active market are determined and approved by the Fund's Sole Director, based on independently appraised valuation reports, using valuation techniques in accordance with International Valuation Standards. The Fund uses a variety of methods and makes assumptions that are based on the market conditions existing at each reporting date.

Valuation techniques used are recognised as standard within the industry and include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques commonly used by market participants, making maximum use of observable market inputs and relying as little as possible on entity-specific inputs.

Some of the inputs to these models may not be observable in the market and are therefore estimated based on various assumptions. The valuation techniques selected incorporate all the factors that market participants would consider in pricing a transaction.

The output of a valuation model is always an estimate/ an approximation of a fair value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Therefore, where appropriate, the valuations are adjusted to reflect additional factors, including model risk, liquidity risk, counterparty risk and commodity price risk, where applicable.

#### v) Identification and measurement of impairment

The Fund recognises a loss allowance for expected credit losses on all assets that are measured at amortised cost. No impairment loss is recognised for the Fund's investments in equity or debt instruments measured at fair value through profit or loss. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund recognises lifetime expected credit losses when there has been a significant increase in credit risk since the initial recognition of the instrument.

### 3. Material accounting policies (continued)

#### (b) Financial assets and liabilities (continued)

##### v) Identification and measurement of impairment (continued)

If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. The Fund's assessment of whether lifetime expected credit losses should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime expected credit losses represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 months expected credit losses represents the portion of lifetime expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

As described above, the Fund's financial asset which are measured at amortised cost are cash and current accounts, deposits with banks, dividends receivable and other receivables. The related loss allowance for expected credit losses for cash and current accounts and deposits with banks is considered to be insignificant as the Fund only places its funds on very short maturities and only with financial institutions where the institution or the institution's corporate parent has a credit rating "investment grade" (BBB- or better). Loss allowances for expected credit losses for dividends receivable and other receivables are recognised by the Fund based on the method described above.

#### (c) Non-current assets held for sale

An asset is classified as a non-current asset held for sale and presented separately in the statement of financial position when the following criteria are met: the Fund is committed to selling the asset, an active plan of sale has commenced, the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value, the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and the sale is expected to be completed within twelve months without significant changes to the plan.

The instruments classified by the Fund under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured based on the requirements of IFRS 9 *Financial Instruments* as this standard still applies after the reclassification as non-current assets held for sale. The disclosures in the financial statements for non-current assets held for sale are in accordance to IFRS 5.

#### (d) Operating segments

According to IFRS 8 *Operating Segments* an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

The Fund's activity is not managed by activity components and therefore there are no reportable segments at 31 December 2024 or 31 December 2023.

#### (e) Cash, current accounts and deposits with banks and distribution accounts

##### *Cash, current accounts, deposits with banks*

Cash and current accounts include petty cash and current accounts held with banks. Deposits with banks are only placed for maturities of less than one year, according to the Fund's cash management policy. Cash and current accounts and deposits with banks are carried at amortised cost, which approximate their fair value.

Deposits with banks, Government bonds and treasury bills with original maturities of less than three months are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Current accounts include both regular accounts and distribution accounts.

### 3. Material accounting policies (continued)

#### (e) Cash, current accounts and deposits with banks and distribution accounts (continued)

##### *Distribution accounts*

The legal framework applicable to the Fund states that the listed entities must pay dividends and any other amounts due to shareholders through the Central Depository of the respective securities, as well as the participants in their system. According to the same legislation, a listed entity designates as Paying Agent a financial institution through which the holders of securities can exercise their financial rights.

The Fund has signed agreements with both the Central Depository and a Paying Agent. The Fund has selected BRD Groupe Societe Generale as Paying Agent. For each distribution approved by the shareholders, the Fund needs to open two dedicated accounts ("distribution accounts") with the Paying Agent.

As per applicable legislation, the distribution to shareholders process is managed by the Central Depository and the Paying Agent.

The cash held in the distributions bank accounts can only be used for payments to shareholders. Such payments are subject to a general statute of limitation, respectively the shareholders may request the payments only within a three-year term starting with the distribution payment date, except for specific instances that are individually assessed.

It is the Fund's assessment that distribution accounts have the nature of an account for dividend payments restricted for operational use (for any other use than payments to shareholders) until the 3-year statute of limitation expires.

As a result, the distribution accounts are not included in cash and cash equivalents for the purpose of cash flow statement presentation. The transfers to distribution accounts are presented mainly on line *Transfer to distribution accounts* under cash-flow from financing activities with corresponding amounts to be further used exclusively for shareholder payments (until the status of limitations expires). The actual payments to shareholders are not presented in the cash flow statement but these are reflected in Note 18 (a) to the financial statements.

#### (f) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect. The share capital accounting presentation and measurement are generally following the legal requirements. Due to the complexity of the legal framework and necessary approvals with respect to share capital transactions, only successful completion of the legal steps can trigger the accounting recognition.

#### (g) Treasury shares

The Fund recognises the treasury shares (repurchases of own shares) at trade date as a deduction to shareholders' equity. Treasury shares are recorded at acquisition cost, including brokerage fees and other transaction costs directly related to the acquisition.

The GDRs 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 cancellation of treasury shares is performed in accordance with the shareholder's approval after all legal requirements are fulfilled. At cancellation, the treasury shares balance is netted off against the share capital and reserves.

The cancellation of treasury shares may trigger gains or losses, depending on the treasury shares' acquisition value as compared to their nominal value.



### 3. Material accounting policies (continued)

#### (g) Treasury shares (continued)

The gains or losses resulted from the cancellation of the treasury shares are directly recognised within the shareholders' equity and distinctively presented in the notes to the financial statements.

#### (h) Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are estimated by discounting the expected future cash outflows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### (i) Dividend income

Dividend income related to listed equity investments is recognised in profit or loss on the ex-dividend date.

Dividend distributions from unlisted equity investments are recognised in profit or loss as dividend income when declared, at the date when the dividend distribution is approved by the General Shareholders Meeting of the respective company.

When the Fund receives or chooses to receive dividends in the form of additional shares rather than cash, the dividend income is recognised for the amount of the cash dividend alternative, with the corresponding debit treated as an additional investment.

When bonus shares are received with no cash alternative and if only certain shareholders are granted additional shares, these are measured at fair value and a corresponding amount of dividend income is recognised. In cases when all shareholders receive bonus shares in proportion to their shareholdings, no dividend income is recognised as the fair value of the Fund's interest is unaffected by the bonus share issue.

For overdue dividend receivables, the Fund initiates legal recovery measures (conciliation, litigations, etc.). The Fund is entitled to charge penalties for overdue amounts from net dividends, applying the legal penalty interest rate according to the legislation in force. Penalty income on dividends is recognised when collection is virtually certain.

Dividend income is presented gross of dividend withholding taxes, which are separately recognised as income tax expense. Dividend withholding taxes are calculated in accordance with the provisions of the Romanian Fiscal Code.

#### (j) Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method.

Interest income relates to current accounts, distribution accounts, deposits held with banks, treasury bills and government bonds. In case of financial assets at fair value through profit or loss, the Fund's accounting policy is to record the accrued interest income separately from the changes in fair value.

#### (k) Gains and losses from disposal of equity investments

Gains and losses from the disposal of equity investments are recognised in profit or loss at the date of derecognising the financial asset and are calculated as the difference between the consideration received (including any new asset obtained less any new liability assumed) and the carrying amount of the financial asset at the disposal date.

The realised gains and losses from the disposal of equity investments classified as financial assets at fair value through profit or loss are presented in the statement of comprehensive income under the caption "Net (loss)/gain from equity investments at fair value through profit or loss", together with the unrealised gains and losses from the change in the fair value of these instruments and detailed in the notes to the financial statements.



### 3. Material accounting policies (continued)

#### (k) Gains and losses from disposal of equity investments (continued)

The realised gains and losses from the disposal of equity investments classified as non-current assets held for sale, if any, are presented in the statement of comprehensive income under the caption "Net gain/(loss) from non-current assets held for sale valued at fair value through profit or loss". This caption is also used to present the fair value movement of non-current assets held for sale following the assets classification in this category and detailed in the notes to the financial statements.

#### (l) Foreign currency gains and losses

Foreign currency gains and losses are recognised in profit or loss on a net basis and include the realised and unrealised foreign exchange differences. The Fund's investments and substantially all of its transactions are denominated in RON.

#### (m) Expenses

All expenses are recognised in profit or loss on an accrual basis.

#### (n) Income tax

Income tax expense comprises current and deferred tax. Current tax also includes dividend withholding taxes.

Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in equity (other comprehensive income), in which case it is recognised in equity (other comprehensive income).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the reporting year. Current tax for current and prior years is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset. The deferred tax is the amount of future income taxes expected to be payable (recoverable) in respect of taxable temporary differences.

During 2024 and 2023, the applicable standard tax rate was 16%. The applicable dividend withholding tax was nil in case of holdings over 10% of the total share capital of the issuer, held for an uninterrupted period of at least one year and 8% in case of the other holdings.

Please see Note 4 Risk management – (d) Taxation risk for information regarding fiscal changes on income tax and possible impact on the Fund's financial statements.

#### (o) Distributions to shareholders

According to the Fund's Annual Cash Distribution policy, which can be found on the Fund's website, the distributions to shareholders may comprise dividend distributions and returns of capital, subject to corporate approvals, legal provisions in force and existence of financial resources.

Dividends declared by the Fund are recorded as dividend payable at the date when these are approved by the Fund's GSM, as this is the date when, from legal point of view, the Fund's liability to shareholders arises. Returns of capital declared by the Fund are recorded as payable at the date when all legal requirements and substantive conditions stipulated in the Fund's GSM resolution approving the respective distribution are met. As stated in Note 3 - (e) Cash, current accounts and deposits with banks, dividends are distributed to shareholders through the Central Depository and the Paying Agent.

According to the provisions of the legislation in force, the statute of limitation occurs three years after the date when the respective distribution commenced except for specific instances that are individually assessed. Starting with the date when the statute of limitation occurred, the shareholders are no longer entitled to collect the respective distribution.

At the date when the statute of limitation for distributions occurs, the Fund records the value of the outstanding uncollected distribution through retained earnings or reserves, as applicable.

### 3. Material accounting policies (continued)

#### (p) Basic and diluted earnings per share

Basic and diluted earnings/ (loss) per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary paid shares in issue during the year, excluding the average number of ordinary shares purchased by the Fund and held as treasury shares.

The weighted average number of ordinary shares outstanding during the year is the number of ordinary paid shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back during the year (based on their settlement date) multiplied by a time-weighting factor.

The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the reporting year.

As at 31 December 2024 and 31 December 2023, none of the Fund's issued shares or other instruments had dilutive effect, therefore basic and diluted earnings per share are the same.

#### (q) Board of Nominees members' remuneration

The Fund has no employees, but from the benefits point of view, the members of the Board of Nominees have the same fiscal treatment as employees, as they have mandate agreements (as opposed to labour agreements).

During the normal course of business, the Fund makes payments due to the state health and social security funds related to the remuneration of the members of the Board of Nominees in accordance with the regulations in force. Such costs are recognised in profit or loss as part of the remunerations.

The members of the Board of Nominees are members of the pension plan of the Romanian State except those members who are registered as contributors in other countries or those that cannot benefit from Romanian pension according to the applicable tax treaties. The Fund does not operate any pension plan or post-retirement benefits plan and therefore has no obligations regarding pensions.

#### (r) Standards/amendments that are effective and have been endorsed by the European Union

The following standards/amendments to the existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union, are effective for the current reporting period:

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments).**
- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments).**
- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures - Supplier Finance Arrangements (Amendments).**

The newly adopted IFRS and amendments to IFRS did not have a material impact on the Fund's accounting policies. Please see below a summary description of the changes brought to the standards applicable to the Fund:

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments):** The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are applied retrospectively. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification.

### 3. Material accounting policies (continued)

#### (r) Standards/amendments that are effective and have been endorsed by the European Union (continued)

Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied within twelve months after the reporting period.

The Fund has reviewed the presentation of the accounting policies considering the new requirements in IAS 1 and has concluded that all the Fund's liabilities are current as they are due to be settled within twelve months after the reporting period. The most significant part of the Fund's liabilities are represented by dividend payables to shareholders which are all due at 31 December 2024.

The amendments brought to IFRS 16 and IAS 7 are not applicable as the Fund does not apply IFRS 16 due to materiality considerations and the Fund has not concluded any supplier finance agreements with its counterparties.

#### (s) Standards and interpretations issued by the IASB and endorsed by the EU but not yet effective and not early adopted

At the date of authorisation date of these annual financial statements, the following amendments to the existing standards issued by IASB and adopted by the EU are not yet effective:

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments).** The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted.

Management has assessed that the changes brought to IAS 21 are not applicable as all currencies used by the Fund during the year ended 31 December 2024 ("RON", "EUR", "USD", "GBP") are exchangeable as the Fund is able to obtain other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

#### (t) Standards and amendments/interpretations that are not yet effective and have not yet been endorsed by the European Union

At the date of authorisation of these annual financial statements, IFRSs as adopted by the EU do not significantly differ from regulations adopted by the IASB except for the following amendments to the existing standards, which were not endorsed by the EU as at the reporting date of these financial statements:

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments).** In May 2024, the IASB issued amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.
- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments).** In December 2024, the IASB issued targeted amendments for a better reflection of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.
- **IFRS 18 Presentation and Disclosure in Financial Statements.** In April 2024, the IASB issued the IFRS 18 - Presentation and Disclosure in Financial Statements which replaces IAS 1 - Presentation of Financial Statements and it becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.

### 3. Material accounting policies (continued)

#### (t) Standards and amendments/interpretations that are not yet effective and have not yet been endorsed by the European Union (continued)

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures.** In May 2024, the IASB issued the IFRS 19 - Subsidiaries without Public Accountability: Disclosures, and it becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.
- **Annual Improvements to IFRS Accounting Standards – Volume 11.** In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted.
- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.** In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

Regarding the presentation and disclosure requirements set out in IFRS 18, the Fund is fully compliant as of 31 December 2024. In regards to the other modifications mentioned above, The Fund estimates that the adoption of these new amendments to the existing standards/ new standards will have no material impact on its annual financial statements in the year of initial application.

### 4. Risk management

The Fund's investment portfolio comprises mainly unlisted equity investments. The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and with the markets in which it invests. The most important financial risks the Fund is exposed to are market risk, credit risk and liquidity risk. The management monitors the potential adverse effects on the financial performance of the Fund associated with these risk factors.

The management consider that all risks are aligned with the Fund's risk appetite and that controls and reporting functions are in place and aligned with the severity of the risks. The Sole Director implemented for the Fund financial risk management procedures consistent with those applied globally by Franklin Templeton. Franklin Templeton's approach is to use a dedicated team of risk management specialists who are independent of the portfolio managers and provide robust risk and performance analytics and unbiased perspective on the risks and exposures in the portfolios.

FTIS has implemented a Risk Management Policy applicable to the Fund. The AIFM has established a permanent risk management function to ensure that effective risk management policies and procedures are in place and to monitor the risks and compliance with risk limits. The AIFM has a risk management process and risk management policies which cover the risks associated with the Fund and the adequacy and effectiveness of this framework is reviewed and approved at least annually. Regular reporting is prepared and reviewed by the AIFM senior management.

For each relevant risk area, risk limits are set by the AIFM considering the objectives, strategy, and risk profile of the Fund. These limits are monitored regularly as required by the nature of the risk area, and the sensitivity of the portfolio to key risks is undertaken periodically as appropriate to ascertain the impact of changes in key variables to the Fund. Diversification and concentration limits are set for the management of market risk and are monitored regularly. The Risk Management Committee of Franklin Templeton provides the oversight framework for risk management processes and is made up of senior management from the business areas and key risk and control functions. This Committee meets quarterly, reviews risk reports and input from business management and maintains a detailed register of risk items and resolutions.

The Board of FTIS provides oversight, being aware of the risk management practices and their deployment within the firm, staying apprised of significant risks and management responses.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**4. Risk management (continued)****(a) Market risk**

Market risk is the risk that changes in market prices and rates, such as equity prices, interest rates and foreign exchange rates will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

*(i) Equity price risk*

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to its issuer or factors affecting all instruments traded in the market.

Equity price risk arises from changes in the value of equity investments, and it is the primary risk impacting the Fund. Diversification across securities and industries, to the extent possible, is the primary technique for mitigating equity price risk. The companies in which the Fund holds investments at the end of the reporting period operate in different industries, the largest exposures being in the "Infrastructure", "Salt Mining" and "Aluminium" sectors. During 2024 the portfolio categories have been regrouped with "Salt mining" being formerly part of the "Heavy industry" category, the comparative amounts being adjusted for presentation purposes.

The Fund's exposure to industries is detailed below:

	<b>31 December 24</b>	<b>31 December 2024 (%)</b>	<b>31 December 23</b>	<b>31 December 2023 (%)</b>
Infrastructure	1,416,357,454	74.79%	1,235,851,681	55.74%
Salt Mining	297,480,262	15.71%	318,399,807	14.36%
Aluminium	109,691,495	5.79%	112,242,460	5.06%
Heavy industry	25,550,400	1.35%	28,584,600	1.29%
Postal services	22,327,254	1.18%	17,398,691	0.78%
Power generation	5,972,718	0.32%	56,840,465	2.56%
Power and gas utilities: distribution, supply	-	0.00%	432,616,168	19.51%
Others	16,355,878	0.86%	15,078,611	0.68%
	<b>1,893,735,461</b>	<b>100%</b>	<b>2,217,012,482</b>	<b>100%</b>

The Fund's equity investments include unlisted instruments issued by companies incorporated in Romania and listed but illiquid instruments, both of which represent 94.2% of total equity investments as at 31 December 2024 (95.0% of total equity investments as at 31 December 2023).

As at 31 December 2024, the listed and liquid investments represented 5.8% (31 December 2023: 5.0%) of the total Fund's equity investments. As at 31 December 2024, the Fund's listed liquid holdings are in amount of RON 109,691,494.57 (31 December 2023: RON 112,242,460) represented at both reporting dates by Alro SA which is listed on Bucharest Stock Exchange. Alro SA is included in BET-BK index. This index is a free float market capitalization weighted index of the Romanian and foreign stocks listed on BVB's regulated market, with the highest free float market capitalization adjusted with liquidity factors and selected also based on qualitative criteria (the index contains 30 companies).

At the reporting date, the Fund holds 72,884,714 shares in Alro SA, representing 10.21% of the company's share capital. The Fund prepared a sensitivity analysis by adjusting the price of the share directly. A ten percent increase in price at 31 December 2024 would determine an increase in profit or loss of RON 10,969,149 (31 December 2023: RON 11,224,246). An equal change in the opposite direction as at 31 December 2024 would determine a decrease in profit and loss by RON 10,969,149 (31 December 2023: RON 11,224,246). This analysis assumes that all other variables remain constant.

The Fund periodically monitors the liquidity of the markets where it's holdings are listed and correlates this analysis with the liquidity and cash management process.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**4. Risk management (continued)****(a) Market risk (continued)***(ii) Interest rate risk*

The Fund places cash into fixed rate bank deposits and short-term government securities with fixed interest rates and original maturities of up to one year. Any potential reasonable movement in interest rates would have an immaterial effect on the Fund's financial statements.

At the reporting dates 31 December 2024 and 31 December 2023 the Fund's interest-bearing fixed rate financial instruments consist of bank deposits with original maturities of less than three months in amount of RON 273,747,721 (31 December 2023: 191,368,978) and of distribution interest-bearing accounts as described below.

As described in Note 3 - (e) Cash, current accounts and deposits with banks, for each distribution, the Fund opens dedicated distribution accounts with the Paying Agent, which generate variable interest paid monthly to the Fund. As per the agreed contract with the Paying Agent the distribution accounts bear a variable interest rate based linked on ROBID ON. The variable interest rate is negotiated annually during December as per the agreed upon contractual terms with the current interest being in line with market medians.

*(iii) Currency risk*

The Fund's exposure to currency risk is not significant. The Fund holds current accounts with banks, receivables and payables denominated in foreign currencies (EUR, USD and GBP), but the balances were immaterial during the reporting period.

During 2024, the local currency appreciated compared to the EUR (4.9746 RON/EUR at 31 December 2023 to 4.9741 RON/EUR at 31 December 2024) and depreciated compared to the USD (from 4.4958 RON/USD at 31 December 2023 to 4.7768 RON/USD at 31 December 2024) and to the GBP (from 5.7225 RON/GBP at 31 December 2023 to 5.9951 RON/GBP at 31 December 2024).

The tables below contain information on the Fund's financial assets and monetary liabilities based on the original currency:

**RON equivalent - 31 December 2024**

<b>Monetary assets</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>Total</b>
Cash and current accounts	45,194	3,527	176,392	1,690	226,802
Distributions bank accounts	285,228,126	-	-	-	285,228,126
Deposits with banks	273,747,721	-	-	-	273,747,721
<b>Monetary liabilities</b>					
Other financial liabilities	(356,192)	(4,374,452)	-	(201,363)	(4,932,008)
Payable to shareholders	(284,460,632)	-	-	-	(284,460,632)
<b>Net position</b>	<b>274,204,217</b>	<b>(4,370,925)</b>	<b>176,392</b>	<b>(199,674)</b>	<b>269,810,010</b>

**RON equivalent - 31 December 2023**

<b>Monetary assets</b>	<b>RON</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>Total</b>
Cash and current accounts	55,098	1,255	1,955	1,801	60,109
Distributions bank accounts	547,496,881	-	-	-	547,496,881
Deposits with banks	191,368,978	-	-	-	191,368,978
<b>Monetary liabilities</b>					
Other financial liabilities	(398,762)	(21,781,722)	(708,397)	(63,691)	(22,952,573)
Payable to shareholders	(546,457,941)	-	-	-	(546,457,941)
<b>Net position</b>	<b>192,064,253</b>	<b>(21,780,467)</b>	<b>(706,442)</b>	<b>(61,890)</b>	<b>169,515,454</b>

A ten percent strengthening of the RON against the EUR, USD and GBP respectively as at 31 December 2024 and 31 December 2023 would have the following impact on profit or loss (the analysis assumes that all other variables remain constant), impact expressed in RON:



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**4. Risk management (continued)****(a) Market risk (continued)***(iii) Currency risk (continued)*

<b>Profit/(Loss)</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
EUR	437,092	2,178,047
USD	(17,639)	70,644
GBP	19,967	6,189

A ten percent depreciation of the RON against the currencies would have an identical opposite effect compared to the one presented above.

As at 31 December 2024 and 31 December 2023, the Fund did not hold any equity investment denominated in a currency other than RON.

**(b) Credit and counterparty risk**

Credit risk is the risk of financial loss to the Fund if counterparties to financial instruments fail to meet their contractual obligations, and arises principally from cash and deposits with banks and other receivables.

*(i) Cash and deposits with banks*

As presented in the table below, at 31 December 2024, the Fund's maximum exposure to credit risk from cash and deposits with banks was RON 559,202,649 (31 December 2023: RON 738,925,552).

Cash and deposits with banks are held with the following banks:

<b>Cash and deposits held with banks</b>	<b>Credit rating*</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
BRD - Groupe Societe Generale	BBB+(negative)	294,747,048	557,578,037
Banca Comerciala Romana	BBB+(negative)	66,564,307	45,475,560
ING Bank	AA-(stable)	66,449,020	45,221,286
Raiffeisen Bank	AA-(stable)	66,420,378	1,576
Citi Bank	A+(stable)	65,020,394	45,220,984
Unicredit Bank	BBB+(negative)	1,503	45,428,109
		<b>559,202,649</b>	<b>738,925,552</b>

\*Source: Fitch Ratings at reporting date, for Raiffeisen parent company rating was considered

As of 31 December 2024 a significant part of the amounts held with BRD - Groupe Societe Generale are linked to distribution accounts (96.7%) (31 December 2023: 98.2%).

Current accounts and deposits are held with banks in Romania. The management of the Fund implemented a formal policy regarding bank counterparty risks and limits. The Fund only establishes new deposits with financial institutions where the institution or the institution's corporate parent has a credit rating "investment grade" (BBB- or better). The counterparty credit risk is also diversified by allocating the cash and cash equivalents across several banks.

All current accounts and deposit balances are assessed to have low credit risk as they are held with reputable banking institutions, and they are held for very short maturities according to the cash management policy. Considering this, the effect of any credit loss is assessed as immaterial.

*(ii) Treasury bills and Government bonds*

During 2024 the Fund has not invested in these types of financial instruments. During 2023, the Fund invested in treasury bills and government bonds that had maturities during the same year. Therefore, the balances as at 31 December 2023 were nil. These items were assessed to have low credit risk being issued by the Ministry of Public Finance of Romania.

At the reporting date of these financial statements, Fitch Ratings quote Romania's sovereign rating at "BBB-" with a negative outlook (31 December 2023: "BBB-" with a stable outlook).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**4. Risk management (continued)****(b) Credit and counterparty risk (continued)***(iii) Other financial assets*

At 31 December 2024 and 31 December 2023 the Fund did not have any other financial assets.

**(c) Liquidity risk**

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's equity investments include unlisted instruments issued by companies registered in Romania and listed but not liquid instruments (respectively 94.5% of total equity investments as at 31 December 2024 and 95% of total equity investments as at 31 December 2023). The table below shows the amounts afferent to the listed liquid portfolio and the listed but not liquid portfolio.

	<b>31 December 2024</b>	<b>31 December 2023</b>
Listed and liquid	109,691,495	112,242,460
Listed and not liquid	13,220,516	13,090,715
<b>Total listed portfolio</b>	<b>122,912,011</b>	<b>125,333,174</b>

Not all shares listed on the Bucharest Stock Exchange are considered liquid due to insufficient volumes of transactions. Liquidity can vary over time and from market to market and some investments may take longer to sell. As a result, the Fund may not be able to sell some of its investments in these instruments within the time constraints imposed by its own liquidity requirements, or to respond to specific events such as deterioration in the credit worthiness of any particular issuer. As a closed ended investment fund, liquidity risks attributable to the Fund are less significant than for an open-ended fund. The Fund prudently manages liquidity risk by maintaining an optimal level of liquid assets to finance current liabilities. The following tables present the split of the Fund's financial assets and financial liabilities by residual maturities:

<b>31 December 2024</b>	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>	<b>No fixed maturity</b>	<b>Total</b>
<b>Financial assets</b>					
Cash and current accounts	226,802	-	-	-	226,802
Distributions bank accounts	285,228,126	-	-	-	285,228,126
Deposits with banks	273,747,721	-	-	-	273,747,721
Equity investments	-	-	-	1,893,735,461	1,893,735,461
	<b>559,202,649</b>	<b>-</b>	<b>-</b>	<b>1,893,735,461</b>	<b>2,452,938,110</b>
<b>Financial liabilities</b>					
Other financial liabilities	(4,932,008)				(4,932,008)
Payable to shareholders	(284,460,632)	-	-	-	(284,460,632)
	<b>(289,392,640)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(289,392,640)</b>
<b>Net position</b>	<b>269,810,009</b>	<b>-</b>	<b>-</b>	<b>1,893,735,461</b>	<b>2,163,545,470</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**4. Risk management (continued)****(c) Liquidity risk (continued)**

<b>31 December 2023</b>	<b>Less than 1 month</b>	<b>1 to 3 months</b>	<b>3 to 12 months</b>	<b>No fixed maturity</b>	<b>Total</b>
<b>Financial assets</b>					
Cash and current accounts	60,109	-	-	-	60,109
Distributions bank accounts	547,496,881	-	-	-	547,496,881
Deposits with banks	191,368,978	-	-	-	191,368,978
Equity investments	-	-	-	1,784,396,314	1,784,396,314
Non-current assets held for sale	-	432,616,169	-	-	432,616,168
	<b>738,925,968</b>	<b>432,616,169</b>	<b>-</b>	<b>1,784,396,314</b>	<b>2,955,938,451</b>
<b>Financial liabilities</b>					
Other financial liabilities	(22,952,573)	-	-	-	(22,952,573)
Payable to shareholders	(546,457,941)	-	-	-	(546,457,941)
	<b>(569,410,514)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(569,410,514)</b>
<b>Net position</b>	<b>169,515,454</b>	<b>432,616,169</b>	<b>-</b>	<b>1,784,396,314</b>	<b>2,386,527,937</b>

For both 31 December 2024 and 31 December 2023, all financial assets except equity investments and all financial liabilities are considered current as their residual contractual maturity dates are within one year of the reporting dates. The amounts included in the table above at 31 December 2024 and 31 December 2023 are discounted as the difference between the discounted and undiscounted cashflows is immaterial at both dates.

The transaction regarding Engie Romania SA which is further detailed in Note 17 – Non-current assets was completed on 20 February 2024, as such, the participation is presented in the maturity table above in the range of 1 month to 3 months.

**(d) Taxation risk**

The Fund had to comply with the Romanian tax legislation in force and with any direct applicable tax legislation issued by the European Union. Interpretation of the text and practical implementation procedures of the tax regulations could vary, and there is a risk that certain transactions, for example, could be viewed differently by the tax authorities as compared to the Fund's treatment.

Furthermore, the Romanian Government has several agencies that are authorised to conduct audits (controls) of companies operating in Romania. These controls are similar in nature to tax audits performed by tax authorities in many countries and may extend not only to tax matters but to other legal and regulatory matters in which the applicable agency may be interested. It is possible that the Fund will be subject to regular controls as new laws and regulations are issued. The frequent changes of Romanian tax legislation without observing the transparency rules also increase the uncertainty and tax risk.

According to the changes brought to the Fiscal Code by GEO 115/14 December 2023, starting with 1 January 2024, entities showing a tax profit are able to offset only 70% of this tax profit with past tax losses (assuming that tax losses are available for utilization). The remaining 30% of any tax profit is subject to Romanian corporate income tax at the 16%. Please see Note 12 – Income tax and Note 13 – Deferred tax for more information on the impact for the Fund.

According to the changes to Law 296/2023 regarding some fiscal-budgetary measures to ensure Romania's long-term financial sustainability, a minimum corporate tax of 1% on adjusted turnover was payable starting with 1 January 2024. Eligibility criteria for this new minimum tax was set at adjusted turnover above EUR 50 million in the previous fiscal year. The new legislation also provides the calculation method for the new minimum tax. Please see note 12 – Income tax for more information on the impact for the Fund.

## 4. Risk management (continued)

### (d) Taxation risk (continued)

On 30 December 2024, Government Emergency Ordinance no. 156/2024<sup>1</sup> ("GEO 156/2024") was published which significantly modified the Romanian Fiscal Code. The standard dividend withholding tax rate increased from 8% to 10% as of 1 January 2025 however this change is not expected to have an impact on the dividend income of the Fund as all the dividend received in 2024 by the Fund benefited from the holding exemption (i.e. the Fund has held more than 10% of the share capital of the dividend paying entity for at least one year). This exemption was maintained in the new form of the Fiscal Code applicable for 2025.

Also, through GEO no. 156/2024 companies are obliged to pay, under certain conditions, a 1% construction tax on the value of the special constructions existing in the taxpayers' patrimony on 31 December of the previous year, from which the value of the buildings for which the building tax is due is deducted, according to the provisions of Title IX of the Fiscal Code. In the case of constructions of the public/ private domain of the state or of the administrative-territorial units, the tax is due by the taxpayers who have them in administration/ concession/ use free of charge/ rental.

The 1% tax does not have a direct impact on the Fund however the relevant impact for each portfolio holding was included in the valuation reports used in the preparation of these financial statements. Please see Note 5 – financial assets and liabilities valuation and stress test analysis sections for more information as to how the tax impacted the valuation of the portfolio companies.

### (e) Operating environment

Equity markets may be exposed to temporary higher levels of volatility triggered by uncertainty surrounding political events either locally or globally. Commodity markets may experience prolonged volatility given the uncertainty regarding global trade relationships and increasing protectionism.

A significant part of the portfolio operates in the infrastructure sector, where freight and passenger transportation is heavily impacted by the macroeconomic situation which was also adversely impacted by the military conflict between Russia and Ukraine which started in February 2022 and the conflict in the State of Israel. Political uncertainty can have an impact on the Romanian economy and consequently on the Fund's portfolio companies.

According to International Monetary Fund<sup>2</sup>, global growth is expected to remain stable yet underwhelming. At 3.2% in 2024 and 2025, the growth projection is virtually unchanged from last predictions. The latest forecast for global growth five years from now—at 3.1%—remains mediocre compared with the pre-pandemic average.

According to the same report, global headline inflation is expected to fall from an annual average of 6.7 percent in 2023 to 5.8% in 2024 and 4.3% in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. For Romania, the Real GDP growth is expected to rise from 2.1% to 3.5% at the end of year 2029.

Management cannot predict all developments which could have an impact on the Romanian economy and consequently what effect, if any, they could have on the performance of the Fund and its financial statements. Management cannot reliably estimate the effects on the Fund's financial statements of any further deterioration in the liquidity of the financial markets and devaluation of financial assets influenced by the increased volatility in the equity and currency markets.

<sup>1</sup> Emergency Ordinance 156/2024 regarding some fiscal-budgetary measures in the field of public expenditure to lay the basis of the general consolidated budget for 2025

<sup>2</sup> World Economic Outlook Report – October 2024

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**4. Risk management (continued)****(f) Operational risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Fund's processes, service providers, technology and infrastructure, and from external factors other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all the Fund's operations.

The Fund's objective in managing operational risk is to maintain a proper balance between limitation of financial losses and damage to the Fund's reputation and overall cost effectiveness, avoiding control procedures that restrict initiative and creativity.

**(g) Capital management**

The Fund's shareholders' equity comprises share capital, reserves and retained earnings, net of treasury shares. The shareholders' equity was RON 2,162,116,720 at 31 December 2024 (31 December 2023: RON 2,342,179,293).

The Fund is not subject to externally imposed capital requirements.

**5. Financial assets and financial liabilities****Accounting classifications and fair values**

The table below presents the carrying amounts and fair values of the Fund's financial assets and financial liabilities:

<b>31 December 2024</b>	<b>Other financial assets at amortised cost</b>	<b>Fair value through profit or loss</b>	<b>Other financial liabilities at amortised cost</b>	<b>Total carrying amount</b>	<b>Fair value</b>
Cash and current accounts	226,802	-	-	226,802	226,802
Distributions bank accounts	285,228,126	-	-	285,228,126	285,228,126
Deposits with banks	273,747,721	-	-	273,747,721	273,747,721
Equity investments	-	1,893,735,461	-	1,893,735,461	1,893,735,461
Other financial liabilities	-	-	(4,932,008)	(4,932,008)	(4,932,008)
Payable to shareholders	-	-	(284,460,632)	(284,460,632)	(284,460,632)
<b>Total</b>	<b>559,202,649</b>	<b>1,893,735,461</b>	<b>(289,392,640)</b>	<b>2,163,545,470</b>	<b>2,163,545,470</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**5. Financial assets and financial liabilities (continued)****Accounting classifications and fair values (continued)**

<b>31 December 2023</b>	<b>Other financial assets at amortised cost</b>	<b>Fair value through profit or loss</b>	<b>Other financial liabilities at amortised cost</b>	<b>Total carrying amount</b>	<b>Fair value</b>
Cash and current accounts	60,109	-	-	60,109	60,109
Distributions bank accounts	547,496,881	-	-	547,496,881	547,496,881
Deposits with banks	191,368,978	-	-	191,368,978	191,368,978
Equity investments	-	1,784,396,314	-	1,784,396,314	1,784,396,314
Non-current assets held for sale	-	432,616,169	-	432,616,169	432,616,169
Other financial liabilities	-	-	(22,952,573)	(22,952,573)	(22,952,573)
Payable to shareholders	-	-	(546,457,941)	(546,457,941)	(546,457,941)
<b>Total</b>	<b>738,925,968</b>	<b>2,217,012,483</b>	<b>(569,410,514)</b>	<b>2,386,527,937</b>	<b>2,386,527,937</b>

**Fair value hierarchy**

The Fund classifies the fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurement, the levels of the fair value hierarchy being defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the financial investments classified as Level 1, the Fund had adequate information available with respect to active markets, with sufficient trading volume, for obtaining accurate prices.

The level in the fair value hierarchy within which the fair value measurement is classified is determined based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Fund believes that a third-party market participant would consider these factors in pricing a transaction.

If a fair value measurement uses observable inputs that require significant adjustments based on unobservable inputs, that financial instrument is classified on Level 3. Assessing the significance of an input to the fair value measurement in its entirety requires significant judgment, considering factors specific to the asset.

The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The table below presents the fair value amount and hierarchy of financial instruments carried at amortised cost as at 31 December 2024 and as at 31 December 2023:



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**5. Financial assets and financial liabilities (continued)****Fair value hierarchy (continued)**

<b>31 December 2024</b>	<b>Amortised cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and current accounts	226,802	226,802	-	-	226,802
Distributions bank accounts	285,228,126	285,228,126	-	-	285,228,126
Deposits with banks	273,747,721	273,747,721	-	-	273,747,721
Other financial liabilities	(4,932,008)	-	-	(4,932,008)	(4,932,008)
Payable to shareholders	(284,460,632)	-	-	(284,460,632)	(284,460,632)
<b>Total</b>	<b>269,810,009</b>	<b>559,202,649</b>	<b>-</b>	<b>(289,392,640)</b>	<b>269,810,009</b>

<b>31 December 2023</b>	<b>Amortised cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and current accounts	60,109	60,109	-	-	60,109
Distributions bank accounts	547,496,881	547,496,881	-	-	547,496,881
Deposits with banks	191,368,978	191,368,978	-	-	191,368,978
Other financial liabilities	(22,952,573)	-	-	(22,952,573)	(22,952,573)
Payable to shareholders	(546,457,941)	-	-	(546,457,941)	(546,457,941)
<b>Total</b>	<b>169,515,454</b>	<b>738,925,968</b>	<b>-</b>	<b>(569,410,514)</b>	<b>169,515,454</b>

Considering the nature of the amounts (very short maturities and immaterial counterparty credit risk) the carrying amounts approximate the fair value of the instruments presented above.

The table below presents the classification of the financial instruments carried at fair value by fair value hierarchy level, based on the inputs used in making the measurement:

<b>31 December 2024</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity investments:	109,691,495	-	1,784,043,967	1,893,735,462
<i>Infrastructure</i>	-	-	1,416,357,454	1,416,357,454
<i>Salt Mining</i>	-	-	297,480,262	297,480,262
<i>Aluminium</i>	109,691,495	-	-	109,691,495
<i>Heavy industry</i>	-	-	25,550,400	25,550,400
<i>Postal services</i>	-	-	22,327,254	22,327,254
<i>Power generation</i>	-	-	5,972,718	5,972,718
<i>Others</i>	-	-	16,355,878	16,355,878
<b>Total</b>	<b>109,691,495</b>	<b>-</b>	<b>1,784,043,967</b>	<b>1,893,735,461</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**5. Financial assets and financial liabilities (continued)****Fair value hierarchy (continued)**

<b>31 December 2023</b>	<b>Level 1</b>	<b>Level 2*</b>	<b>Level 3</b>	<b>Total</b>
Equity investments:	112,242,460	-	1,672,153,855	1,784,396,314
Infrastructure	-	-	1,235,851,681	1,235,851,681
Salt mining	-	-	318,399,807	318,399,807
Aluminium	112,242,460	-	-	112,242,460
Power generation	-	-	56,840,465	56,840,465
Heavy industry	-	-	28,584,600	28,584,600
Postal services	-	-	17,398,691	17,398,691
Others	-	-	15,078,611	15,078,611
Non-current assets held for sale*	-	432,616,168	-	432,616,168
<b>Total</b>	<b>112,242,460</b>	<b>432,616,168</b>	<b>1,672,153,855</b>	<b>2,217,012,482</b>

\*On 22 December 2023 the Fund and the majority shareholder of the Engie Romania SA, GDF International S.A, entered into an agreement for the sale of the entire shareholding in the company as described below. As such, the Fund has classified this holding as Level 2 as its value has been derived from the agreed upon sale price. The transaction was completed on 20 February 2024.

**Valuation process**

The Fund has an established control framework with respect to the measurement of fair values. This framework includes a valuation department and a valuation committee, both independent of portfolio management which have overall responsibility for fair value measurements. The Fund's Sole Director believes that the fair values of the equity investments presented in these financial statements represent the best estimates based on available information and under the current conditions.

The valuations are based on prevailing market, economic and other conditions at the valuation date and correspond with the current context in the global financial markets. To the extent possible, these conditions were reflected in the valuation. However, the factors driving these conditions can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and on the Fund's portfolio holdings specifically, could impact the estimated fair values in the future, either positively or negatively.

The achievement of the forecasts included in the valuation reports critically depends on the assumptions used, on the specific developments of the portfolio companies' business, on government legislation and, in case of electricity sector, on the decisions regarding the regulated tariffs for electricity distribution as well as on the continuing restructuring process of the power sector. As a result, the current valuation may not have identified, or reliably quantified the impact of all such uncertainties and implications.

The valuation process is performed at least annually by the Fund with support from independent external valuation service providers and has in scope all unlisted and listed illiquid companies, except companies which are in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity which are valued at nil.

The annual valuation process usually starts in the last quarter of each year with new valuation reports being prepared at 31 October (valuation date) which are based on 30 September financial information for each of the companies included in the process. The resulting values are incorporated in the December NAV and also in the Annual Preliminary Report. The Sole Director analyses the events up to 31 December (reporting date) and updates the valuations for companies where significant changes occurred.

On 22 December 2023 the Fund and the majority shareholder of the company, GDF International S.A, entered into an agreement for the sale of the entire holding in Engie Romania SA. The Fund updated the valuation of this holding accordingly. The entire holding was sold on 20 February 2024 – Please see Note 17 Non-current assets held for sale for more information.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**5. Financial assets and financial liabilities (continued)****Valuation process (continued)**

For all companies except Ior SA, Mecon SA Societatea Nationala a Sarii SA and Complexul Energetic Oltenia SA, the valuation reports were prepared as at 31 October 2024 (for 31 December 2023: 31 October 2023), based on the financial information available for the companies under valuation at 30 September 2024 and took into consideration all relevant corporate events up to 31 December 2024.

For Ior SA, although the company is considered illiquid, due to materiality reasons (0.03% of total Level 3 assets) (31 December 2023: 0.1%) , the Fund decided to value the company at market price.

For Mecon SA, which has been valued based on public information, the valuation date is 30 June 2024 (31 December 2023: 30 June 2023). Although the shares of Mecon SA started trading in Q2 2024, this did not result in an active market as defined in IFRS 13 - Valuation at fair value based on the analysis and judgment performed. Therefore, the Fund assessed that the market trades are not representative of the fair value of the holding due to the low volume and did not apply a mark-to-market valuation method. In accordance with the assessment performed and applicable regulations, the holding continued to be valued based on other valuation techniques, namely the valuation report prepared with the assistance of the external valuer.

Based on the result of the analysis performed by the Sole Director, valuation reports were prepared at 31 December 2024 (based on financial information as at that respective date) for Societatea Nationala a Sarii SA and Complexul Energetic Oltenia SA. Total impact compared to previous valuation: RON 66.4 million fair value decrease.

For the following four companies: CN Administratia Porturilor Maritime SA, CN Administratia Canalelor Navigabile SA, CN Administratia Porturilor Dunarii Fluviale SA and CN Administratia Porturilor Dunarii Maritime SA the impact of the 1% building tax brought by GEO 156/2024 was significant and the valuation based on the 31 October 2024 reports was updated to reflect the estimated impact. Total impact compared to previous valuation: RON 21.5 million fair value decrease.

With the assistance of the external valuers, the Fund prepared a subsequent analysis with the purpose of checking if any significant events occurred between the valuation report dates and the authorization of these annual financial statements. For all other holdings, there was no information known or available to the Fund's management which may have significant impact on the fair values of the equity investments as at the reporting date, as they are presented in these annual financial statements.

Considering the economic uncertainties, the risks and the volatility existing in the capital markets, the Fund's Sole Director closely monitors the evolution of the economic environment and the effects of the economic measures on the Fund's portfolio companies. The Fund's Sole Director will perform a periodic analysis of the available portfolio companies' financial information and of multiples values of publicly traded peer companies and will adjust the value of unlisted holdings accordingly, if the case.

The economic uncertainties are expected to continue in the foreseeable future and consequently, there is a possibility that the assets of the Fund are not recovered at their carrying amounts in the ordinary course of business. A corresponding impact on the Fund's profitability cannot be estimated reliably as of the date of these financial statements.

**Valuation process Financial assets measured at fair value – Level 3**

The table below presents the movement in Level 3 equity investments during the year ended 31 December 2024 and the year ended 31 December 2023:

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**5. Financial assets and financial liabilities (continued)****Valuation process Financial assets measured at fair value – Level 3 (continued)**

	12 months ended 31 Dec 2024	12 months ended 31 Dec 2024	12 months ended 31 Dec 2023	12 months ended 31 Dec 2023
	Equity investments	Non-current assets held for sale	Equity investments	Non-current assets held for sale
<b>Opening balance</b>	<b>1,672,153,855</b>	<b>432,616,168</b>	<b>13,582,168,395</b>	<b>-</b>
Net unrealised gain recognised in profit or loss	111,890,112		260,201,628	
Reclassification to non-current assets held for sale (Enel Group)	-		(588,800,000)	588,800,000
Net realised gain/(loss) recognised in profit or loss	-		(1,870,266,600)	61,200,000
Subscriptions to share capital increase of portfolio companies	-		2,678,640	-
Disposals	-	(432,616,168)	(9,281,212,040)	(650,000,000)
Reclassification to non-current assets held for sale measured fair value Level 2 (Engie Romania SA)	-		(432,616,168)	432,616,168
<b>Closing balance</b>	<b>1,784,043,967</b>	<b>-</b>	<b>1,672,153,855</b>	<b>432,616,168</b>

The valuation for the Level 3 equity investments as at 31 December 2024 was prepared as follows:

- 62.06% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the external valuation services provider as at 31 October 2024;
- 20.89% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the external valuation services provider as at 31 October 2024 updated based on the significant events analysis as described above;
- 17.05% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the external valuation services provider as at 31 December 2024;
- 0.03% of the fair value of Level 3 equity investments representing listed but illiquid holdings was determined based on the last available Bucharest Stock Exchange reference price - Considering materiality aspects, IOR SA although considered illiquid, was valued using the market price;
- the holdings in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity were valued at nil.

The valuation for the Level 3 equity investments as at 31 December 2023 was prepared as follows:

- 96.56% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the external valuation services provider as at 31 October 2023;
- 3.40% of the fair value of Level 3 equity investments was determined based on the valuation report updated with the assistance of the external valuation services provider as at 31 December 2023;
- 0.04% of the fair value of Level 3 equity investments representing listed but illiquid holdings was determined based on the last available Bucharest Stock Exchange reference price - Considering materiality aspects, IOR SA although considered illiquid, was valued using the market price;
- the holdings in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity were valued at nil.

## 5. Financial assets and financial liabilities (continued)

### Valuation process Financial assets measured at fair value – Level 3 (continued)

As at 31 December 2024, the fair value for 1.3% of the Level 3 equity investments (31 December 2023: for 2.3% of the Level 3 equity investments) was determined by applying the market comparison technique using comparable trading multiples for Price/Earnings indicators (31 December 2023: for EBITDA and Price/Earnings indicators), while the fair value for almost 98.6% of the Level 3 equity investments (31 December 2023: for almost 97.5% of the Level 3 equity investments) was determined by applying the income approach using the discounted cash flow method.

For Level 3, the equity investments valuations were performed using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs, which ensures that the underlying data is accurate, and that appropriate inputs were used in the valuation.

Significant unobservable inputs are the following:

*Revenue multiple:* is a tool used to appraise businesses based on market comparison to similar public companies. Revenue based business value estimation may be preferred to earnings multiple valuation whenever there is uncertainty regarding some of a company's expenses. The most common tendency is to value a firm based on its sales whenever this number is the most direct indication of a company's earning capacity.

*EBITDA multiple:* represents the most relevant multiple used when pricing investments and it is calculated using information from comparable public companies (similar geographic location, industry size, target markets and other factors that valuers consider to be reasonable). The traded multiples for comparable companies are determined by dividing the enterprise value of a company by its EBITDA and further discounted for considerations such as the lack of marketability and other differences between the comparable peer group and specific company.

*Discount for lack of marketability:* represents the discount applied to the comparable market multiples to reflect the liquidity differences between a portfolio company relative to its comparable peer group. Valuers estimate the discount for lack of marketability based on their professional judgement after considering market liquidity conditions and company-specific factors.

*Discount for lack of control:* represents the discount applied to reflect the absence of the power of control considered under the discounted cash flow method, in order to derive the value of a minority shareholding in the equity of subject companies.

*Weighted average cost of capital:* represents the calculation of a company's cost of capital in nominal terms (including inflation), based on the Capital Asset Pricing Model. All capital sources (shares, bonds and any other long-term debts) are included in a weighted average cost of capital calculation.

*Long-term growth rate (g),* also known as the terminal growth rate, is the rate at which a company's cash flows are expected to grow indefinitely into the future. It represents the long-term sustainable growth that a company can achieve.

*Price/Earnings multiple ("P/E"):* Price/Earnings ratio is a market prospect ratio that calculates the market value of an investment relative to its earnings by comparing the market price per share by the earnings per share. It shows what the market is willing to pay for an investment based on its current earnings. Investors often use this ratio to evaluate what an investment's fair market value should be by predicting future earnings per share.

## 5. Financial assets and financial liabilities (continued)

### Valuation process Financial assets measured at fair value – Level 3 (continued)

*1% building tax brought by OUG 156/2024:* As described in the taxation risk section of Note 4 – Risk management, on 30 December 2024 OUG 156/2024 was published which brought a 1% construction tax on the value of the special constructions existing in the taxpayers' patrimony on 31 December of the previous year. Based on the analysis performed by the Fund with the assistance of the external valuers and also legal consultants which took into account factors such as uncertainties regarding the area of applicability, the calculation method, the measures to be implemented by each of the companies and also possible legal actions to be taken against the change, the Fund estimated that the application of this tax will impact the future net cash flows for only 1 year and this assumption was included in the valuation used in the preparation of the financial statements. Stress tests were prepared for different scenarios which are detailed at the dedicated section below.

For the portfolio company CN Aeroporturi Bucuresti SA a significant unobservable input is linked to the final outcome of the share capital increase process that the company needs to implement by incorporating the plot of land. Assuming the share capital increase is performed at a reasonable valuation of the plot of land, it is the Fund's intention to participate with cash in order to preserve its stake in the holding. The Fund will initiate any necessary legal actions to protect the interest of the shareholders, as needed and depending on the future actions the company will take related to the capital increase process. Please see Note 16 Equity investments – CNAB litigation section for more information.

Fondul Proprietatea is not directly affected by climate related matters. However, Fondul owns holdings in a number of portfolio companies which by the specific of their activity are impacted by climate related matters. The assessment of climate-related factors and their impact on valuation require comprehensive and detailed company-specific data related to a set of environmental, ecological, economic, social and governance factors. The process of reaching a globally accepted set of standards to incorporate ESG considerations into the valuation of a business is still in progress.

For the relevant portfolio companies, based on the information available, under income approach a higher volatility, related to climate factors, was embedded in the market risk starting with December 2023 valuation process. Given the lack of transparency regarding the ESG impact on the portfolio companies and peers' profitability and future growth, generally no adjustments were applied in the market multiples used as within the market approach, as these were deemed to already reflect the investors perspective regarding the companies' profitability and risk related to ESG factors. Please note that at 31 December 2024 the income approach is the main method for most of the portfolio holdings (98.6%) as described below.

The following tables set out information about the significant unobservable inputs used at 31 December 2024 and 31 December 2023 in measuring equity instruments classified as Level 3 in the fair value hierarchy:



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**5. Financial assets and financial liabilities (continued)****Valuation process Financial assets measured at fair value – Level 3 (continued)**

Financial assets	Fair value as at 31 December 2024	Main valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
<b>Total</b>	<b>1,784,043,967</b>			
Unlisted equity instruments and listed illiquid equity instruments	1,758,709,469	Income approach – discounted cash flow method (DCF)	<p>EBIT estimated for each company</p> <p>Weighted average cost of capital ranging from 10.2% - 17.81% (13.24%)</p> <p>Discount for lack of marketability ranging from 11.4% - 16.1% (15.81%)</p> <p>Discount for lack of control: 0% - 26.7% (17.85%)</p> <p>Long-term growth rate: 2.50% - 3% (2.51%)</p> <p>1% building tax brought by OUG 156/2024 applied for 1 year</p>	<p>The higher the EBIT estimates, the higher the fair value.</p> <p>The lower the weighted average cost of capital, the higher the fair value.</p> <p>The lower the discount for the lack of marketability, the higher the fair value.</p> <p>The lower the discount for the lack of control, the higher the fair value.</p> <p>The higher the long-term growth rate, the higher the fair value.</p> <p>The longer the period of applicability of the tax, the lower the fair value.</p>
Unlisted equity instruments	22,327,254	Market approach - comparable companies (based on Price /Earnings multiple)	<p>Price/Earnings value: 7.6</p> <p>Discount for lack of marketability: 22.1%</p>	<p>The higher the Price /Earnings multiple, the higher the fair value.</p> <p>The lower the discount for the lack of marketability, the higher the fair value.</p>
Listed illiquid equity instruments	2,393,632	Asset based approach	Discount for lack of marketability: 30.4%	<p>The lower discount for lack of marketability, the higher the fair value.</p> <p>The asset based approach implies actual financial data obtained for the company (public) based on which quantitative un-observable adjustments are made by the valuers. The significance of the adjustment is directly seen in the resulting value of the company.</p>
Listed illiquid equity instruments	613,612	Bucharest Stock Exchange reference price	These shares are traded infrequently and have little price transparency. Fair values for these equity instruments were considered to be those used in the calculation of the net asset value of the Fund, in accordance with the regulations issued by the Financial Supervisory Authority.	

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**5. Financial assets and financial liabilities (continued)****Valuation process Financial assets measured at fair value – Level 3 (continued)**

Financial assets	Fair value as at 31 December 2023	Main valuation technique	Unobservable inputs range (weighted average)	Relationship of unobservable inputs to fair value
<b>Total</b>	<b>1,672,153,855</b>			
Unlisted equity instruments and listed illiquid equity instruments	1,629,935,366	Income approach – discounted cash flow method (DCF)	EBIT estimated for each company Weighted average cost of capital ranging from 11.4% - 16.91% (12.97%) Discount for lack of marketability ranging from 11.4% - 16.1% (15.77%) Discount for lack of control: 0% - 27% (18.29%) Long-term growth rate: 2.50% - 3% (2.50%)	The higher the EBIT estimates, the higher the fair value. The lower the weighted average cost of capital, the higher the fair value. The lower the discount for the lack of marketability, the higher the fair value. The lower the discount for the lack of control, the higher the fair value. The higher the long-term growth rate, the higher the fair value.
Unlisted equity instruments	21,800,958	Market approach - comparable companies (based on EBITDA multiple)	EBITDA estimated for each company EBITDA multiple: 4.80 Discount for lack of marketability: 16.1%	The higher the EBITDA estimates, the higher the fair value. The higher the EBITDA multiple, the higher the fair value. The lower discount for lack of marketability, the higher the fair value.
Unlisted equity instruments	17,398,691	Market approach - comparable companies (based on Price /Earnings multiple)	Price/Earnings value: 6.09 Discount for lack of marketability: 22.1%	The higher the Price /Earnings multiple, the higher the fair value. The lower the discount for the lack of marketability, the higher the fair value.
Listed illiquid equity instruments	2,389,495	Asset based approach	Discount for lack of marketability: 30.1%	The lower discount for lack of marketability, the higher the fair value. The asset based approach implies actual financial data obtained for the company (public) based on which quantitative un-observable adjustments are made by the valuers. The significance of the adjustment is directly seen in the resulting value of the company.
Listed illiquid equity instruments	629,346	Bucharest Stock Exchange reference price	These shares are traded infrequently and have little price transparency. Fair values for these equity instruments were considered to be those used in the calculation of the net asset value of the Fund, in accordance with the regulations issued by the Financial Supervisory Authority.	

As at 31 December 2024 and 31 December 2023, the Fund's investments in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity are valued at nil.

Although Fund's management believes that its estimates of fair value for these equity investments are appropriate, the use of different methodologies or assumptions could lead to different measurement of fair value.

**Sensitivity analysis**

The sensitivity analysis below was performed for the equity investments representing 97.16% (31 December 2023: 96.3%) of the total unlisted portfolio and considered the most relevant unobservable inputs impacting the holdings values and their reasonable possible variance. The analysis assumes that all other variables remain unchanged.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**5. Financial assets and financial liabilities (continued)****Sensitivity analysis (continued)**

Valuation techniques used	Change in the significant unobservable inputs used in the valuation	Impact on the profit or loss as at 31 December	
		2024	2023
Income approach - discounted cash flow method	EBIT increase by 10%	164,353,587	153,760,689
	EBIT decrease by 10%	(164,367,834)	(152,657,797)
	Weighted average cost of capital increase with 0.50 percentage points	(60,650,000)	(54,660,000)
	Weighted average cost of capital decrease with 0.50 percentage points	67,930,000	61,490,000
	Discount for lack of marketability increase by 10%	(32,390,000)	(30,220,000)
	Discount for lack of marketability decrease by 10%	32,390,000	30,220,000
	Discount for lack of control increase by 10%	(37,980,000)	(36,530,000)
	Discount for lack of control decrease by 10%	37,980,000	36,530,000
	Long-term revenue growth rate increase with 0.50 percentage points	73,700,000	67,400,000
	Long-term revenue growth rate decrease with 0.50 percentage points	(65,790,000)	(59,910,000)

In addition to the analysis presented above, the Sole Director has also prepared the following specific analysis for the most significant unlisted holdings:

Company	Value	% of equity portfolio at 31 December 2024	Significant valuation input
CN Aeroporturi Bucuresti SA	1,033,899,748	54.60%	Passenger traffic
CN Administratia Porturilor Maritime SA	357,699,983	18.89%	Turnover
Societatea Nationala a Sarii SA	297,480,262	15.71%	Net Sales
<b>Total</b>	<b>1,689,079,994</b>	<b>89.19%</b>	

The sensitivity analysis was based on the stress tests analysis performed with the assistance of the of the external valuation services providers KPMG and Darian. The Equity value of the companies considered in the stress test analysis was estimated based on the income approach (DCF methodology).

**a) Changes in Passenger traffic - CN Aeroporturi Bucuresti SA***Assumptions used in Base Case Valuation*

During the forecasted period, up to FY 2029 it is estimated that the company's revenues and traffic will recover up to and exceed levels registered before the COVID 19 outbreak. The assessments are in line with industry forecasts. The increase in traffic is also partially driven by Romania's integration into the Schengen area.

*Scenarios considered and results*

For the purpose of the Stress Test Analysis, in both Low case and High case scenarios the variation in passenger traffic was estimated by considering industry forecasts published in November 2024, regarding global airport passenger traffic, as well as other industry publications and macroeconomic forecasts

For low case the Fund estimates that the value of the holding would decrease by 15.2% whereas in the high case an increase of 16.8% is estimated.

**b) Changes in Turnover - CN Administratia Porturilor Maritime SA***Assumptions used in Base Case Valuation*

For the forecast period up to FY 2029 a steady growth rate is estimated to be registered as the decrease in Ukrainian goods transport recorded in the year 2024 is expected to be replaced by global traffic. The estimation is in line with industry forecasts.

## 5. Financial assets and financial liabilities (continued)

### Sensitivity analysis (continued)

#### *b) Changes in Turnover - CN Administratia Porturilor Maritime SA (continued)*

Furthermore, projected investments plans (investments in infrastructure, such as the modernization of quays and the expansion of transport networks in the port) are expected to have a positive impact leading to an increase in traffic volume which in turn will positively impact total turnover.

#### *Scenarios considered and results*

For high case the analysis took into consideration the fact that the company will achieve the budget for FY 2024 and in the context of the change expected in geopolitical context assumes the company will increase its net sales in real terms during the period FY 2025 -FY 2028, above the expected GDP growth rate and the maritime industry growth rate, heading to an increase in line with industry growth rate in the terminal period.

For low case the analysis maintained the projected turnover for FY 2024 however for the rest of the forecast period, a 50% realization of projected turnover increases was used heading to an increase in line with inflation rate in the terminal period. This assumption implies that the activity of the Constanta Port will remain at the level of FY2024 and that the current geopolitical context will impact long term the economic development of the region, with a slow recovery towards the end of the explicit period.

For low case the Fund estimates that the value of the holding would decrease by 14.6% whereas in the high case an increase of 16.8% is estimated.

#### *c) Changes in Net sales - Societatea Nationala a Sarii SA*

#### *Assumptions used in Base Case Valuation*

For the forecasted period up FY 2026, turnover and sales were forecast based on FY2024 results considering an annual growth rate below forecast inflation. This forecast also takes into consideration that quantities to be sold are expected to increase, especially for chalk, due to increased interest from the largest clients. For the remaining period up to FY 2029 the growth rate was estimated at EIU (Economist Intelligence Unit) forecast levels.

#### *Scenarios considered and results*

Turnover and Revenues from goods for resale for FY2024 were used at the same level for all scenarios in line with their value used in the Base Case Valuation.

For high case, for the period FY2025 – FY2029 the forecast was an increase in line with the inflation rate projected by EIU, thus enabling the Company to maintain its revenue level in real terms

For low case the analysis, a growth rate below the EIU projected inflation rate was maintained for the entire period with FY2025 being adjusted by 1% compared to the Base Case. This scenario leads to a decrease of revenues in real terms, accounting for fierce price competition on the market.

For low case the Fund estimates that the value of the holding would decrease by 18.0% whereas in the high case an increase of 14.7% is estimated.

#### *Changes in period of applicability of the 1% construction tax brought by OUG 156/2024*

A specific stress test analysis was performed at 31 December 2024 for the portfolio companies impacted by the 1% construction tax brought by OUG 156/2024 included in the table below:

#### *Assumptions used in Base Case Valuation*

For the base case valuation, which took into account factors such as uncertainties regarding the area of applicability, the calculation method, the measures to be implemented by each of the companies and also possible legal actions to be taken against the change, the Fund estimated that the application of this tax will impact the future net cash flows for only 1 year.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**5. Financial assets and financial liabilities (continued)****Sensitivity analysis (continued)*****Changes in period of applicability of the 1% construction tax brought by OUG 156/2024 (continued)****Scenarios considered and results*

Two additional scenarios were considered: period of applicability of three years and applicability in perpetuity with the results being shown in the table below:

<b>Company</b>	<b>Base case (31 December 2024 valuation)</b>	<b>% of equity portfolio at 31 December 2024</b>	<b>Impact in valuation for 3 year application period</b>	<b>Impact in valuation for application in perpetuity</b>
CN Administratia Porturilor Maritime SA	357,699,983	18.89%	(23,920,685)	(160,615,034)
CN Administratia Canalelor Navigabile SA	7,603,161	0.40%	(7,603,161)	(7,603,161)
CN Administratia Porturilor Dunarii Fluviale SA	4,563,992	0.24%	(269,927)	(1,591,604)
CN Administratia Porturilor Dunarii Maritime SA	2,898,570	0.15%	(1,013,379)	(2,898,570)
<b>Total</b>	<b>372,765,707</b>	<b>19.68%</b>	<b>(32,807,152)</b>	<b>(172,708,370)</b>

**6. Net gain/(loss) from equity investments at fair value through profit or loss**

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
Net unrealised gain from equity investments at fair value through profit or loss	194,959,958	316,280,361
Net unrealised (loss) from equity investments at fair value through profit or loss	(85,620,811)	(58,265,275)
Realised (loss) from equity investments at fair value through profit or loss	-	(1,870,266,600)
<b>Total</b>	<b>109,339,147</b>	<b>(1,612,251,514)</b>

The amounts presented above refer to the net gain and loss for the period at portfolio holding level.

The net unrealised gain from equity investments at fair value through profit or loss the year ended 31 December 2024 was mainly generated by the change in fair value for the holdings in CN Aeroporturi Bucuresti SA (unrealised gain of RON 156,199,815) and CN Administratia Porturilor Maritime SA (unrealised gain of RON 29,399,399).

The net unrealised gain from equity investments at fair value through profit or loss the year ended 31 December 2023 was mainly generated by the change in fair value for the holdings in CN Aeroporturi Bucuresti SA (unrealised gain of RON 164,699,934), Complexul Energetic Oltenia SA (unrealised gain of RON 56,840,465), CN Administratia Porturilor Maritime SA (unrealised gain of RON 45,299,993) and Societatea Nationala a Sariei SA (unrealised gain of RON 44,699,807).

The net unrealised loss from equity investments at fair value through profit or loss for the year ended 31 December 2024 was mainly generated by the decrease in the fair value of the holding in Complexul Energetic Oltenia SA (unrealised loss of RON 50,867,747), Societatea Nationala a Sariei SA (unrealised loss of RON 20,919,545) and CN Administratia Canalelor Navigabile SA (unrealised loss of RON 7,960,154).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**6. Net gain/(loss) from equity investments at fair value through profit or loss (continued)**

The net unrealised loss from equity investments at fair value through profit or loss for the year ended 31 December 2023 was mainly generated by the decrease in the fair value of the holding in Romaero SA as a result of the financial difficulties registered by the company during 2023, this company becoming insolvent in on 17 January 2024 (unrealised loss of RON 41,974,112). The caption also contains the fair value movement registered for Engie Romania SA prior to its classification as non-current asset held for sale (unrealised loss of RON 8,083,832).

The realised loss from equity investment at fair value through profit or loss for the year ended 31 December 2023 was generated by the negative change in fair value for Hidroelectrica SA following the fair value adjustment to IPO price (RON 1,870,266,600 decrease) prior to the sale of the Fund's entire stake in the company – For more details please see Note 16 – Equity investments.

**7. Gross dividend income**

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
CN Aeroporturi Bucuresti SA	80,369,314	31,486,581
Societatea Nationala a Sarii SA	63,728,624	55,996,590
Hidroelectrica SA	-	867,437,770
CN Administratia Porturilor Maritime SA	-	5,728,126
Others	1,750,986	2,117,861
<b>Total</b>	<b>145,848,924</b>	<b>962,766,928</b>

The dividend income was subject to 8% Romanian withholding tax during the years ended 31 December 2024 and 31 December 2023. In cases where the relevant shareholding of the Fund was above 10% of total share capital of the paying company, for at least one year prior to the dividend payment date, a withholding tax exemption is applied.

According to the Annual Cash Distribution Policy of the Fund, the special cash distributions received from portfolio companies are not subject to Fund's dividend distribution to shareholders. The Sole Director may propose the distribution to shareholders of such amounts after considering the on-going measures imposed through the Investment Policy Statement of the Fund and the Management Agreement. Both these documents can be found on the Funds webpage.

For the purpose of the Annual Cash Distribution Policy of the Fund, the special cash distributions are the amounts distributed by the portfolio companies from other sources than the annual net profit included in the latest annual financial statements. There were no special cash distributions for the year ended 31 December 2024 (year ended 31 December 2023: RON 87,369,624).

**8. Interest income**

The interest income recorded for the year ended 31 December 2024 of RON 34,091,919 was generated through cash placements performed by the Fund under the regular cash management process. A significant part of the income recorded was generated by interest on distribution accounts related to uncollected balances from the September 2023 distribution (see Note 18(a) for more details).

The interest income recorded for the year ended 31 December 2023 of RON 157,467,146 was mainly generated by the cash inflows from Hidroelectrica IPO. The proceeds from this transaction were placed in various short-term instruments for the period between the IPO settlement date and the Payment date of the dividend distribution approved by the shareholders on 18 August 2023, which occurred on 29 September 2023. These instruments included bank deposits, treasury bills and government bonds.

**9. Net realised gain from non-current assets held for sale**

On 14 December 2022 Enel Spa announced that it entered into an exclusivity agreement with Greek company Public Power Corporation (PPC) in relation to the potential disposal of all the equity held by Enel Group in Romania.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**9. Net realised gain from non-current assets held for sale (continued)**

On 14 March 2023 the Fund received a notice from Enel Spa in relation to the exercise by the Fund of the tag along right under the Privatisation Agreement entered into between S.C Electrica SA and Enel on 11 June 2007 relating to the acquisition of and subscription for shares in the subsidiary for Electricity Distribution and Supply Electrica Muntenia Sud SA, in relation to Fondul Proprietatea's shareholding in Enel Energie Muntenia SA and E-Distributie Muntenia SA. The tag along notice is triggered following the entry by Enel and the company PPC into an agreement for the sale of all the equity stakes held by the Enel Group in Romania. As of 31 March 2023, the Fund reclassified, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" requirements, its entire holdings in the companies Enel Energie Muntenia SA, Enel Energie SA, E-Distributie Banat SA, E-Distributie Dobrogea SA, E-Distributie Muntenia SA, as non-current assets held for sale at their total valuation at reclassification date of RON 588,800,000.

On 19 April 2023, the Fund signed a Sale and Purchase Agreement ("SPA") with PPC by which it agreed to sell its entire stake in the Enel group companies for a consideration of RON 650,000,000. The sale was completed on 26 October 2023 – Please see Note 17 – Non-current assets held for sale for further details.

The realised gain in 2023 of RON 61,200,000 from the disposal of the non-current assets held for sale represents the difference between the total proceeds from the disposal (RON 650,000,000.) and the fair value at the reclassification date of the non-current assets held for sale disposed of (RON 588,800,000).

**10. Operating expenses**

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
<b>Transaction costs (vii)</b>	-	<b>242,865,533</b>
<b>Operating expenses, out of which:</b>	<b>37,012,737</b>	<b>224,440,567</b>
FTIS administration fees (i)	19,580,149	202,152,281
Third party services (ii)	11,145,718	9,346,053
FSA monthly fees (iii)	2,086,455	8,844,362
BON remunerations and related taxes (iv)	1,635,488	1,703,556
Fund Manager selection expenses (v)	1,889,251	-
Other Board of Nominees related costs (vi)	497,913	1,000,127
Depositary bank fee	58,787	425,255
Other operating expenses	118,976	968,933
	<b>37,012,737</b>	<b>467,306,100</b>

*(i) FTIS administration fees*

The administration fees include the base fee and the distribution fee. The distribution fee related to dividend distributions to shareholders is recognised through profit or loss while the distribution fee related to the buy-backs is recognised directly in equity as buy-backs acquisition cost.

The administration fees recorded during the year ended 31 December 2024 and the year ended 31 December 2023 are presented in the table below:

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
Base fee	15,863,874	36,785,547
Distribution fee related to dividend distributions to shareholders	3,716,275	165,366,734
<b>Administration fees recognised in profit or loss</b>	<b>19,580,149</b>	<b>202,152,281</b>
Distribution fees related to buy-backs recognised in equity	3,784,809	35,695,074
<b>Total administration fees</b>	<b>23,364,959</b>	<b>237,847,355</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**10. Operating expenses (continued)***(i) FTIS administration fees (continued)*

The decrease in base fee seen between the two periods is due to the fact that the Fund's total market capitalization (calculation base for the fee) significantly decreased following Hidroelectrica IPO proceeds distribution and also due to buybacks performed. The decrease was partially offset by the increase in base fee percentage included in the new Management Agreement which was approved by shareholders during the 26 March 2024 OGSM applicable starting with 1 April 2024 to 31 March 2025 – new base fee: 1.35% compared to previous percentage of 0.45%.

The significant decrease in the dividend distribution fee is due to the fees related to the Hidroelectrica IPO proceeds distribution performed during 2023 which amounted to RON 9,180.2 million generating a distribution fee of RON 160.6 million.

The distribution fees related to buy-backs recognised in equity are included in caption Treasury Shares in the Statement of Financial position for both 31 December 2024 and 31 December 2023. The significant decrease seen between the two periods is mainly related to the decrease in the Fund's share price following the dividend disbursement (Hidroelectrica IPO proceeds) adjustment performed by the Bucharest Stock Exchange (total value of buy-backs being the calculation base for the fee). The price adjustment was performed on 7 September 2023 and resulted in an 81% price drop.

*(ii) Third party services*

Third party services recorded during the year included the following categories of expenses:

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
Legal and litigation assistance expenses	3,962,736	2,745,690
Portfolio valuation services	1,361,361	1,254,903
External audit	980,638	819,701
GSM organization	694,270	314,424
GDR delisting	642,203	-
Tax compliance and tax advisory expenses	565,825	440,344
Regulatory and compliance expenses	519,064	485,841
PR expenses	500,671	863,143
Investors' relations expenses	451,627	839,561
Corporate brokerage fee	406,452	411,964
Other	1,060,870	1,170,482
	<b>11,145,718</b>	<b>9,346,053</b>

Other services mainly include other consultant fees, internal audit fees and software maintenance fees.

During the GSM held on 2 December 2024, the shareholders approved the delisting of the Fund's shares from the London Stock Exchange ("LSE"). The expenses presented in the table above mainly represent legal counsel fees contracted in order to initiate discussions with LSE, address shareholders questions and meet the contractual deadlines for notifications to various parties.

The financial audit fees are recorded in the year they relate to. The financial auditor of Fondul Proprietatea for the financial years ended 31 December 2024 and 31 December 2023 is Ernst & Young Assurance Services SRL. The table below contains information regarding total audit fees for the years ended 31 December 2024 and 31 December 2023.

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
<b>Financial auditor's fee (including VAT)</b>		
Statutory audit	659,139	659,206
Additional audit fees 2023	159,818	-
Non-audit services	161,681	160,496
<b>Total fees</b>	<b>980,638</b>	<b>819,701</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**10. Operating expenses (continued)***(ii) Third party services (continued)*

Additional audit fees for the audit of the financial year ended 31 December 2023, booked in the year 2024 amounting to EUR 27,000 (before VAT) were approved by the Fund's shareholders on 30 April 2024. Non-audit service fees are related to the annual limited assurance report specifically requested by the FSA regarding buy-back programmes funding.

*(iii) FSA monthly fees*

During 2024 and 2023, the FSA fee was 0.0078% per month applied on the total net asset value. The decrease seen between the two periods is due to the fact that the Fund's total net asset value significantly decreased following Hidroelectrica IPO proceeds distribution.

*(iv) BON remunerations and related taxes*

Remunerations and related taxes included the remunerations paid to the members of the Board of Nominees as well as the related taxes and contributions payable to the Romanian State budget (see Note 21 (a) Related parties for further details).

*(v) Fund Manager selection expenses*

Include the fees incurred for the services provided by the selection advisor (Deutsche Numis) pursuant to its appointment in accordance with Resolution no. 14 of 27 September 2024 GSM and other legal advisory fees. Total 2024 budgeted expenses were approved by the shareholders with Resolution no. 15 of 27 September 2024 GSM. For more details please see Note 1 – General information.

*(vi) Other BON related costs*

Other costs incurred by the Fund in relation to the members of the Board of Nominees comprised:

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
Professional insurance costs	243,564	414,988
Advisory services	85,259	89,097
Other costs (accommodation, transport, meals, etc.)	169,090	496,042
	<b>497,913</b>	<b>1,000,127</b>

*(vii) Transaction costs*

For the year ended 31 December 2023, these costs were mainly related to costs for the listing of Hidroelectrica SA and include bank, legal and other consultant fees.

**11. Finance cost**

On 17 May 2023, for cash management purposes, the Fund entered into a short-term loan facility agreement with BRD – Groupe Societe Generale SA for a total committed amount of RON 284,000,000. The amounts presented in this category for the year ended 31 December 2023 represent the commitment fee charged by the credit institution for this facility. The utilisation period for this facility ended on 30 June 2023 and the final maturity of the facility was on 31 July 2023 – no amounts were drawn by the Fund.

There were no loan facilities contracted during the year ended 31 December 2024.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**12. Income tax**

The tables below show a reconciliation of the tax expense registered by the Fund during the year ended 31 December 2024 and the year ended 31 December 2023.

	Year ended 31 December 2024	Year ended 31 December 2023
<b>Reconciliation of effective tax rate</b>		
Net profit/(loss) for the year	251,532,842	(904,097,086)
Income tax based on taxable profits	(1,763,416)	-
Withholding tax on the dividend income	-	(6,980,407)
<b>Profit/(Loss) excluding income tax</b>	<b>253,296,259</b>	<b>(897,116,679)</b>

<b>Income tax expense/ (benefit) using the standard tax rate (16%)</b>	<b>40,527,401</b>	<b>(143,538,669)</b>
Impact on the income tax of:		
Non-taxable income (other than dividend income)	(52,765,229)	(1,694,222,139)
Non-taxable dividend income	(23,335,828)	(147,062,301)
Non-deductible expenses	41,451,711	2,016,608,781
Fiscal result impact in the current year considering the available for use brought forward fiscal loss	(4,114,640)	(24,805,264)
<b>Income tax based on taxable profits</b>	<b>1,763,416</b>	<b>-</b>
<b>Withholding tax on the dividend income</b>	<b>-</b>	<b>6,980,407</b>

In addition to the amount charged to profit or loss, the following amounts relating to current income tax have been recognised directly in equity:

	Year ended 31 December 2024	Year ended 31 December 2023
Impact on the income tax of:		
Elements similar to revenues (taxable equity items)	37,618,946	9,135,678
Fiscal result impact in the current year considering the available for use brought forward fiscal loss (70%)	(26,333,261)	(9,135,678)
<b>Tax on equity items, of which related to:</b>	<b>11,285,684</b>	<b>-</b>
<i>Taxable legal reserve reduction</i>	<i>10,544,995</i>	<i>-</i>
<i>Dividends with statute of limitation declared</i>	<i>740,688</i>	<i>-</i>

Starting with 1 January 2024, entities showing a tax profit are able to offset only 70% of this tax profit with past tax losses. The remaining 30% of any tax profit is subject to Romanian corporate income tax at the 16% rate.

The fiscal result impact as at 31 December 2024 of RON 30,447,902 (RON 4,114,640 for profit and loss and RON 26,333,261 for equity from the tables above) represents the utilizable amount at 31 December 2024 of the brought forward fiscal loss as per the legislative change presented above.

The fiscal result impact as at 31 December 2023 of RON 33,940,944 (RON 24,805,264 for profit and loss and RON 9,135,678 for equity from the tables above) represents the current tax on profit for the year ended 31 December 2023 which was offset by the Fund's tax losses carried forward.

During the 30 April 2024 GSM, the shareholders approved the decrease of the Fund's share capital by RON 1,098,437,022.28, from RON 2,947,779,186.56 to RON 1,849,342,164.28, pursuant to the cancellation of 2,112,378,889 own shares acquired by Fondul Proprietatea during 2023 through the 14th buy-back programme- See Note 19(a) for more details. After all legal steps were performed, the reduction was completed on 30 August 2024 when the then legal reserve of RON 589,555,837.31 represented 31.88% of the new share capital. The difference between this amount and RON 369,868,433 which represented 20% of the new share capital (difference of RON 219,687,404) was considered taxable income from a fiscal point of view.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**12. Income tax (continued)**

According to IAS 12 requirements, the accounting for the current and deferred tax effects of a transaction or other event is consistent with the accounting for the transaction or event itself. As such, the corresponding income tax that resulted from the reduction in share capital was also recorded directly in retained earnings (RON 10,544,995 from the table above).

Also, during year ended 31 December 2024, the statute of limitations for three dividend distributions occurred and, as such, the Fund transferred the related amounts (total RON: 15,431,009) back to the retained earnings to be at the disposal of the shareholders for future use. Considering the IAS 12 requirements stated above, this booking also generated income tax in amount of RON 740,688 as seen in the table above, which was recorded directly to retained earnings.

Non-taxable income and non-deductible expenses are mainly generated by fair value gains / losses and by dividend income related to the equity portfolio companies in which the Fund has held more than 10% stake for more than one year continuously.

As at 31 December 2024 the Fund has an income tax due to the State Budget in amount of RON 513,479 (31 December 2023; RON 0).

According to the changes to Law 296/2023 regarding some fiscal-budgetary measures to ensure Romania's long-term financial sustainability, a new minimum corporate tax of 1% on adjusted turnover was payable starting with 1 January 2024. Eligibility criteria for this new minimum tax was set at adjusted turnover above EUR 50 million in the previous fiscal year. Based on the analysis performed, the Fund falls outside the area of applicability of the minimum tax for the financial year ended on 31 December 2024. Furthermore based on the adjusted turnover for the year ended 31 December 2024, the Fund is expected to continue to fall outside the applicability area of the tax in financial year which will end on 31 December 2025.

See Note 13 Deferred tax for details regarding the deferred tax computation and recognition.

**13. Deferred tax**

As at 31 December 2024 and 31 December 2023 there is no temporary difference between the carrying amount and tax base of assets and liabilities that could result in amounts that are deductible/ taxable when determining taxable profit or tax loss of future periods. In consequence, as at 31 December 2024 and 31 December 2023, the net deferred tax position is nil as the Fund did not recognise any deferred tax asset or deferred tax liability.

As at 31 December 2024 the unused fiscal loss carried forward amounts to RON 294,748,307, out of which RON 98,094,512 will expire on 31 December 2027 and RON 196,653,795 will expire on 31 December 2029.

As at 31 December 2023 the unused fiscal loss carried forward amounts to RON 485,047,689, out of which RON 288,393,894 was to expire on 31 December 2027 and RON 196,653,795 was to expire on 31 December 2029.

There was no movement in the deferred tax position during the year ended 31 December 2024 and year ended 31 December 2023. The deferred tax balances during both these years were zero.

**14. Basic and diluted earnings/ (loss) per share**

Basic earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary paid shares in issue during the year, excluding the average number of ordinary shares purchased by the Fund and held as treasury shares (based on their settlement date). As at 31 December 2024 and 31 December 2023, none of the Fund's issued shares or other instruments had dilutive effect, therefore basic and diluted earnings per share are the same.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**14. Basic and diluted earnings/ (loss) per share (continued)**

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
Profit/(Loss) for the year	251,532,566	(904,097,086)
Weighted average number of ordinary shares	3,439,868,300	5,289,087,696
<b>Basic and diluted earnings/ (loss) per share</b>	<b>0.0731</b>	<b>(0.1709)</b>

**15. Cash and current accounts, deposits with banks and distribution accounts**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Petty cash	-	416
Current accounts with banks	226,802	59,693
<b>Cash and current accounts</b>	<b>226,802</b>	<b>60,109</b>

	<b>31 December 2024</b>	<b>31 December 2023</b>
Distributions bank accounts	284,442,572	546,066,907
Interest accrued on distributions bank accounts	785,554	1,429,974
<b>Distribution bank accounts</b>	<b>285,228,126</b>	<b>547,496,881</b>

	<b>31 December 2024</b>	<b>31 December 2023</b>
Bank deposits with original maturities of less than three months	273,536,175	191,272,158
Interest accrued on bank deposits	211,546	96,820
<b>Deposits with banks</b>	<b>273,747,721</b>	<b>191,368,978</b>

The cash held in the distributions bank accounts can only be used for payments to shareholders. Such payments are subject to a general statute of limitation, respectively the shareholders may request the payments only within a three-year term starting with the distribution payment date, except for specific instances that are individually assessed. Please see Note 3 – Material accounting policies (e) Cash, current accounts and deposits with banks.

**16. Equity investments**

All Fund's equity investments are classified at fair value through profit or loss.

The equity instruments of the Fund are valued at fair value as follows:

- At fair value, determined either by reference to published prices on the stock exchange where shares are traded (listed and liquid securities) or assessed using valuation techniques in accordance with International Valuation Standards (unlisted and listed illiquid securities);
- Valued at nil, for holdings in companies in liquidation, dissolution, bankruptcy, insolvency, judicial reorganisation or which ceased their activity.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**16. Equity investments (continued)****Portfolio**

As at 31 December 2024 and 31 December 2023 the Fund's portfolio comprised the following holdings:

	<b>31 December 2024</b>	<b>31 December 2023</b>
CN Aeroporturi Bucuresti SA	1,033,899,748	877,699,934
Administratia Porturilor Maritime SA	357,699,983	328,299,993
Societatea Nationala a Sariei SA	297,480,262	318,399,807
Alro SA	109,691,495	112,242,460
Zirom SA	25,550,400	28,584,600
Posta Romana SA	22,327,254	17,398,691
Alcom SA	10,213,272	10,071,875
CN Administratia Canalelor Navigabile SA	7,603,161	15,563,316
Complexul Energetic Oltenia SA	5,972,718	56,840,465
Engie Romania SA	-	432,616,168
Other	23,297,168	19,295,174
<b>Total equity investments</b>	<b>1,893,735,461</b>	<b>2,217,012,482</b>
Reclassified as non-current assets held for sale	-	<b>(432,616,168)</b>
<b>Total equity investments as per statement of financial position</b>	<b>1,893,735,461</b>	<b>1,784,396,314</b>

None of the equity investments are pledged as collateral for liabilities.

As 31 December 2024 and 31 December 2023 the Fund had the following subsidiaries, all of which are incorporated in Romania:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Zirom SA	25,550,400	28,584,600
Alcom SA	10,213,272	10,071,875
	<b>35,763,672</b>	<b>38,656,475</b>

As 31 December 2024 and 31 December 2023 the Fund had two associates, both incorporated in Romania:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Societatea Nationala a Sariei SA	297,480,262	318,399,807
Plafar SA	3,135,362	1,987,896
	<b>300,615,624</b>	<b>320,387,703</b>

Please see Note 21 (b) and (c)– Related parties for information on the transactions and balances registered with these companies

The movement in the carrying amounts of equity investments at fair value through profit or loss during the year ended 31 December 2024 and the year ended 31 December 2023 is presented below:

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
<b>Opening balance</b>	<b>1,784,396,314</b>	<b>13,696,597,396</b>
Net gain/(loss) from equity investments at fair value through profit or loss (see Note 6)	109,339,147	(1,612,251,514)
Subscriptions to share capital increase of portfolio companies	-	2,678,640
Disposals (see below)	-	(9,281,212,040)
Reclassification to non-current assets held for sale (See Note 17)	-	(1,021,416,168)
<b>Closing balance</b>	<b>1,893,735,461</b>	<b>1,784,396,314</b>

## 16. Equity investments (continued)

### *Listing of Hidroelectrica SA*

On 5 July 2023, the Fund announced its agreement to sell 89,708,177 shares, representing 19.94% of Hidroelectrica SA total issued share capital. On 10 July the Fund received gross proceeds of RON 8,064,301,072 (excluding any Over-Allotment Option) for the initial sale of 78,007,110 shares. The Stabilisation Period ended on 19 July 2023, following the notification received by the Fund according to the details presented in the current report published on the same date. Further to this, on 21 July 2023, the Fund collected the additional gross proceeds in the amount of RON 1,216,910,968 for the sale of the remaining 11,701,067 shares.

For a detailed description of Hidroelectrica IPO please see the Annual Sole Director's Report for the Financial Year Ended 31 December 2023.

Following the completion of the transaction mentioned above, the Fund did not hold any shares in Hidroelectrica SA.

### *CN Aeroporturi Bucuresti SA ("CNAB") litigation*

#### Details regarding share capital increase

On 7 March 2024 the Bucharest Court of Appeal admitted the appeal filed by the Fund, annulling Resolution no. 15/ 26 October 2021 of CN Aeroporturi Bucuresti SA GSM for the approval of a share capital increase with the plots of land inside Baneasa airport, brought as Romanian State's contribution in kind to the company's share capital. Decision no. 373/7 March 2024 issued by the Bucharest Court of Appeal is final. On 27 January 2025, the Bucharest Court of Appeal also issued the reasoning of Decision no. 373/7 March 2024.

In addition to the main litigation described above, the Fund has also entered into the following court proceedings in order to protect the shareholders' interests:

- Opposition against the registration of EGM Resolution no. 15/26.10.2021 with the Trade Register - on 11 February 2022, the Ilfov Court has suspended the opposition pending a final decision in the main file; the Fund has submitted a request for the file to be reinstated on the docket; at the 8 November 2024 hearing, the court reinstated the file on the docket. On 13 December 2024, the Court admitted the opposition filed by the Fund and the request for registration of EGM Resolution no. 15/26.10.2021 with the Trade Register was dismissed. The decision is subject to appeal within 30 days from the date of communication - the Fund was communicated the decision of the Ilfov Court on 24 February 2025;
- Action against the Certificates of attestation of the right of ownership (RO: "Certificate de atestare a dreptului de proprietate"); on 10 October 2024 the court decided to suspend the proceedings pending a plea of unconstitutionality raised by the Fund with regard to certain provisions from the Contentious administrative Law no. 554/2004; the plea of unconstitutionality is currently pending with the Constitutional Court;
- Action against the valuation report issued by ANG Consulting SRL - on 20 February 2024, the judge decided that another specialised section of the same Court is entitled to have jurisdiction on solving the case; the first hearing before the new specialised section was on 10 December 2024 when the Court acknowledged, in principle, the intervention of CN Aeroporturi Bucharest as an accessory intervention; the defendant Ministry of Transport invoked the exception of lack of interest. The Court postponed ruling on the exception until the reasoning of the decision in the file regarding the share capital increase (i.e., file no. 2779/93/2021), considering that the outcome will depend on the reasoning within the aforementioned file. At the hearing on 18 February 2025, the Ministry and CNAB raised again the plea of lack of interest by reference to the court reasoning in the annulment file of EGM Resolution no. 15/26.10.2021 and GEO no. 26/2023, and the court instructed them to file clarifications in writing; the next hearing is scheduled for 15 April 2025;

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**16. Equity investments (continued)*****CN Aeroporturi Bucuresti SA ("CNAB") litigation (continued)***

- Action for annulment of the EGM Resolution no. 14/24.09.2019 for the annulment of the decision based on which ANG Consulting SRL performed the valuation; at the 5 November 2024 hearing the parties pleaded on the merits of the case and the court has deferred a decision for the 10 January 2025. On 10 January 2025, the Court rejected, as unfounded, the plea of belatedness and the plea of lack of interest in filing the action, raised by both Romanian State through the Ministry of Transport and Infrastructure, and CN Aeroporturi Bucuresti SA. The Court also rejected, as unfounded, the action for annulment of the EGM Resolution no. 14/24.09.2019 filed by the Fund. The decision is subject to appeal within 30 days from the date of communication.

***Valuation of CN Aeroporturi Bucuresti SA***

For 31 December 2024 and 31 December 2023 reporting purposes, the Fund's holding in CN Aeroporturi Bucuresti SA was valued using the same assumptions and valuation methodology as in the previous valuation reports prepared during 2023 meaning that, assuming the share capital increase is performed at a reasonable valuation of the plot of land, it is the Fund's intention to participate with cash in order to preserve its stake in the holding. The Sole Director will analyse the future actions of CN Aeroporturi Bucuresti SA and their potential impact on the valuation of the company.

**17. Non-current assets held for sale**

	Year ended 31 December 2024	Year ended 31 December 2023
<b>Opening balance</b>	<b>432,616,168</b>	-
Reclassification to non-current assets held for sale (Enel group)	-	588,800,000
Net realised gain from non-current assets held for sale at fair value through profit or loss	-	61,200,000
Disposals	(432,616,168)	(650,000,000)
Reclassification to non-current assets held for sale (Engie Romania SA)	-	432,616,168
<b>Closing balance</b>	<b>-</b>	<b>432,616,168</b>

On 11 December 2023 The Fund received a binding offer from GDF International SA, the majority shareholder of Engie Romania SA, in relation to a potential sale of Fondul Proprietatea entire shareholding in Engie Romania SA, for a consideration of EUR 87 million.

Furthermore to the information presented above, The Fund and the majority shareholder entered on 22 December 2023 into an agreement for the sale of the entire shareholding in Engie Romania SA in exchange for a total consideration of RON 432,616,168.

Considering that all the requirements set forth in IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" were met, the Fund classified the holding as a non-current asset held for sale and was presented as such in the annual financial statements for the year ended 31 December 2023. The transaction was finalised on 20 February 2024. All proceeds have been collected and the Fund does not hold any shares in Engie Romania SA as at 31 December 2024.

On 19 April 2023, the Fund, as seller, and PPC, as buyer, have concluded an agreement for the sale of all the equity stakes held by the Fund in E-Distributie Muntenia SA, Enel Energie Muntenia SA, E-Distributie Dobrogea SA, E-Distributie Banat SA, and Enel Energie SA in exchange for a total consideration of RON 650,000,000. The SPA was concluded following the entry by Enel Spa and PPC into the agreement for the sale of all the equity stakes held by the Enel Group in Romania.

For a detailed description of Enel Group companies transaction please see the Annual Sole Director's Report for the Financial Year Ended 31 December 2023.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**18. Liabilities****(a) Payable to shareholders**

Total dividends payable at 31 December 2024 amount to RON 284,460,632 (31 December 2023: RON 546,457,941).

Dividends payable at 31 December 2024 and 31 December 2023 are mostly related to the distribution approved by the Fund's shareholders on 18 August 2023 by which the Hidroelectrica IPO proceeds were distributed - 84% out of total dividends payable (31 December 2023: 85%).

The movement during the year is presented in the table below:

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Opening balance</b>	<b>546,457,941</b>	<b>74,166,644</b>
Gross distributions approved during the year out of which	212,452,479	9,450,090,560
-Annual dividends	-	269,837,832
-Special dividends	212,452,479	9,180,252,728
Payments of net distributions (dividends) performed from the dedicated bank accounts	(443,616,680)	(8,233,176,892)
Withholding tax payable to state budget	(15,402,100)	(744,605,695)
Distributions for which the statute of limitation occurred	(15,431,010)	(16,676)
<b>Closing balance</b>	<b>284,460,632</b>	<b>546,457,941</b>

The decrease seen in the year ended 31 December 2024 compared to the year ended 31 December 2023 is due to the RON 1.7225 gross special dividend per share approved by the shareholders on 18 August 2023 from the gross proceeds of the Hidroelectrica SA IPO.

During year ended 31 December 2024, the statute of limitations for three dividend distributions occurred and, as such, the Fund transferred the related liabilities (total RON: 15,431,010) to retained earnings to be at the disposal of the shareholders for future use.

**(b) Other liabilities and provisions**

	<b>31 December 2024</b>	<b>31 December 2023</b>
FTIS Administration fees	3,450,577	21,297,284
Tax on dividends due to State Budget	976,505	44,149,354
Income tax payables	513,479	-
Financial Supervisory Authority fees	165,213	188,014
Other liabilities	1,630,609	1,694,268
	<b>6,736,383</b>	<b>67,328,920</b>

The Administration fee payables recorded at 31 December 2024 mainly relate to the base fee for the fourth quarter of 2024.

The FTIS Administration fees at 31 December 2023 relate mainly to the distribution fee recorded following the finalisation on 5 December 2023 of the public tender offer through which the Fund bought back 1,670,000,000 shares in the form of shares and share equivalent GDRs. These amounts were paid during the year ended 31 December 2024.

For 31 December 2024 other liabilities caption mainly include accruals for the fees due to various advisors which are assisting the Fund with the GDR delisting process, portfolio valuation services and other services received by the Fund.

For 31 December 2023 other liabilities caption comprises mainly accruals recorded for fees due to The Bank of New York Mellon (tender offer and GDR cancelation fee), portfolio valuation services related accruals and other accruals related to the services received by the Fund.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**19. Shareholders' equity****(a) Share capital**

The movement in the paid share capital is presented below:

	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
<b>Opening balance</b>	<b>2,947,779,187</b>	<b>3,233,269,111</b>
Cancellation of treasury shares	(1,098,437,023)	(285,489,924)
<b>Closing balance</b>	<b>1,849,342,164</b>	<b>2,947,779,187</b>

During the year ended 31 December 2024, the paid in share capital of the Fund decreased by RON 1,098,437,022.28 following the cancellation on 30 August 2024 of 2,112,378,889 own shares acquired by Fondul Proprietatea during 2023 through the fourteenth buy-back programme.

During the year ended 31 December 2023, the paid in share capital of the Fund decreased by RON 285,489,924 following the cancellation on 12 October 2023 of 549,019,085 treasury shares acquired by the Fund during 2022 within the thirteenth buy-back programme.

The table below presents the Fund's shares balance and their nominal value:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Number of shares in issue	3,556,427,239	5,668,806,128
Number of paid shares	3,556,427,239	5,668,806,128
Nominal value per share (RON)	0.52	0.52

The shareholders structure as at 31 December 2024 was as follows:

<b>Shareholder categories</b>	<b>31 December 2024</b>		<b>31 December 2023</b>	
	<b>% of subscribed and paid share capital</b>	<b>% of voting rights</b>	<b>% of subscribed and paid share capital</b>	<b>% of voting rights</b>
Romanian private individuals	50.92%	56.58%	23.42%	37.32%
Romanian institutional investors	16.01%	17.79%	24.41%	38.91%
Romanian State	10.42%	11.57%	6.53%	10.42%
Foreign institutional investors	6.21%	6.90%	2.93%	4.67%
Foreign private individuals	4.92%	5.47%	3.25%	5.18%
The Bank of New York Mellon (depository for the Fund's GDRs)	1.52%	1.69%	2.20%	3.50%
Treasury shares	10.00%	0.00%	37.26%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Depozitarul Central SA (Central Depository)

**(b) Other reserves**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Legal reserve (i)	369,868,433	646,653,823
Other reserves (ii)	-	908,845,064
Losses from cancellation of treasury shares (negative equity reserves) (iii)	(774,756,258)	(908,845,064)
Distributions for which the statute of limitation occurred	-	151,946
	<b>(404,887,825)</b>	<b>646,805,769</b>

(i) As required by the Romanian Companies' Law, a minimum 5% of the profit for the year must be transferred to the legal reserve until the reserve equals at least 20% of the issued share capital. The legal reserve cannot be used for distributions to shareholders.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**19. Shareholders' equity (continued)****(b) Other reserves (continued)**

During the 30 April 2024 meeting, the shareholders approved the decrease of the legal reserve of Fondul Proprietatea by RON 57,097,985.69 from RON 646,653,823.00 representing 21.94% of the share capital to RON 589,555,837.31 representing 20.00% of the share capital.

During the same GSM the shareholders approved a further decrease of the legal reserve by RON 219,687,404.45 from RON 589,555,837.31 to RON 369,868,432.86, representing 20.00% of the share capital value after the implementation and effectiveness of the share capital decrease mentioned at point a) above.

Following the decreases, the corresponding amount was transferred to retained earnings to be available for future use by shareholders.

During the 21 April 2023 meeting, the shareholders approved the decrease of the legal reserve of Fondul Proprietatea by RON 20,214,661.57 from RON 666,868,485 representing 20.63% of the share capital to RON 646,653,823 representing 20.00% of the share capital. Following the decrease, the corresponding amount was transferred to retained earnings to be available for future use by shareholders.

As at 31 December 2024 the legal reserve amount represented 20% of the value of the issued share capital.

(ii) The amounts allocated to other reserves are to be used to cover the losses (negative reserves) recorded from cancellation of shares acquired through the buy-back programmes.

During 2024 no amounts were allocated to other reserves to be used for covering the negative reserves booked following the cancellation of treasury shares acquired during 2023 through the fourteenth buy-back programme.

During the GSM held on 21 April 2023, the Fund's shareholders also approved the allocation to other reserves of an amount of RON 908,845,064 from the 2022 net audited accounting profit to be used for covering the negative reserves estimated to arise in 2023 from the cancellation of treasury shares acquired during 2022 through the thirteenth buy-back programme.

During the GSM held on 30 April 2024, the Fund's shareholders approved to cover, from Other reserves, the negative reserves of RON 908,845,064 incurred in 2023 financial year as mentioned above.

(iii) Losses from cancellation of treasury shares comprise the negative reserves related to the losses on the cancellation of treasury shares acquired at an acquisition value higher than the nominal value. These amounts will be covered from the other reserves specifically set up for this purpose (described at point (ii)) or other sources and in accordance with the resolution of the General Shareholders Meeting.

All buy-backs performed at an acquisition price higher than the nominal value generate negative reserves.

The table below shows the changes in other reserves and negative reserves, from the main category of Other reserves, recorded as result of the GSM decisions taken during the year ended 31 December 2024:



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**19.Shareholders' equity (continued)****(b) Other reserves (continued)**

	<b>Other reserves</b>	<b>Losses from cancellation of treasury shares</b>
<b>1 January 2024</b>	<b>908,845,064</b>	<b>(908,845,064)</b>
Coverage of the negative reserve balance existing as at 31 December 2023 from other reserves, according to Resolution no.6 of 30 April 2024 Ordinary General Shareholders' Meeting	(908,845,064)	908,845,064
Negative equity reserve arising on the cancellation of shares acquired during the 14 <sup>th</sup> buy-back programme (recorded on 30 August 2024) according to share capital decrease Resolution no. 3 of 30 April 2024 Extraordinary General Shareholders' Meeting	-	(774,756,258)
<b>31 December 2024</b>	<b>-</b>	<b>(774,756,258)</b>

The table below shows the changes in other reserves and negative reserves, from the main category of Other reserves, recorded as result of the GSM decisions taken during the year ended 31 December 2023:

	<b>Other reserves</b>	<b>Losses from cancellation of treasury shares</b>
<b>1 January 2023</b>	<b>230,576,693</b>	<b>(230,576,693)</b>
Coverage of the negative reserve balance existing as at 31 December 2022 from other reserves, according to Resolution no.2 of 21 April 2023 Ordinary General Shareholders' Meeting	(230,576,693)	230,576,693
Allocation to other reserves from 2022 net audited accounting profit of amounts which will be used to cover the negative reserves arising from the cancelation of shares acquired during the 13 <sup>th</sup> buy-back programme according to Resolution no. 3 of 21 April 2023 Ordinary General Shareholders' Meeting	908,845,064	-
Negative equity reserve arising on the cancellation of shares acquired during the 13 <sup>th</sup> buy-back programme (recorded on 12 October 2023) according to share capital decrease Resolution no. 2 of 21 April 2023 Extraordinary General Shareholders' Meeting	-	(908,845,064)
<b>31 December 2023</b>	<b>908,845,064</b>	<b>(908,845,064)</b>

**(c) Treasury shares**

The table below summarises the details regarding the fifteenth buy-back programme, respectively the buy-back programme which was carried out during 2024:

<b>Program</b>	<b>GSM date approving the buy-back programme</b>	<b>Starting date</b>	<b>Completion date</b>	<b>Acquisition price range as approved by GSM</b>
<b>Fifteenth buy-back</b>	13-Feb-2024	Resolution publishing date in the Official Gazette of Romania, Part IV (26 February 2024)	31-Dec-2024	0.2 – 1 RON per share

The fifteenth buy-back programme refers to the acquisition by the Fund of a maximum number of 1,000,000,000 shares and/or equivalent global depository receipts corresponding to the Fund's shares.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**19.Shareholders' equity (continued)****(c) Treasury shares (continued)**

On 25 June 2024, Emergency Government Ordinance no. 71/2024<sup>3</sup> was issued which limits buy-back operations to only once during a financial year, up to a maximum of 10% of the share capital (which for the year ended 31 December 2024 was 355,642,723 shares).

On 4 September 2024, the FSA approved the public tender offer submitted by the Fund by which 269,000,000 shares were to be bought back in the form of shares and/or global depositary receipts which represent the shares at a purchase price of RON 0.6622 per share and the USD equivalent of RON 33.1100 per GDR. Subscription period was set between 11 September 2024 and 25 September 2024 and the allocation method set was pro-rata.

On 25 September the Fund announced the completion of the tender offer with total subscriptions amounting to 1,845,722,562 shares representing 686.1422% of the offer (1,753,249,562 were subscribed in the form of shares and 92,473,000 shares in the form of global depositary receipts which represent the shares, namely 1,849,460 GDRs). The settlement of the offer was finalised on 30 September 2024.

Considering the legislative change mentioned above, on 8 October the Fund performed the final trade within the fifteenth buy-back programme, reaching the regulatory limit.

During the GSM held on 2 December 2024 the shareholders approved the decrease of subscribed and paid-up share capital of Fondul Proprietatea by RON 184,934,215.96, from RON 1,849,342,164.28 to RON 1,664,407,948.32, pursuant to the cancellation of 355,642,723 own shares acquired by Fondul Proprietatea during 2024 through the 15th buy-back programme as described above. The reduction is expected to be performed during the year 2025, after all legal steps have been performed.

The movement in the number of treasury shares (including the equivalent shares of GDRs bought-back) during the years ended 31 December 2024 and 31 December 2023 is presented in the tables below:

<b>Year ended 31 December 2024</b>	<b>Treasury shares number - opening balance</b>	<b>Acquisitions during the year</b>	<b>Cancellations during the year</b>	<b>Treasury shares number - closing balance</b>
<b>Fourteenth buy-back</b>	2,112,378,889	-	(2,112,378,889)	-
<b>Fifteenth buy-back</b>	-	355,642,723	-	355,642,723
	<b>2,112,378,889</b>	<b>355,642,723</b>	<b>(2,112,378,889)</b>	<b>355,642,723</b>

<b>Year ended 31 December 2023</b>	<b>Treasury shares number - opening balance</b>	<b>Acquisitions during the year</b>	<b>Cancellations during the year</b>	<b>Treasury shares number - closing balance</b>
<b>Thirteen buy-back</b>	549,019,085	-	(549,019,085)	-
<b>Fourteenth buy-back</b>	-	2,112,378,889	-	2,112,378,889
	<b>549,019,085</b>	<b>2,112,378,889</b>	<b>(549,019,085)</b>	<b>2,112,378,889</b>

The movement of treasury shares carrying amounts during the years ended 31 December 2024 and 31 December 2023 is presented in the tables below:.

<b>Year ended 31 December 2024</b>	<b>Opening balance</b>	<b>Cost of treasury shares acquired</b>	<b>Cancellation of treasury shares</b>	<b>Closing balance</b>
<b>Fourteenth buy-back</b>	1,873,193,280	-	(1,873,193,280)	-
<b>Fifteenth buy-back</b>	-	223,287,982	-	223,287,982
	<b>1,873,193,280</b>	<b>223,287,982</b>	<b>(1,873,193,280)</b>	<b>223,287,982</b>

<sup>3</sup> Emergency Government Ordinance 71/2024 for the amendment and completion of some normative acts, as well as for the establishment of measures to prevent and combat advertising and aggressive communication techniques practiced by entities that are not registered in the Register of the Financial Supervision Authority, which modified Law 243/2019 on the regulation of alternative investment funds and for the amendment and completion of some normative acts

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**19. Shareholders' equity (continued)****(c) Treasury shares (continued)**

<b>Year ended</b>	<b>Opening balance</b>	<b>Cost of treasury shares acquired</b>	<b>Cancellation of treasury shares</b>	<b>Closing balance</b>
<b>31 December 2023</b>				
<b>Thirteen buy-back</b>	1,194,334,988	-	(1,194,334,988)	-
<b>Fourteenth buy-back</b>	-	1,873,193,280	-	1,873,193,280
	<b>1,194,334,988</b>	<b>1,873,193,280</b>	<b>(1,194,334,988)</b>	<b>1,873,193,280</b>

On 2 December 2024 the Fund's shareholders approved a new buy-back programme for the year 2025. The programme will start with the date the approving resolution is published in the Official Gazette and will continue until the maximum legal limit of 10% of the Fund's share capital (also considering the share capital decrease mentioned above approved on the same date).

The price was set to be between RON 0.2/share and RON 1/share. Total number of shares approved is 320,000,000 and the programme execution is subject to available funds. Please see Note 22 Subsequent events for more information.

**(d) Dividend distributions**

During the 30 April 2024 General Shareholders Meeting, the Fund's shareholders approved the distribution of a gross dividend of RON 0.06 per share from retained earnings. The shareholders registered in the shareholders' registry with the Central Depositary on 17 May 2024 had the right to receive a gross dividend of RON 0.06 per share, proportionally with their participation in the paid in share capital of the Fund. The payment started on 7 June 2024.

During the 21 April 2023 General Shareholders Meeting, the Fund's shareholders approved the distribution of a gross dividend of RON 0.05 per share from 2022 financial year profit. The shareholders registered in the shareholders' registry with the Central Depositary on 12 May 2023 had the right to receive a gross dividend of RON 0.05 per share, proportionally with their participation in the paid in share capital of the Fund. The payment started on 6 June 2023.

During the 18 August 2023 General Shareholders Meeting, the Fund's shareholders approved the distribution of a gross dividend of RON 1.7225 per share from retained earnings. The shareholders registered in the shareholders' registry with the Central Depositary on 8 September 2023 had the right to receive dividends, proportionally with their participation in the paid in share capital of the Fund. The payment started on 29 September 2023. The dividend payment was funded by the Hidroelectrica SA IPO proceeds.

Only the shareholders registered in the shareholders' registry with the Central Depositary on the registration date approved by the Fund's shareholders have the right to receive the related gross dividend, proportionally with their participation in the paid-in share capital of the Fund.

**(e) Allocation of the net accounting profit for the 2024 financial year**

The Fund's Sole Director proposal, subject to shareholders' approval, for the appropriation of the net accounting profit for the 2024 financial year, in amount of RON 251,532,566 is as follows:

- RON 130,912,087 to dividends (RON 0.0409 per share);
- RON 85,338,460 to cover the remaining balance of negative reserve from the 14<sup>th</sup> buyback programme;
- RON 1,366,923 to set up other reserves to be used in future periods for covering the negative reserve from cancellation of the shares acquired within the 15<sup>th</sup> buyback programme;
- RON 33,915,095 unallocated profit that remains available to the Fund's shareholders.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**20. Contingencies****(a) Litigations**

At 31 December 2024, the Fund was involved in certain litigations, either as defendant or claimant. After analysing the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Fund considers that there are no litigations which may have significant effects on the Fund's financial position or profitability.

**(b) Other contingencies**

Other contingencies of the Fund included the receivables from World Trade Center Bucuresti SA, the potential payable regarding CN Aeroporturi Bucuresti SA share capital increase and the potential payable regarding Aeroportul International Timisoara SA share capital increase, as detailed below.

*(i) Receivables from World Trade Center Bucuresti SA*

Title II, Article 4 of Government Emergency Ordinance no. 81/2007 stipulated the transfer of World Trade Center Bucuresti SA receivables from the Authority for State Assets Recovery to the Fund, amounting to USD 68,814,198 (including the original principal and related interest and penalties) on 29 June 2007. Between 2008 and 2010, the Fund recovered from World Trade Center Bucuresti SA, USD 510,131, EUR 148,701 and RON 8,724,888.

Given the uncertainties regarding the recoverability of the amounts due by World Trade Center Bucuresti SA, the above amounts were recognised on receipt basis in the Fund's financial statements. The amounts recovered from the enforcement procedure were accounted for by the Fund as contributions of the Romanian State to the share capital of the Fund, decreasing the receivable related to the unpaid capital. In August 2013, World Trade Center Bucuresti SA filed a claim against the Fund asking the Fund to pay back all the amounts received through the enforcement procedure during 2010 and 2011 (EUR 148,701, USD 10,131 and RON 8,829,663).

On 7 July 2016, the Bucharest Court admitted the claim filed by World Trade Center Bucuresti SA and obliged Fondul Proprietatea to pay back the amounts recovered from the enforcement procedure (EUR 148,701, USD 10,131 and RON 8,829,663) and the related legal interest calculated for these amounts. During the period from July to August 2016, the Fund performed the payment of these amounts and the related legal interest to World Trade Center Bucuresti SA. The Court decision is irrevocable.

On 18 February 2020, the Court ruled in favour of the Fund in the case started against the Romanian State, represented by Ministry of Public Finance, for recovering the contributions of the Romanian State to the share capital of the Fund. The decision was issued in the first stage and Ministry of Public Finance appealed it. On 18 September 2020, Bucharest Court of Appeal admitted the appeal of Ministry of Public Finance. The Fund filed the second appeal which was rejected by the High Court of Cassation and Justice on 1 April 2021. The Fund has initiated legal actions against World Trade Center Bucharest SA and the Ministry of Finance for recovering the amounts all of which have been settled by final court decisions:

- a set of actions against World Trade Center Bucharest SA (challenges in the insolvency proceedings) has been dismissed as unfounded by final decision dated 16 September 2024 rendered by the Bucharest Court of Appeal.
- a claim against the Romanian State, represented by the Ministry of Public Finance, based on unjust enrichment, has been dismissed in first, second-tier and final appeal court (on 26 February 2025).

*(ii) CN Aeroporturi Bucuresti SA share capital increase*

Please see Note 16 – Equity investments, section CN Aeroporturi Bucuresti SA ("CNAB") litigation for information regarding this litigation.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**20. Contingencies (continued)****(b) Other contingencies (continued)***(iii) Aeroportul International Timisoara SA share capital increase*

During the GSM held on 9 June 2023, the majority shareholder approved a share capital increase of RON 25.2 million, by issuing 2,523,850 new shares at a nominal value of RON 10 per share, to finance a proposed investment project. Fondul Proprietatea challenged the validity of the GSM decision and during the legal proceedings, on 14 May 2024, the company passed a GSM resolution whereby they approved the revocation of the share capital increase decision. As a result thereof, on 21 June 2024 the court dismissed the claim as lacking object and awarded the Fund part of the legal costs.

**21. Related parties****(a) Key management***(i) Board of Nominees ("BON")*

	Year ended 31 December 2024	Year ended 31 December 2023
<b>BON gross remunerations, out of which:</b>	<b>1,635,488</b>	<b>1,703,556</b>
Contributions to social security fund retained from gross remuneration	187,074	167,172
Contributions to health insurance fund retained from gross remuneration	74,837	66,876
Income tax	137,369	146,964
<b>Net remunerations paid to BON members</b>	<b>1,236,208</b>	<b>1,322,544</b>

Other costs incurred by the Fund in relation to the members of the Board of Nominees are detailed in Note 10 – Operating expenses - (vi) Other BON related costs.

There were no loans between the Fund and the members of the Board of Nominees neither in 2024 nor in 2023. There are no post-employment, long term or termination benefits related to the remuneration of the members of the Board of Nominees.

*(ii) Sole Director*

FTIS is the Sole Director and Alternative Investment Fund Manager of the Fund starting with 1 April 2016. Please see Note 1 – General information for more details.

The transactions carried out between the Fund and FTIS Luxembourg were the following:

<b>Transactions</b>	Year ended 31 December 2024	Year ended 31 December 2023
Administration fees	23,364,959	237,847,355

The transactions carried out between the Fund and FTIS Bucharest Branch were the following:

<b>Transactions</b>	Year ended 31 December 2024	Year ended 31 December 2023
Rent expense charged to the Fund	88,762	85,612
Operating cost charged to the Fund	30,209	32,223
	<b>118,971</b>	<b>117,834</b>

During the year ended 31 December 2024, the Fund recorded RON 470,920 (31 December 2023: RON 827,839) representing expenses incurred by FTIS Bucharest Branch on its behalf.

These expenses were primarily related to expenses in the interest of protecting and promoting the image of the Fund and its securities (investor relations) and also to annual subscriptions for software programmes used by the BON in the interest of the Fund and website maintenance fees. The recharge of these expenses to the Fund followed the provisions of the management agreement in place at the respective moment and was subject to Board of Nominees' approval.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

(all amounts are in RON unless otherwise stated)

**21. Related parties (continued)****(a) Key management (continued)***(ii) Sole Director (continued)*

The outstanding liabilities owed by the Fund were as follows:

<b>Amounts due to:</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
FTIS Luxembourg	3,450,577	21,297,284
FTIS Bucharest Branch	37,897	203,407
	<b>3,488,474</b>	<b>21,500,690</b>

There are no other elements of compensation for key management besides those described above.

**(b) Subsidiaries**

As described in Note 16 – Equity investments, the Fund has the following subsidiaries at 31 December 2024 and 31 December 2023:

<b>Ownership interest</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Zirom SA	100%	100%
Alcom SA	72%	72%

On 9 December 2024, Zirom SA registered at the National Trade Registry a share capital decrease from RON 60,000,000 to RON 9,600,000 by decreasing the nominal value per share from RON 10 to RON 1.6.

As at 31 December 2024 and 31 December 2023, the Fund had no commitment to provide financial or other support to its subsidiaries, including commitments to assist the subsidiaries in obtaining financial support.

<b>Gross dividend income</b>	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
Alcom SA	517,652	934,651

At 31 December 2024 and 31 December 2023 there were no dividends receivable from the subsidiaries.

**(c) Associates**

As described in Note 16 – Equity investments, the Fund has the following associates at 31 December 2024 and 31 December 2023:

<b>Ownership interest</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Societatea Nationala a Sarii SA	49%	49%
Plafar SA	49%	49%

<b>Gross dividend income</b>	<b>Year ended 31 December 2024</b>	<b>Year ended 31 December 2023</b>
Societatea Nationala a Sarii SA	63,728,624	55,996,590

At 31 December 2024 and 31 December 2023 there were no dividends receivable from the associates.



## 22. Subsequent events

### Court reasoning in the litigation against CN Aeroporturi Bucuresti SA

On 27 January 2025, the Fund received the reasoning of Civil Decision no. 373/7 March 2024 of the Bucharest Court of Appeal in file no. 2779/93/2021, in the appeal phase, concerning the claim for annulment filed by the Fund against the EGM Resolution no. 15/ 26 October 2021 of CN Aeroporturi Bucuresti SA for approving the increase of the share capital from RON 143,772,150 to RON 4,912,283,610, as a result of the contribution in kind of the Romanian State with the land inside the Baneasa Airport.

### Update on the selection process for an AIFM

On 21 January 2025 the Board of Nominees announced that in collaboration with its selection advisor Deutsche Numis, the Board of Nominees has conducted an initial review of candidate submissions based on the selection criteria approved by shareholders during 27 September 2024 GSM.

Following its review, the Board of Nominees announced on the same date that it will conduct additional due diligence and will engage with candidates during scheduled meetings, to take place in February 2025, at the office of the selection advisor.

In line with the shareholders instructions, the Board of Nominees will only select candidates that satisfy the condition to be, or be in a consortium with, an EU regulated AIFM. A further update will be made by the Board of Nominees to investors following completion of its review.

### Start of the 16th buyback programme

In accordance with EGM Resolution no. 10/2 December 2024, published in the Official Gazette of Romania, Part IV, no. 393/29 January 2025, the 16th buyback programme refers to the acquisition of a maximum number of 320,000,000 ordinary shares and/or equivalent GDRs. The shares repurchased during this buyback programme will be cancelled. The trade price range for the programme is from RON 0.2 per share to RON 1 per share. The implementation of this buy-back programme will be done exclusively from own sources.

Auerbach Grayson and Swiss Capital have been selected to provide brokerage services for the 16th buyback programme. The first trade took place on 3 February 2025 on BVB.

The Fund is allowed to buyback daily up to 25% of the average daily volume of the Fund's shares (in the form of ordinary shares or GDRs) on the regulated market on which the purchase is carried out, calculated in accordance with applicable law. AIFM will report on a weekly basis on the progress of the 16th buyback programme according to the legislation in force.

## Annex 2 Statement of Assets and Obligations of Fondul Proprietatea SA as at 31 December 2024, prepared in accordance with FSA Regulation nr. 7/2020 (Annex no. 11)

	Item	31 December 2023				31 December 2024				Differences RON
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	
<b>I.</b>	<b>Total assets</b>	<b>126.1171%</b>	<b>100.0000%</b>		<b>2,963,925,348.77</b>	<b>112.9347%</b>	<b>100.0000%</b>		<b>2,541,078,143.26</b>	<b>(422,847,205.51)</b>
<b>1</b>	Securities and money market instruments, out of which:	5.3331%	4.2286%		125,333,174.29	5.4627%	4.8369%		122,912,010.57	(2,421,163.72)
<b>1.1</b>	securities and money market instruments admitted or within a trading place from Romania, out of which:	5.3331%	4.2286%		125,333,174.29	5.4627%	4.8369%		122,912,010.57	(2,421,163.72)
	1.1.1 listed shares traded in the last 30 trading days	4.8028%	3.8082%		112,871,805.08	5.0088%	4.4350%		112,698,738.78	(173,066.30)
	1.1.2 listed shares not traded in the last 30 trading days	0.5303%	0.4204%		12,461,369.21	0.4539%	0.4019%		10,213,271.79	(2,248,097.42)
	1.1.3 other similar securities	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.1.4 bonds	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.1.5 other title debts	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.1.6 other securities	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.1.7 money market instruments	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.1.8 allotment rights admitted at trading	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
<b>1.2</b>	Securities and money market instruments admitted or traded on a regulated market from a member state, out of which:	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.2.1 listed shares traded in the last 30 trading days	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.2.2 listed shares not traded in the last 30 trading days	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.2.3 other similar securities	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.2.4 bonds	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.2.5 other title debts	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.2.6 other securities	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.2.7 money market instruments	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.2.8 allotment rights admitted at trading	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
<b>1.3</b>	Securities and money market instruments admitted on a stock exchange from a state not a member, that operates on a regular basis and is recognized and opened to the public, approved by the Financial Supervisory Authority (FSA), out of which:	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.3.1 listed shares traded in the last 30 trading days	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.3.2 listed shares not traded in the last 30 trading days	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.3.3 other similar securities	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.3.4 bonds	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.3.5 other title debts	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.3.6 other securities	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.3.7 money market instruments	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	1.3.8 allotment rights admitted at trading	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
<b>2</b>	New issued securities	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
<b>3</b>	Other securities and money market instruments of which:	89.3410%	70.8399%		2,099,638,503.52	82.6095%	73.1480%		1,858,748,179.41	(240,890,324.11)
	- shares not admitted at trading	89.3410%	70.8399%		2,099,638,503.52	82.6095%	73.1480%		1,858,748,179.41	(240,890,324.11)
	- redeemed debentures	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- unlisted bonds	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- allotment rights not admitted at trading	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- rights not admitted at trading	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-

	Item	31 December 2023				31 December 2024				Differences RON
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	
	- other financial instruments	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
4	Bank deposits, out of which:	8.1427%	6.4568%		191,368,977.81	12.1664%	10.7730%		273,747,720.77	82,378,742.96
4.1	bank deposits made with credit institutions from Romania	8.1427%	6.4568%		191,368,977.81	12.1664%	10.7730%		273,747,720.77	82,378,742.96
	- in RON	8.1427%	6.4568%		191,368,977.81	12.1664%	10.7730%		273,747,720.77	82,378,742.96
4.2	bank deposits made with credit institutions from an EU state	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
4.3	Bank deposits made with credit institutions from a non-EU state	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
5	Derivatives financial instruments traded on a regulated market, out of which:	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
5.1	derivatives financial instruments traded within a trading place from Romania (forward, futures and options, swaps, etc.)	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
5.2	derivatives financial instruments traded on a regulated market from a EU state (forward, futures and options, swaps, etc.)	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
5.3	derivatives financial instruments traded on an exchange from a non-EU state (forward, futures and options, swaps, etc.)	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
5.4	derivatives financial instruments traded on a regulated market (forward, futures and options, swaps, etc.)	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
6	Current accounts and petty cash, out of which:	23.2383%	18.4258%		546,127,016.32	12.6519%	11.2027%		284,669,374.48	(261,457,641.84)
	- in RON	23.2380%	18.4256%		546,122,004.92	12.6438%	11.1956%		284,487,765.93	(261,634,238.99)
	- in EUR	0.0001%	0.0000%	EUR 252.30	1,255.09	0.0002%	0.0001%	EUR 709.14	3,527.33	2,272.24
	- in GBP	0.0001%	0.0001%	GBP 314.73	1,801.04	0.0001%	0.0001%	GBP 281.84	1,689.66	(111.38)
	- in USD	0.0001%	0.0001%	USD 434.91	1,955.27	0.0078%	0.0069%	USD 36,926.72	176,391.56	174,436.29
7	Money market instruments, other than those traded on a regulated market, according to art. 82 letter g) of the O.U.G. no. 32/2012, din care:	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	-treasury bills with original maturities of less than 1 year	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
8	Participation titles of F.I.A./O.P.C.V.M.	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
9	Dividends or other receivable rights	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- in RON	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- in EUR	0.0000%	0.0000%	EUR -	-	0.0000%	0.0000%	EUR -	-	-
	- in USD	0.0000%	0.0000%	USD -	-	0.0000%	0.0000%	USD -	-	-
10	Other assets out of which:	0.0620%	0.0489%		1,457,676.83	0.0442%	0.0394%		1,000,858.03	(456,818.80)
	- guarantee deposited to the broker for the buyback tender offer	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- receivables related to the cash contributions to the share capital increases performed by portfolio companies	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- receivables related to transactions under settlement	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- tax on dividends to be recovered from the State Budget	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- intangible assets	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- advance payments for intangible assets	0.0000%	0.0000%		-	0.0015%	0.0014%		34,812.44	34,812.44
	- other receivables	0.0620%	0.0489%		1,457,676.83	0.0349%	0.0309%		786,244.49	(671,432.34)
	- in RON	0.0620%	0.0489%		1,457,676.83	0.0349%	0.0309%		786,244.49	(671,432.34)
	- in EUR	0.0000%	0.0000%	EUR -	-	0.0000%	0.0000%	EUR -	-	-
	- in USD	0.0000%	0.0000%	USD -	-	0.0000%	0.0000%	USD -	-	-
	- prepaid expenses	0.0000%	0.0000%		-	0.0078%	0.0071%		179,801.10	179,801.10

	Item	31 December 2023				31 December 2024				Differences
		% of the net asset	% of the total asset	Currency	Total RON	% of the net asset	% of the total asset	Currency	Total RON	RON
<b>II</b>	<b>Total liabilities</b>	<b>26.1172%</b>	<b>20.7086%</b>		<b>613,786,861.26</b>	<b>12.9347%</b>	<b>11.4533%</b>		<b>291,036,694.76</b>	<b>(322,750,166.50)</b>
<b>1</b>	Liabilities in relation with the payments of fees due to the A.F.I.A.	0.9144%	0.7251%		21,490,311.32	0.1550%	0.1373%		3,488,474.19	(18,001,837.13)
	- in RON	0.0082%	0.0065%		193,027.50	0.0017%	0.0015%		37,896.91	(155,130.59)
	- in EUR	0.9062%	0.7185%	EUR	4,281,205.29	0.1534%	0.1358%	EUR	693,708.87	(17,846,706.54)
<b>2</b>	Liabilities related to the fees payable to the depositary bank	0.0003%	0.0002%		6,004.77	0.0002%	0.0002%		4,547.69	(1,457.08)
<b>3</b>	Liabilities related to the fees payable to intermediaries	0.0008%	0.0006%		17,668.29	0.0000%	0.0000%		-	(17,668.29)
	- in RON	0.0008%	0.0006%		17,668.29	0.0000%	0.0000%		-	(17,668.29)
	- in EUR	0.0000%	0.0000%	EUR	-	0.0000%	0.0000%	EUR	-	-
	- in USD	0.0000%	0.0000%	USD	-	0.0000%	0.0000%	USD	-	-
	- in GBP	0.0000%	0.0000%	GBP	-	0.0000%	0.0000%	GBP	-	-
<b>4</b>	Liabilities related to commissions and other bank services	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
<b>5</b>	Interest payable	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
<b>6</b>	Issuance expense	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
<b>7</b>	Liabilities in relation with the fees/commissions to FSA	0.0080%	0.0063%		188,013.73	0.0073%	0.0065%		165,213.18	(22,800.55)
<b>8</b>	Audit fees	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
<b>9</b>	Other Liabilities, out of which:	25.1937%	19.9764%		592,084,863.15	12.7722%	11.3093%		287,378,459.70	(304,706,403.45)
	- short term credit facility	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- liabilities to the Fund's shareholders related to the dividend distribution	23.2522%	18.4370%		546,457,941.28	12.6425%	11.1945%		284,460,632.45	(261,997,308.83)
	- liabilities related to the return of capital	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- liabilities related to Government securities under settlement	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- provisions	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
	- remunerations and related contributions	0.0014%	0.0011%		31,751.00	0.0018%	0.0016%		40,110.00	8,359.00
	- VAT payable to State Budget	0.0002%	0.0001%		4,036.71	0.0042%	0.0037%		94,727.35	90,690.64
	- tax on dividends payable to State Budget	1.8786%	1.4896%		44,149,354.00	0.0434%	0.0384%		976,505.00	(43,172,849.00)
	- other liabilities out of which:	0.0613%	0.0486%		1,441,780.16	0.0803%	0.0711%		1,806,484.90	364,704.74
	- in RON	0.0612%	0.0485%		1,437,303.02	0.0731%	0.0648%		1,645,366.59	208,063.57
	- in EUR	0.0002%	0.0002%	EUR	900.00	0.0000%	0.0000%	EUR	-	(4,477.14)
	- in USD	0.0000%	0.0000%	USD	-	0.0000%	0.0000%	USD	-	-
	- in GBP	0.0000%	0.0000%	GBP	-	0.0072%	0.0063%	GBP	26,875.00	161,118.31
<b>10</b>	Payables related to buybacks under settlement	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
<b>11</b>	Other liabilities	0.0000%	0.0000%		-	0.0000%	0.0000%		-	-
<b>III</b>	<b>Net Asset Value (I - II)</b>	<b>99.9999%</b>	<b>79.2914%</b>		<b>2,350,138,487.51</b>	<b>100.0000%</b>	<b>88.5467%</b>		<b>2,250,041,448.50</b>	<b>(100,097,039.01)</b>

## Unitary Net Asset Value

Item	31 December 2024	31 December 2023	Differences
<b>Net Asset Value</b>	<b>2,250,041,448.50</b>	<b>2,350,138,487.51</b>	<b>(100,097,039.01)</b>
Number of outstanding shares, out of which:			
Individuals	3,200,784,516	3,556,427,239	(355,642,723)
Companies	1,985,822,429	1,511,438,864	474,383,565
Unitary net asset value	1,214,962,087	2,044,988,375	(830,026,288)
	0.7029	0.6608	0.0421
Number of shareholders, out of which:			
Individuals	22,964	23,043	(79)
Companies	22,422	22,302	120
	380	741	(361)

## DETAILED STATEMENT OF INVESTMENTS AS AT 31 DECEMBER 2024

### 1. Securities admitted or traded on a regulated market in Romania, out of which:

#### 1.1 Listed shares traded in the last 30 trading days (working days)

Issuer	Symbol	Date of the last trading session	No of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset	Valuation method
Alro SA	ALR	30-Dec-24	72,884,714	0.5	1.5050	109,691,494.57	10.21%	4.3167%	4.8751%	Closing Price
MECON SA	MECP	6-Dec-24	60,054	11.6	39.8580	2,393,632.33	12.51%	0.0942%	0.1064%	Value based on the valuation report as at 30 June 2024 (applying the asset-based approach)
IOR SA	IORB	17-Dec-24	2,622,273	0.1	0.2340	613,611.88	0.36%	0.0241%	0.0273%	Reference price (Closing Price)
<b>Total</b>						<b>112,698,738.78</b>		<b>4.4350%</b>	<b>5.0088%</b>	

#### 1.2. Shares not traded in the last 30 trading days (working days)

Issuer	Symbol	Date of the last trading session	No of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset	Valuation method
ALCOM SA	ALCQ	10-Feb-17	89,249	2.5	114.4357	10,213,271.79	71.89%	0.4019%	0.4539%	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
TIMISOARA	RORX	17-Jan-24	1,311,691	2.5	0	0.00	18.87%	0.0000%	0.0000%	Valued at zero (insolvency)
<b>Total</b>						<b>10,213,271.79</b>		<b>0.4019%</b>	<b>0.4539%</b>	

#### 1.3. Shares not traded in the last 30 trading days (working days) for which the financial statements are not obtained within 90 days from the legal filing dates

Not the case

#### 1.4. Allocation rights admitted to trading

Not the case

#### 1.5. Preferred rights admitted to trading

Not the case

#### 1.6. Bonds admitted to trading issued or guaranteed by local government authorities / corporate bonds

Not the case

#### 1.7. Bonds admitted to trading issued or guaranteed by central government authorities

Not the case

#### 1.8. Other securities admitted to trading on a regulated market

Not the case

#### 1.9. Amounts under settlement related to the securities admitted or traded within a trading place in Romania

Not the case

**2. Securities admitted or traded within a trading place from a member state of EU, out of which:**

2.1. Shares traded in the last 30 trading days (working days)

Not the case

2.2. Bonds admitted to trading issued or guaranteed by local public administration authorities, corporate bonds

Not the case

2.3. Bonds admitted to trading issued or guaranteed by central government authorities

Not the case

2.4. Other securities admitted to trading within a trading place in other EU member state

Not the case

2.5. Amounts being settled for securities admitted to or traded within a trading place in other EU member state

Not the case

**3. Securities admitted or traded on an exchange from a non-member state of EU**

3.1. Shares traded in the last 30 trading days (working days)

Not the case

3.2. Issued bonds admitted to trading or guaranteed by local government authorities, corporate bonds traded in the last 30 days (working days)

Not the case

3.3. Other securities admitted to trading on an exchange in a non-member state of EU

Not the case

3.4. Amounts being settled for securities admitted to or traded on an exchange in a non-member state of EU

Not the case

**4. Money market instruments traded or listed within a trading place in Romania**

Not the case

Amounts being settled for money market instruments admitted or traded on a regulated market in Romania

Not the case

**5. Money market instruments traded or listed within a trading place from other EU member state**

Not the case



Amounts under settlement related to money market instruments admitted or traded on a regulated market in another EU Member State

Not the case

## 6. Money market instruments traded or listed on an exchange from a non-member state of EU

Not the case

Amounts under settlement related to money market instruments admitted or traded on a regulated market in a non-EU Member State

Not the case

## 7. Newly issued securities

7.1. Newly issued shares

Not the case

7.2. Newly issued bonds

Not the case

7.3. Preferential rights (after registration with the Central Depository, prior to admission to trading)

Not the case

## 8. Other securities and money market instruments

8.1 Other securities

8.1.1. Shares not admitted to trading

Issuer	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital %	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset	Company status	Valuation method
Aeroportul International Mihail Kogalniceanu - Constanta SA	23,159	10	98.968	2,291,999.91	20.00%	0.0902%	0.1019%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
Aeroportul International Timisoara - Traian Vuia SA	32,016	10	231.1344	7,399,998.95	20.00%	0.2912%	0.3289%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
CN Administratia Canalelor Navigabile SA	203,160	10	69.8006	14,180,689.90	20.00%	0.5581%	0.6302%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
CN Administratia Porturilor Dunarii Fluviale SA	27,554	10	177.8828	4,901,382.67	20.00%	0.1929%	0.2178%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
CN Administratia Porturilor Dunarii Maritime SA	21,237	10	163.5906	3,474,173.57	20.00%	0.1367%	0.1544%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
CN Administratia Porturilor Maritime SA	6,466,226	10	57.4833	371,700,009.03	19.99%	14.6276%	16.5197%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)

Issuer	No. of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital %	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea a net asset	Company status	Valuation method
CN Aeroporturi Bucuresti SA	2,875,443	10	359.5619	1,033,899,748.42	20.00%	40.6874%	45.9503%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
Complexul Energetic Oltenia SA	5,314,279	10	8.1078	43,087,111.28	11.81%	1.6956%	1.9149%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
Gerovital Cosmetics SA	1,350,988	0	0	0.00	9.76%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Plafar SA	132,784	10	23.6125	3,135,362.20	48.99%	0.1234%	0.1393%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
Posta Romana SA	14,871,947	1	1.5013	22,327,254.03	6.48%	0.8787%	0.9923%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2023 (applying the market comparison technique using comparable trading multiples for price/Earnings)
ROMPLUMB SA	1,595,520	3	0	0.00	33.26%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Salubriserv SA	43,263	3	0	0.00	17.48%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Simtex SA	132,859	3	0	0.00	30.00%	0.0000%	0.0000%	Bankruptcy	Priced at zero
Societatea Electrocentrale Craiova SA	513,754	10	0	0.00	21.55%	0.0000%	0.0000%	Unlisted companies, in function	Valued at zero based on the 31 October 2024 analysis prepared with the assistance of the external independent valuer
Societatea Nationala a Sarii SA	2,011,456	10	162.4694	326,800,049.45	48.99%	12.8607%	14.5242%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
World Trade Center Bucuresti SA	198,860	79	0	0.00	19.90%	0.0000%	0.0000%	Insolvency	Priced at zero
Zirom SA	6,000,000	1.6	4.2584	25,550,400.00	100.00%	1.0055%	1.1356%	Unlisted companies, in function	Value based on the valuation report as at 31 October 2024 (applying the income approach using the discounted cash flow method)
<b>Total</b>				<b>1,858,748,179.41</b>		<b>73.1480%</b>	<b>82.6095%</b>		

#### 8.1.2. Shares traded under systems other than regulated markets

Not the case

#### 8.1.3. Unlisted shares valued at zero value (no updated financial statements submitted to the Trade Register)

Issuer	No of shares held	Nominal value	Share value	Total value	Stake in the issuer's capital	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset
World Trade Hotel SA	17,912	1	0	0.00	19.90%	0.0000%	0.0000%
<b>Total</b>				<b>0.00</b>		<b>0.0000%</b>	<b>0.0000%</b>

#### 8.1.4. Bonds not admitted to trading

Not the case

#### 8.1.5. Amounts being settled for shares traded on systems other than regulated markets

Not the case

## 8.2. Other money market instruments mentioned in art. 83 paragraph (1) letter a) of the O.U.G. no. 32/2012

Commercial papers

Not the case

## 9. Available cash in the current accounts and petty cash

### 9.1. Available cash in the current accounts and petty cash in RON

Bank	Current value	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset
BRD Groupe Societe Generale*	285,228,126.49	11.2247%	12.6766%
BRD Groupe Societe Generale - amounts under settlement**	(785,554.49)	(0.0309%)	(0.0349%)
Banca Comerciala Romana	39,622.52	0.0016%	0.0018%
CITI Bank	1,254.84	0.0000%	0.0001%
ING BANK	1,064.41	0.0000%	0.0000%
Raiffeisen Bank	1,749.17	0.0001%	0.0001%
Unicredit Tiriac Bank	1,502.99	0.0001%	0.0001%
Petty cash	-	0.0000%	0.0000%
<b>Total</b>	<b>284,487,765.93</b>	<b>11.1956%</b>	<b>12.6438%</b>

\*The amount held with BRD Groupe Societe Generale represents cash held in the distributions bank accounts which can only be used for payments to shareholders.

\*\*The amount under settlement according with the bank statement as at 31 December 2024

### 9.2. Available cash in the current accounts and petty cash in foreign currency

Bank	Currency	Current value	NBR exchange rate	Current value (in RON)	Stake in Fondul Proprietatea total assets	Stake in Fondul Proprietatea net asset
BRD Groupe Societe Generale	EUR	709.14	4.9741	3,527.33	0.0001%	0.0002%
BRD Groupe Societe Generale	GBP	281.84	5.9951	1,689.66	0.0001%	0.0001%
BRD Groupe Societe Generale	USD	36926.72	4.7768	176,391.56	0.0069%	0.0078%
<b>Total</b>				<b>181,608.55</b>	<b>0.0071%</b>	<b>0.0081%</b>

## 10. Bank deposits by categories: within credit institutions from Romania / EU Member States / non-member EU states

Bank deposits in RON

Name of the bank	Starting date	Maturity date	Initial value	Daily interest	Cumulative interest	Current value (RON)	Stake in Fondul Proprietatea total asset	Stake in Fondul Proprietatea net asset	Valuation method
Banca Comerciala Romana	19-Dec-24	03-Jan-25	66,400,000.00	9,591.11	124,684.44	66,524,684.44	2.6180%	2.9566%	Bank deposit value cumulated with the daily related interest for the period from starting date
ING BANK	27-Dec-24	03-Jan-25	66,400,000.00	9,591.12	47,955.56	66,447,955.56	2.6150%	2.9532%	
CITI Bank	30-Dec-24	13-Jan-25	65,000,000.0	9,569.45	19,138.89	65,019,138.89	2.5587%	2.8897%	
Raiffeisen Bank	30-Dec-24	13-Jan-25	66,400,000.00	9,314.45	18,628.89	66,418,628.89	2.6138%	2.9519%	
BRD Groupe Societe Generale	31-Dec-24	03-Jan-25	9,336,174.50	1,138.49	1,138.49	9,337,312.99	0.3675%	0.4150%	
<b>Total</b>			<b>273,536,174.50</b>		<b>211,546.27</b>	<b>273,747,720.77</b>	<b>10.7730%</b>	<b>12.1664%</b>	

## 11. Derivative financial instruments traded on a regulated market

### 11.1. Future contracts

Not the case

11.2. Options

Not the case

11.3. Amounts under settlement for derivative financial instruments traded on a regulated market

Not the case

**12. Derivative financial instruments traded outside of the regulated markets**

12.1. Forward contract

Not the case

12.2. Swap contract

Not the case

12.3. Contracts for differences

Not the case

12.4. Other derivative contracts regarding securities, currencies, interest or profitability rates or other derivative instruments, financial indices or financial indicators /  
other derivative contracts regarding goods to be settled in cash or which may be settled in cash at the request of one of the parties

Not the case

**13. Money market instruments, other than those traded on a regulated market, according with art. 35 paragraph (1) letter g) of Law 243/2019**

Treasury bills

Not the case

**14. Participation titles in the O.P.C.V.M. / AIF**

14.1. Participation titles denominated in RON

Not the case

14.2. Participation titles denominated in foreign currency

Not the case

14.3. Amounts under settlement regarding participation titles denominated in RON

Not the case

14.4. Amounts under settlement regarding participation titles denominated in foreign currency

Not the case

**15. Dividends or other receivable rights**

15.1. Dividends receivable

Not the case

15.2. Shares distributed without cash consideration

Not the case

15.3. Shares distributed with cash consideration

Not the case

15.4. The amount to be paid for shares distributed in exchange of cash consideration

Not the case

15.5. Preference rights (before admission to trading and after the trading period)s

Not the case

### Evolution of the net asset and the net asset unitary value in the last 3 years

Item	31 December 2022	31 December 2023	31 December 2024
Net Asset	14,569,538,084.65	2,350,138,487.51	2,250,041,448.50
NAV/share	2.5701	0.6608	0.7029

### Leverage of Fondul Proprietatea

Method type	Leverage level	Exposure amount
a) Gross method	88.08%	1,981,841,798.53
b) Commitment method	100.00%	2,250,041,448.50

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

Johan Meyer  
Permanent representative

BRD Groupe Societe Generale

Victor Strambei  
Manager Depositary Department

# Annex 3 Statement of persons responsible

Provisions of Accounting Law no. 82/1991, Art.30 and FSA Regulation no. 5/2018,  
Art.223, par. A (1), letter c

The annual financial statements for the financial year 31 December 2024 prepared for:

Entity: Fondul Proprietatea SA

Address: Bucharest, District 1, 76-80, Buzesti Street, 7th Floor

Trade Registry Number: J40/21901/28.12.2005

Form of property: 22 (joint ownership with public capital under 50%, domestic and foreign public and private capital companies)

CAEN code and name: 6430 "Trusts, funds and similar financial entities"

Sole Registration Code: 18253260

The undersigned, Johan Meyer, Permanent Representative with Franklin Templeton International Services S.à r.l as Sole Director of Fondul Proprietatea SA, and Cadaru Catalin, Financial reporting manager, undertake the responsibility for the preparation of the annual financial statements as at 31 December 2024 and confirm that:

- a) the accounting policies used for the preparation of the annual financial statements are in compliance with the applicable accounting regulations;
- b) the annual financial statements give a true and fair view of the financial position and performance (including the assets, liabilities and profit or loss) and of other information regarding the business conducted;
- c) the company is conducting its business on a going concern basis;
- d) the Annual Sole Director's Report of Franklin Templeton International Services S.à r.l regarding the management and administration of Fondul Proprietatea SA for the year 2024, includes an accurate overview of the developments and performance of Fondul Proprietatea SA, as well as a description of the main risks and uncertainties related to the business.

**Johan Meyer**

Permanent Representative

**Catalin Cadaru**

Fund Administration and Oversight Senior Manager

Franklin Templeton International Services S.À R.L, in its capacity of Sole Director and Alternative Investment Fund Manager of Fondul Proprietatea SA



# Annex 4 Compliance with the corporate governance requirements

## Compliance with the provisions of the Corporate Governance Code issued by the BVB

Code Provisions	Complies	Does not comply/partially complies	Reason for non-compliance
A.1. The Fund has the Constitutive Act and the internal regulation which includes terms of reference/ responsibilities for Board and for the sole director.	✓		
A.2. Provisions for the management of conflict of interest are included in the internal regulation. In any event, the members of the Board should notify the Board of any conflicts of interest which have arisen or may arise and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	✓		
A.3. The Board of Nominees has five members.	✓		
A.4. The majority of the members of the Board of Nominees are non-executive and independent. Each member of the Board of Nominees submits a statement regarding his/ her independence at the moment of his/ her nomination for election or re-election as well as when any change in his/ her status arises, indicating whether he/ she is independent and, where relevant, demonstrating the ground based on which he/ she is considered independent in character and judgement in practice.	✓		
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/ her mandate.	✓		
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	✓		
A.7. The Fund has appointed a Board secretary responsible for supporting the work of the Board.	✓		
A.8. The annual report informs on whether an evaluation of the Board has taken place under the leadership of the chairman or the Nomination and Remuneration Committee and, if it has, summarizes key action points and changes resulting from it. The Fund has a policy regarding the evaluation of the Board containing the purpose, criteria, and frequency of the evaluation process.	✓		
A.9. The annual report contains information on the number of meetings of the Board and the committees during the past year, attendance by each member (in person and in absentia) and a report of the Board and committees on their activities.	✓		
A.10 The annual report contains information on the precise number of the independent members of the Board of Nominees.	✓		
A.11. The Board of Nominees set up the Nomination and Remuneration Committee formed of non-executives, which lead the process for AIFM appointment and make recommendations to the Board. The majority of Nomination and Remuneration Committee members are independent.	✓		

Code Provisions	Complies	Does not comply/partly complies	Reason for non-compliance
B.1 The Board of Nominees set up the Audit and Valuation Committee, all members being non-executive and the majority of members being independent. The majority of members, including the chairman, have proven an adequate qualification relevant to the functions and responsibilities of the committee. The chairman of the Audit Committee has proven adequate auditing or accounting experience.	✓		
B.2. The Audit and Valuation Committee is chaired by an independent non-executive member.	✓		
B.3. Among its responsibilities, the Audit and Valuation Committee undertakes an annual assessment of the system of internal control.	✓		
B.4. The assessment considers the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the Audit and Valuation Committee, management's responsiveness, and effectiveness in dealing with identified internal control failings or weaknesses and submission of relevant reports to the Board.	✓		
B.5. The Audit and Valuation Committee reviews conflicts of interests in transactions of the Fund and its subsidiaries with related parties.	✓		
B.6. The Audit and Valuation Committee evaluates the efficiency of the internal control system and of the risk management system.	✓		
B.7. The Audit and Valuation Committee monitors the application of statutory and generally accepted standards of internal auditing. The Audit and Valuation Committee receives and evaluates the reports of the internal audit team.	✓		
B.8. The Audit and Valuation Committee provides the Board annual or ad-hoc reports.	✓		
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the Fund with shareholders and their related parties.	✓		
B.10. The Fund has in place a related party transaction procedure.	✓		
B.11. The internal audits are carried out by a separate structural division and by retaining an independent third-party entity.	✓		
B.12. To ensure the fulfilment of the core functions of the internal audit activities, all reports are provided to the Board via the Audit and Valuation Committee.	✓		
C.1. The Fund has published a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.	✓		
D.1. In addition to information required by legal provisions, the Fund includes on its corporate website a dedicated Investor Relations section, in Romanian and English, with all relevant information of interest for investors, including:	✓		
D.1.1. Principal corporate regulations: the Constitutive Act, general shareholders meeting procedures;	✓		
D.1.2. Professional CVs of the members of its governing bodies, Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	✓		
D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the Code of BVB;	✓		
D.1.4. Detailed information related to general meetings of shareholders;	✓		

Code Provisions	Complies	Does not comply/partially complies	Reason for non-compliance
D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	✓		
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;	✓		
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	✓		
D.2. The Fund has an annual cash distribution policy, as a set of directions the Fund intends to follow regarding the distribution of net profit. The annual cash distribution policy is published on the corporate website.	✓		
D.3. The Fund has adopted a policy with respect to forecasts. The forecast policy is published on the corporate website.	✓		
D.4. The rules of general meetings of shareholders do not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	✓		
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	✓		
D.6. The management of the Fund presents to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	✓		
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the management of the Fund. Accredited journalists may also participate in the general meeting of shareholders unless the management of the Fund decides otherwise.	✓		
D.8. The quarterly and semi-annual financial reports include information in both Romanian and English regarding the key drivers influencing the activity of the Fund.	✓		
D.9. The Fund organises at least two meetings/ conference calls with analysts and investors each year. The information presented on these occasions is published on the Fund's website.	✓		
D.10. If the Fund supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the Fund part of its business mission and development strategy, it publishes the policy guiding its activity in this area.	✓		

# Annex 5 - Actual vs. budget analysis for the year 2024

## Purpose

The initial form of the 2024 Annual Budget of the Fund was rejected by shareholders during the general shareholders meeting ("GSM") held on 26 March 2024. Based on feedback received from the shareholders, Franklin Templeton International Services S.à r.l. ("Fund Manager" or "FTIS") prepared a revised budget which was approved by the shareholders during the 27 September 2024 OGSM ("2024 Annual Budget").

This paper presents the most significant variances of the main income and expense categories of Fondul Proprietatea SA ("the Fund" / "FP") for the year ended 31 December 2024 ("the year 2024") compared to the budgeted values for the same period.

The 2024 Annual Budget is based on 30 June 2024 actual data (NAV, FP share price, average interest rates during the period, etc.).

## Presentation

The actual vs. budget analysis for the year 2024 was prepared based on IFRS accounting records (statutory basis of accounting), according to Financial Supervisory Authority ("FSA") Norm 39/28 December 2015, as subsequently amended.

For the actual vs. budget analysis, the income and expense items were categorised to match the budget presentation. The foreign exchange gains/ losses, the gains/ losses from financial instruments at fair value through profit or loss, the gains/ losses on sale of financial instruments, other items of income/ expenses and expenses/ income from reversal of impairment adjustments and provisions are presented on a net basis.

According to the Fund's accounting policy, the distribution fees related to buy-backs and other related costs, such as, brokerage fees and regulatory fees are recognised in other comprehensive income.

According to the main assumptions of the 2024 Budget, there are certain categories of income and expenses which cannot be budgeted, such as: foreign exchange gains and losses, special dividends from portfolio companies, changes in fair value of financial instruments, changes in portfolio and related effects on the income and expenses of the Fund, expenses with provisions and impairment adjustments.

Consequently, this actual vs. budget analysis presents an overview of the non-budgeted items and a detailed explanation for the budgeted items.

According to the 2024 Annual Budget, reclassifications/ reallocations may take place during the year with the condition that the total of these expenses (excluding non-budgeted expenses) will meet the overall budgetary limits. For the year 2024 no reallocations between expense categories were performed.

## Results

### A. Total actual net result

The table below presents an overview of the budgeted/ non-budgeted results for the year 2024:

<i>All amounts in RON</i>	Budget 2024 RON	Actual 2024 RON	Actual 2024 vs. Budgeted 2024 RON	%
Budgeted items	112,597,061	142,416,150	29,819,089	26%
Non-budgeted items		109,116,416		
<b>Total profit for the period</b>		<b>251,532,566</b>		

The actual net result of the Fund for the year 2024 was a profit of RON 251.5 million, while the actual result corresponding to the budgeted items was a profit of RON 142.4 million. As can be seen in Annex 1 - *Actual vs. Budgeted results for the year 2024*, the Fund also budgeted and recorded in 2024 an income tax which is presented in section B.4 – *Income tax expense*.

The difference between the two amounts mentioned above was mostly generated by the non-budgeted net gains from equity instruments at fair value through profit or loss (mainly CN Aeroporturi Bucuresti – RON 156.2 million gain, CN Administratia Porturilor Maritime SA – RON 29.4 million gain netted by the fair value loss recorded for Complexul Energetic Oltenia SA – RON 50.9 million, Societatea Nationala a Sarii SA - RON 20.9 million and CN Administratia Canalelor Navigabile SA – RON 7.9 million).

### B. Variances for the budgeted net result

This section presents a detailed analysis of the budgeted items by comparison with the actual results for the same elements. Therefore, the net result under this section should be read as the net result corresponding to the budgeted elements while the reconciliation to the total net result is presented in the previous section.

#### *Net result overview*

The actual net profit for the year 2024 was RON 142.4 million, compared to a budgeted profit of RON 112.5 million. The following sections include detailed explanations about the main variances.

#### *B.1 Income from current activity*

<i>All amounts in RON</i>	Budget 2024 RON	Actual 2024 RON	Actual 2024 vs. Budgeted 2024 RON	%
<b>I. BUDGETED INCOME FROM OPERATING ACTIVITY</b>	<b>178,791,481</b>	<b>180,532,459</b>	<b>1,740,978</b>	<b>1%</b>
Net dividend income	145,848,913	145,848,924	11	0%
Interest income	32,377,850	34,091,919	1,714,068	5%
Other income (e.g. BNY Mellon income)	564,718	591,617	26,899	5%

The portfolio companies generally approve the annual dividends during the second quarter of the year and the 2024 Annual Budget was prepared based on actual data as of the end of June 2024. No additional dividends were estimated for 2024 at the date of the budget preparation.

The 5% increase seen in interest income compared to the budgeted figures is linked to the higher interest-generating available funds as lower levels of buybacks were executed after the new regulatory limits have been imposed through Emergency Government Ordinance no. 71/2024<sup>1</sup> which capped total buy-backs at 10% of total issued shares. The final trade executed

<sup>1</sup> Emergency Government Ordinance 71/2024 for the amendment and completion of some normative acts, as well as for the establishment of measures to prevent and combat advertising and aggressive communication techniques practiced by entities that are not registered in the Register of the Financial Supervision Authority, which modified Law 243/2019 on the regulation of alternative investment funds and for the amendment and completion of some normative acts.

through buy-back programme no. 15 was performed on 8 October 2024 when the regulatory cap was met – at 31 December 2024 the Fund holds 355,642,723 own shares while the total share capital is made up out of 3,556,427,239 shares.

The difference in other income relates to the amounts paid by BNY Mellon (“BNY”) as dividends for June distribution due to the fact that the registration date for the GDRs was set by BNY at a later date compared to the share registration date (12 June 2024 GDR compared to 17 May 2024 shares). The amount corresponds to the GDRs that the Fund held at the corresponding record date.

## B.2 Expenses from current activity

<i>All amounts in RON</i>	Budget 2024 RON	Actual 2024 RON	Actual 2024 vs. Budgeted 2024 RON	%
<b>II. BUDGETED EXPENSES FROM OPERATING ACTIVITY</b>	<b>45,980,984</b>	<b>36,352,894</b>	<b>(9,628,090)</b>	<b>-21%</b>
Administration fees recognised in profit or loss	20,794,825	19,580,149	(1,214,676)	-6%
Legal and litigation assistance	5,142,671	3,965,226	(1,177,446)	-23%
Taxes, fees and commissions	3,978,746	3,158,955	(819,791)	-21%
Board of Nominees related expenses	3,481,763	2,133,401	(1,348,361)	-39%
Fund Manager Selection related expenses	3,788,655	1,889,251	(1,899,405)	-50%
Audit and other regulatory reporting expenses	2,351,815	1,726,447	(625,369)	-27%
Valuation and other portfolio related expenses	2,422,989	1,381,782	(1,041,207)	-43%
GSM organisation and other shareholder related expenses	833,614	694,270	(139,345)	-17%
Investor relations expenses	1,218,407	515,472	(702,934)	-58%
Public relations expenses	895,668	500,671	(394,996)	-44%
Other expenses	1,071,830	807,270	(264,560)	-25%

During the year 2024, the actual expenses from current activity amounted to RON 36.4 million being lower than the budgeted figures by RON 9.6 million. Please see sections below for additional information regarding each expense type and main variances.

### a) Administration fees recognised in profit or loss

<i>All amounts in RON</i>	Budget 2024 RON	Actual 2024 RON	Actual 2024 vs. Budgeted 2024 RON	%
<b>Administration fees recognised in profit or loss</b>	<b>20,794,825</b>	<b>19,580,149</b>	<b>(1,214,676)</b>	<b>-6%</b>
Base fee	17,076,907	15,863,874	(1,213,033)	-7%
Distribution fee for cash distributions to shareholders	3,717,918	3,716,275	(1,643)	0%
<b>Administration fees recognised in other comprehensive income</b>	<b>4,722,963</b>	<b>3,784,809</b>	<b>(938,153)</b>	<b>-20%</b>
Distribution fee for buy-back programmes	4,722,963	3,784,809	(938,153)	-20%
<b>Total administration fees</b>	<b>25,517,788</b>	<b>23,364,959</b>	<b>(2,152,830)</b>	<b>-8%</b>

The actual base fee for Q1 2024 was calculated in accordance with the Management Agreement in force for the period 1 April 2022 – 31 March 2024, using a base fee rate of 0.45%. The actual base fee for the rest of the year 2024 was calculated in accordance with the Management Agreement in force for the period 1 April 2024 – 31 March 2025, using a base fee rate of 1.35%.

During the 30 April 2024 General Shareholders Meeting, the Fund’s shareholders approved the distribution of a gross dividend of RON 0.06 per share from retained earnings. The payment started on 7 June 2024 with total distribution fee generated amounting to RON 3.7 million as presented above. There were no additional cash distributions budgeted for 2024.



On 4 September 2024, the FSA approved a public tender offer submitted by the Fund for a total number of 269 million shares in the form of shares and/or global depositary receipts which represent the shares ("GDR") at a purchase price of RON 0.6622 per share and the USD equivalent of RON 33.1100 per GDR. The tender offer was finalised on 25 September 2024 and generated a total distribution fee of RON 3.1 million (included in the RON 3.8 million presented above).

The 20% decrease in distribution fees for buy-backs compared to the budgeted figures is due to the new regulatory restrictions enacted during the period.

*b) Legal and litigation assistance*

<i>All amounts in RON</i>	Budget 2024 RON	Actual 2024 RON	Actual 2024 vs. Budgeted 2024 RON	%
Legal advisory and litigation assistance	3,425,921	3,360,329	(65,592)	-2%
Legal assistance related to the selection process	1,716,750	604,897	(1,111,853)	-65%
<b>Legal and litigation assistance</b>	<b>5,142,671</b>	<b>3,965,226</b>	<b>(1,177,446)</b>	<b>-23%</b>

These expenses include legal services provided by external legal advisors on various topics, as well as legal representation for litigations in which the Fund is involved, stamp duties, Trade Registry expenses and notary fees.

Budgeted legal assistance related to the selection process is mainly represented by a GBP 300 thousand (RON 1.7 million) amount allocated for legal fees in relation to the fund manager selection out of which RON 0.6 million have been used.

The budgeted amount was approved for the entire selection process which spans both 2024 and 2025. As such, the 2025 budget for Legal assistance related to the selection process amounts to RON 1.1 million as included in the 2025 Annual Budget which was approved by the shareholders during the 2 December 2024 GSM.

*c) Taxes, fees and commissions*

<i>All amounts in RON</i>	Budget 2024 RON	Actual 2024 RON	Actual 2024 vs. Budgeted 2024 RON	%
FSA fees	2,705,452	2,086,455	(618,998)	-23%
Corporate brokerage services related to LSE listing	434,488	406,452	(28,036)	-6%
LSE listing fees	383,613	362,865	(20,747)	-5%
Central Depositary and Paying Agent fees for distributions to shareholders	140,922	82,513	(58,409)	-41%
BVB annual listing fee	80,875	80,875	-	0%
Other taxes and fees	233,397	139,796	(93,601)	-40%
<b>Taxes, fees and commissions</b>	<b>3,978,746</b>	<b>3,158,955</b>	<b>(819,791)</b>	<b>-21%</b>

The 2024 Annual Budget for FSA monthly fees includes a 25% buffer to account for potential variations in NAV which accounts for almost all the RON 618,998 variation presented in the FSA fees line.

The Fund's NAV was generally stable during the year 2024 except for September when the tender offer was settled and December 2024 when the fair value changes based on the updated valuation reports for unlisted holdings were recorded (valuation update implied a 6.2% increase in total NAV and NAV per share).

*d) Board of Nominees related expenses*

<i>All amounts in RON</i>	Budget 2024 RON	Actual 2024 RON	Actual 2024 vs. Budgeted 2024 RON	%
Board of Nominees remuneration	1,703,556	1,635,488	(68,068)	-4%
Advisory services - other	629,262	85,259	(544,003)	-86%
Travel expenses for taking part in Board meetings and GSMs	432,250	125,533	(306,717)	-71%
Insurance expenses	243,564	243,564	-	0%
Other expenses	473,131	43,557	(429,574)	-91%
<b>Board of Nominees related expenses</b>	<b>3,481,763</b>	<b>2,133,401</b>	<b>(1,348,361)</b>	<b>-39%</b>

The actual expenses under the remuneration line were lower than the budgeted levels due to the vacant Board seat during the period 12 July 2024 to 30 September 2024.

The actual amounts in the advisory services (other) category mainly include the fees for the Board secretarial services.

Travel expenses are lower compared to budgeted figures. The decrease is a combination of lower travel costs for both Board members and FTIS employees attending board meetings (there were no meetings outside Bucharest during the year 2024).

The actual expenses under the "Other expenses" caption includes the cost with the payroll services provider (KPMG).

*e) Fund Manager Selection related expenses*

<i>All amounts in RON</i>	Budget 2024 RON	Budget 2024 allocation RON	Actual 2024 RON	Actual 2024 vs. Budget 2024 allocation RON	%
Advisory fees for Deutsche Numis	3,196,678	1,687,604	1,687,756	151	0%
Other advisory fees	591,977	203,862	201,495	(2,368)	0%
<b>Fund Manager Selection related expenses</b>	<b>3,788,655</b>	<b>1,891,467</b>	<b>1,889,251</b>	<b>(2,217)</b>	<b>0%</b>

The Fund included in the revised annual budget this caption available for the advisors of the new fund manager selection process. The total budgeted amount includes EUR 500,000 for Numis Deutsche fees and EUR 100,000 for legal advisory related to the selection plus the related taxes (VAT and WHT as applicable) and out of pocket expenses.

Similar to selection costs under the legal expenses caption from above, the amounts were approved by the shareholders for the entire selection process which spans both 2024 and 2025. As such, in the 2025 Budget approved during the 2 December GSM the corresponding allocation was estimated at RON 1.9 million for the remaining selection process.

*f) Audit and other regulatory reporting expenses*

The caption mainly includes the external statutory audit fees for EY, the internal audit fees for Mazars, regulatory and reporting engagements requested from the auditor (e.g. treasury shares cancelation report, related party transactions report), technical and regulatory assistance from professional service providers, tax assistance and tax compliance services, as well as other services related to ongoing reporting and disclosure obligations of the Fund.

The actual figures for the year 2024 are 27% lower than budgeted figures mostly due to the fact that fewer services from professional service providers, including Big 4 (not related to the portfolio) were contracted during the year than previously estimated. Also the related party report budgeted for 2024 was not required during the period.

*g) Valuation and other portfolio related expenses*

This category mainly includes the cost with the external valuation service providers that assist the Fund in the valuation of certain portfolio holdings, for IFRS reporting and NAV reporting purposes and expenses related to advisory services from professional firms in connection with portfolio companies.

For the year 2024, the actual expenses under this category are lower by 43% compared to the budgeted figures due to the fact that lower than expected portfolio related advisory services were contracted and also due to the fact that the Fund performed less periodic market multiple analysis as the majority of the portfolio is valued using DCF as primary method.

*h) GSM organisation and other shareholder related expenses*

The main component of this category is related to GSM organisation costs, such as hiring a venue, advertisement, copying documents, and other organisational costs. In addition, this category includes costs with shareholders' correspondence, mailing and printing.

During the year 2024, five GSMs were held which is in line with the Fund's estimation however a savings has been registered due to the fact that the average GSM event cost was lower than the budgeted amount, the entire category expense being 17% lower than estimated.

*i) Investor relations expenses*

This category include mainly road-shows costs (e.g. travel, accommodation, event organisation, partnerships), investor's days costs, quarterly events costs, other special events, website and technology expenses.

The actual expenses under this category are 58% lower than estimated for the year 2024 as no road-shows were organised during 2024 and there were fewer investor day's events compared to the forecast. These savings were partially offset by higher website hosting costs.

*j) Public relations expenses*

PR expenses include mainly PR agency costs, press conferences, seminars, round tables, private or public events, media monitoring services, services related to media trips for promoting Fondul Proprietatea.

The actual expenses under this category are 44% lower than budgeted for the year 2024 as there were fewer conferences and media partnerships organised during 2024.

*k) Other expenses*

The other expenses caption includes government relation strategy costs, expenses with rent and utilities, software update and maintenance fees and amortisation expenses, archiving costs and translation expenses.

The actual expenses under this category are 25% lower than budgeted for the year 2024 mainly due a decrease in government relations strategy service costs and limited software updates required.

**B.3 Expenses related to listing of portfolio holdings**

This category includes total annual budgeted expenses of RON 8.3 million related to the listing of Societatea Nationala a Sarii SA - investment bank fees, legal counsel fees, commissions and fees due to FSA and relevant market operators, expenses related to marketing activities and other consultancy expenses.

There were no expenses incurred during the year 2024 related to listing of portfolio holdings.

**B.4 Income tax expense**

<i>All amounts in RON</i>	Budget 2024 RON	Actual 2024 RON	Actual 2024 vs. Budgeted 2024 RON %	
CIT recorded directly to PL	11,966,629	1,763,416		
CIT recorded to equity	-	11,285,685		
<b>Total CIT</b>	<b>11,966,629</b>	<b>13,049,100</b>	<b>1,082,471</b>	<b>8%</b>

The budgeted income tax for the year 2024 is RON 11,966,629 while the actual amount for the same period is RON 13,049,100.

The share capital of Fondul was reduced by RON 1.09 billion following the cancelation of the shares bought back during 2023. The share capital decrease generates a taxable event for the legal reserve that exceeds 20% of the share capital which generated a CIT of RON 10.5 million that the Fund booked directly in equity (as per IAS 12 requirements).

Also, during July-December 2024 the Fund transferred back to retained earnings dividends for which the statute of limitations had occurred (after a 3 year period), in total amount of RON 15.4 million. This event was also considered as taxable and generated a CIT of RON 0.7 million which the Fund booked directly in equity (as per IAS 12 requirements).

Please note that besides the two CIT amounts mentioned above which were booked directly to equity, the Fund also recorded current income tax which was recorded directly to the profit and loss account in amount of RON 1.7 million. The other element that generates current income tax expense for Fondul is the interest income that occurs throughout the year.

The actual 2024 figures are 8% higher than budgeted for the period. As approved by the shareholders during the 27 September GSM, the Fund was granted the power to incur any expenses related to income tax expense, withholding tax on dividends, minimum corporate tax and other income taxes, even if this will result in exceeding the total expenses approved in the 2024 Budget.

**C. Buy-back programme costs**

According to the Fund's accounting policy, the buy-back programme costs are recognised in other comprehensive income (equity) and these mainly include distribution fees and other buy-back related costs, such as regulatory fees, brokerage fees, GDR conversion fees, tender agent fees, legal costs and other costs directly related to the acquisition of own shares and GDRs.

The 15<sup>th</sup> buy-back programme was approved during 13 February 2024 GSM, to be implemented during the financial year ending 31 December 2024. The actual costs are 20% lower than estimated due to the decrease in tender offer costs as a result of the regulatory restrictions enacted during the period.

**D. Capital Expenditure**

The 2024 capital expenditure budget mainly includes the allowance for changes in the Fund's software systems in 2024 and for changes/ developments to the Fund's website (hosting, maintenance, new enhancements, data feed for GDR prices and BVB share price). There were no capital expenditure costs incurred by the Fund during the year 2024.

**E. Expenses related to GDR delisting from LSE**

The shareholders approved the delisting of the GDRs traded on London Stock Exchange during the 2 December 2024 GSM. On 12 December a delisting application was submitted to the Exchange which included 25 April 2025 as the trading cancelation date.

The 2024 Annual Budget which was approved on 27 September 2024 did not include this expense however the 2025 Annual Budget which was also approved during the 2 December 2024 GSM had a specific line for this project with a total estimated amount of RON 677,152.

The Fund performed a timeline analysis during December and concluded that most of the work required for the delisting needs to be performed by external legal counsels during 2024 in order to initiate discussions with London Stock Exchange, address shareholders questions and meet the contractual deadlines for notifications to various parties.

The Fund will further monitor the actual figures for 2025 against the approved 2025 budgetary figures and the Fund currently does not estimate that additional significant costs will be incurred during 2025. Please see in the table below a current financial analysis for this operation.

<i>All amounts in RON</i>	Budget 2025 RON	Actual 2024 RON	Actual 2024 vs. Budgeted 2025 RON %	
Expenses related to GDR delisting from LSE	677,152	642,203	(34,949)	-5%

\*\*\*

**Annex 1: Actual vs. Budgeted results for the year 2024**

<i>All amounts in RON</i>	Budget 2024 RON	Actual 2024 RON	Actual 2024 vs. Budgeted 2024 RON	%
<b>I. BUDGETED INCOME FROM OPERATING ACTIVITY</b>	<b>178,791,481</b>	<b>180,532,459</b>	<b>1,740,978</b>	<b>1%</b>
Net dividend income	145,848,913	145,848,924	11	0%
Interest income	32,377,850	34,091,919	1,714,068	5%
Other income (e.g. BNY Mellon income)	564,718	591,617	26,899	5%
<b>II. BUDGETED EXPENSES FROM OPERATING ACTIVITY</b>	<b>45,980,984</b>	<b>36,352,894</b>	<b>(9,628,090)</b>	<b>-21%</b>
Administration fees recognised in profit or loss	20,794,825	19,580,149	(1,214,676)	-6%
Legal and litigation assistance	5,142,671	3,965,226	(1,177,446)	-23%
Taxes, fees and commissions	3,978,746	3,158,955	(819,791)	-21%
Board of Nominees related expenses	3,481,763	2,133,401	(1,348,361)	-39%
Fund Manager Selection related expenses*	3,788,655	1,889,251	(1,899,405)	-50%
Audit and other regulatory reporting expenses	2,351,815	1,726,447	(625,369)	-27%
Valuation and other portfolio related expenses	2,422,989	1,381,782	(1,041,207)	-43%
GSM organisation and other shareholder related expenses	833,614	694,270	(139,345)	-17%
Investor relations expenses	1,218,407	515,472	(702,934)	-58%
Public relations expenses	895,668	500,671	(394,996)	-44%
Other expenses	1,071,830	807,270	(264,560)	-25%
<b>III. GROSS BUDGETED OPERATING PROFIT</b>	<b>132,810,497</b>	<b>144,179,565</b>	<b>11,369,068</b>	<b>9%</b>
Expenses related to listing of portfolio holdings	8,246,807	-	(8,246,807)	-100%
<b>III. GROSS BUDGETED PROFIT</b>	<b>124,563,690</b>	<b>144,179,565</b>	<b>19,615,875</b>	<b>16%</b>
Income tax expense**	11,966,629	1,763,416	(10,203,214)	-85%
<b>IV. NET BUDGETED PROFIT</b>	<b>112,597,061</b>	<b>142,416,150</b>	<b>29,819,089</b>	<b>26%</b>
<b>BUY-BACK PROGRAMME COSTS - REGONISED IN EQUITY***</b>	<b>8,719,799</b>	<b>6,963,042</b>	<b>(1,756,757)</b>	<b>-20%</b>
Distribution fees for buy-back programmes recognised in equity	4,722,963	3,784,809	(938,153)	-20%
Other costs related to buy-back programmes	3,996,836	3,178,233	(818,603)	-20%
<b>CAPITAL EXPENDITURE</b>	<b>153,914</b>	<b>-</b>	<b>(153,914)</b>	<b>-100%</b>
Capital expenditure	153,914	-	(153,914)	-100%

\* Please see dedicated section above for comparison with 2024 allocated figures

\*\* RON 1,763,416 is booked into PL and 11,285,685 directly in equity – Please see B4 section for additional explanations

\*\*\* The distribution fee and other costs related to the buy-backs, such as, brokerage fees and regulatory fees, are recognised directly in equity as buy-backs acquisition cost while the distribution fee related to dividend distributions to shareholders is recognised in profit and loss.



# Annex 6 Constitutive Act of Fondul Proprietatea in force as at 31 December 2024

**CONSTITUTIVE ACT UPDATED AS OF 8 AUGUST 2024, ON THE BASIS OF THE FINANCIAL  
SUPERVISORY AUTHORITY'S AUTHORIZATION NO. 86 OF 8 AUGUST 2024, EFFECTIVE  
STARTING WITH 30 AUGUST 2024**

## **CHAPTER I**

Name of the company, legal form, headquarters and duration

### **ARTICLE 1**

Name of the Company

- (1) The name of the Company is "Fondul Proprietatea" - S.A.  
(2) All invoices, offers, orders, tariffs, prospectuses and other documents used in business, issued by the Company shall indicate the name, the legal form, the registered office, the registration number with the Commercial Registry and the sole registration code (CUI), the subscribed share capital, and the paid share capital".

### **ARTICLE 2**

Legal form of the company

- (1) "Fondul Proprietatea" - S.A., hereinafter referred to as Fondul Proprietatea, is a Romanian legal person, set up as a joint-stock company.  
(2) Fondul Proprietatea is organized, operates and ceases its activity under the legal provisions in force.  
(3) Fondul Proprietatea is set up as an alternative investment fund (A.I.F.), addressed to retail investors, constituted as investment company of the closed-end-type.

### **ARTICLE 3**

Company headquarters

- (1) The registered office of Fondul Proprietatea is located in Bucharest, 76-80 Buzesti Street, floor 7<sup>th</sup>, Sector 1; the headquarters may be changed to any other location in Romania, by decision of the asset management company (Alternative Investment Fund Manager), according to article 21 paragraph (4) xii).  
(2) The Company may set up secondary headquarters such as branches, representative offices, working points or other units with no legal personality, under the terms provided by law.

## **ARTICLE 4**

### Company duration

- (1) The duration of Fondul Proprietatea is until 31 December 2031.
- (2) The duration may be extended by the extraordinary general meeting of shareholders, with additional periods of 5 years/each.

## **CHAPTER II**

### Purpose and business object of the company

## **ARTICLE 5**

### Company purpose

The purpose of Fondul Proprietatea is the management and administration of the portfolio.

## **ARTICLE 6**

### Business object

- (1) Fondul Proprietatea has as main object of activity the management and administration of the portfolio.
- (2) The main domain of activity of Fondul Proprietatea is the one described by CAEN Code 643 – mutual funds and other similar financial entities, and the main activity is financial investments - CAEN Code 6430.
- (3) The business object of Fondul Proprietatea is the following:
  - a) management and administration of the portfolio;
  - b) other additional and adjacent activities, according to the regulations in force.

## **CHAPTER III**

### Share capital, shares

## **ARTICLE 7**

### Share capital

- (1) The subscribed and paid-up share capital of Fondul Proprietatea is in the amount of RON 1,849,342,164.28, divided in 3,556,427,239 ordinary nominative shares, having a nominal value of RON 0.52 each.
- (2) The identification data of each shareholder, the contribution to the share capital of each shareholder, the number of shares to which a shareholder is entitled to and the participation quota out of the total share capital are included in the shareholders' register kept by a computerized system by the Central Depository.
- (3) The capacity of shareholder of Fondul Proprietatea, as well as, in the case of legal persons or entities without legal personality, the capacity of legal representative of that respective shareholder is established on the basis of the list of shareholders from the reference/registration date received by Fondul Proprietatea from Depozitarul Central S.A. or, as the case may be, for dates different from the reference/registration date, on the basis of the following documents submitted to Fondul Proprietatea by the shareholder and issued by Depozitarul Central S.A. or by the participants as defined by the applicable laws and regulations, which provides custody services: a) the statement of account showing the capacity of shareholder and the number of shares held; b) documents

evidencing the registration of the information on the legal representative with Depozitarul Central S.A./ respective participants.

## ARTICLE 8

### Share capital increase and decrease

(1) The extraordinary general meeting of the shareholders shall decide, under the conditions of the law, on the share capital increase and decrease of Fondul Proprietatea, in accordance with the provisions of art. 12 (3) letter c) and d) of this constitutive act.

(2) The share capital may be increased, in accordance with the provisions of the law:

- a) by issuing new shares in exchange for cash contributions;
- b) by incorporating reserves, except for the legal reserves and of the reserves created out of the re-evaluation of the patrimony, as well as of the benefits and issuing premiums.

(3) The share capital increase stated for in paragraph 2 shall be registered at the Trade Register Office, on the basis of the decision made by the General Meeting of the Shareholders of Fondul Proprietatea.

(4) Any share capital decrease shall be performed in accordance with the provisions of the law.

(5) The share capital may be decreased by:

- a) decreasing the number of shares;
- b) decreasing the nominal value of shares; and
- c) other means provided by the law.

(6) In case the Alternative Investment Fund Manager notices that, due to accrued losses, the amount of the net assets, established as the difference between the total assets and total liabilities of Fondul Proprietatea, is less than half of the value of the subscribed share capital, Fund Manager is bound to call the extraordinary general meeting of the shareholders, which will decide if Fondul Proprietatea requires to be dissolved. In case the extraordinary general meeting of the shareholders does not decide the dissolution of Fondul Proprietatea, then Fondul Proprietatea is bound to proceed, at the latest by the termination of the fiscal year subsequent to the one in which the losses were determined, to a share capital decrease with an amount at least equal to that of the losses which could not be covered by reserves, in case in this time the net assets of Fondul Proprietatea were not reconstituted up to a value at least equal to half of the share capital.

(7) Share capital decrease shall be performed only after two months as of the publication in the Official Gazette of Romania, Part IV, of the resolution of the extraordinary general meeting of the shareholders.

## ARTICLE 9

### Shares

(1) The shares of Fondul Proprietatea are nominative, of equal value, issued in dematerialized form, established by registration in the account, and grants equal rights to their holders under the conditions provided by art. 11. The existing fully paid-up ordinary shares of Fondul Proprietatea are admitted to trading on the regulated market operated by Bursa de Valori Bucuresti S.A. and may be admitted to trading on other markets, with the approval of the extraordinary general meeting of shareholders.

(1<sup>^</sup>1) Fondul Proprietatea's Global Depositary Receipts (i.e., GDRs), having the shares of Fondul Proprietatea as underlying securities, are listed on the Specialist Fund Market of London Stock Exchange and may be admitted to trading on other markets, with the approval of the extraordinary general meeting of shareholders.

(2) The nominal value of a share is RON 0.52.

- (3) The shares are indivisible with respect to Fondul Proprietatea, acknowledging only one holder for each share. In case a share becomes the property of more persons, Fondul Proprietatea / the Central Depository is not bound to register the transfer as long as those persons will not appoint a sole representative to exercise the rights arising from the share.
- (4) The partial or total transfer of the shares amongst the shareholders or third parties is done according to the terms, conditions and procedure provided by law.
- (5) Fondul Proprietatea may buy back its own shares in accordance with the conditions laid down in legislation in force.
- (6) The right to dividends are held by the shareholders registered in the shareholders' register, according to the applicable legal and/or regulatory provisions.

## **ARTICLE 10**

### **Bonds**

Fondul Proprietatea is authorized to issue bonds in accordance with the provisions of the law. Fondul Proprietatea is not allowed to conclude loan agreements for investment reasons.

## **ARTICLE 11**

### **Rights and obligations arising from shares**

- (1) Each share fully paid by the shareholders, according to the law, grants them the right to vote in the general meeting of the shareholders, according to the provisions of paragraph (2), the right to elect and to be elected in the management bodies, the right to take part in the profit distribution, according to the provisions of this constitutive act and the legal dispositions, respectively other rights provided by the constitutive act.
- (2) The shares issued by Fondul Proprietatea grant the right to vote, each share grants one voting right.
- (3) Holding one share implies the rightful adhesion to this constitutive act.
- (4) The rights and obligations follow the shares in case ownership thereof passes to another person.

## **CHAPTER IV**

### **General meeting of the shareholders**

## **ARTICLE 12**

### **General meetings of the shareholders**

- (1) The general meeting of the shareholders may be ordinary and extraordinary.
- (2) The ordinary general meeting of the shareholders has the following competencies, duties and functions:
- a) to discuss, approve and amend the annual financial statements after reviewing the reports of the Alternative Investment Fund Manager and financial auditor;
  - b) to establish the distribution of the net profit and to establish the dividends;
  - c) to appoint the members of the Board of Nominees ("BoN") and to cancel their appointment;
  - d) to appoint the Alternative Investment Fund Manager in accordance with the law and to cancel its appointment;
  - e) to appoint and cancel the appointment of the financial auditor and to set the minimum duration

of the financial audit agreement;

f) to approve the remuneration policy applicable to the members of the Board of Nominees and to the Alternative Investment Fund Manager, that includes the level of remuneration of the members of the Board of Nominees and of the Alternative Investment Fund Manager, and to set the level of the remuneration of the financial auditor for financial audit services;

f<sup>1</sup>) to vote on an annual basis on the remuneration report for the previous fiscal year; such a vote shall be of an advisory nature and Fondul Proprietatea shall explain in the following remuneration report how the vote by the general meeting has been taken into account;

g) to rule over the management of the Alternative Investment Fund Manager and to evaluate his/her performances and to discharge him/her from its management,

h) to decide on the action in a court of law against the Alternative Investment Fund Manager or, as the case may be, against the financial audit, for damages caused to Fondul Proprietatea;

i) to approve the strategies and the development policies of Fondul Proprietatea;

j) to establish the annual income and expenditure budget for the following financial year;

k) to decide upon the pledge, lease or the creation of the movable securities or mortgages on the assets of Fondul Proprietatea, according to the legislation in force;

l) to approve significant related parties' transactions, if their value is greater than 5% of the net asset value, at the proposal of the AIFM;

m) to decide on any other aspects regarding Fondul Proprietatea, according to the legal duties.

(3) The extraordinary general meeting of the shareholders is entitled to decide on the following:

a) set-up or closing of some secondary units: branches, agencies, representative offices or other such units with no legal personality;

b) share capital increase;

c) share capital decrease or re-completion thereof by issuing new shares;

d) conversion of shares from one category to another;

e) conversion of a category of bonds to another category or to shares;

f) issue new bonds;

g) approves the admission for trading and nominates the regulated market on which the shares of Fondul Proprietatea will be traded;

h) the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables;

i) change of the management system of Fondul Proprietatea;

j) limitation or cancellation of the preference right of the shareholders;

k) approves the Investment Policy Statement;

k<sup>1</sup>) approval of: (i) the dissolution and liquidation of the Company; or (ii) the extension of the duration of the Company, in all cases according to the legislation in force;

l) any other amendment of the constitutive act or any other resolution requiring the approval of the extraordinary general meeting of the shareholders, according to applicable law or to this Constitutive Act.

### ARTICLE 13

#### Summoning the general meeting of the shareholders

(1) The general meeting of the shareholders is called by the Alternative Investment Fund Manager whenever required. Prior to the convocation of the general meeting of the shareholders, the Alternative Investment Fund Manager shall communicate to the Board of Nominees the intention to call the general meeting and shall introduce on the list of matters for the meeting all matters requested by the Board of Nominees.

(2) The ordinary general meeting of the shareholders meets at least once a year, within 4 months from the end of the financial year.

(3) The date of the meeting may not be less than 30 days from the publication of the convocation in the Official Gazette of Romania, Part IV.

(4) The general meeting of the shareholders, either ordinary or extraordinary, shall be called whenever required, according to the legal provisions in force and with the dispositions of the constitutive act, by publication of the calling notice in the Official Gazette of Romania, Part IV, and a national daily newspaper or in a local newspaper largely read in the locality where the headquarter of the company resides at least 30 days prior to the proposed date of meeting.

(5) One or more shareholders, individually or jointly, representing at least 5% of the share capital of Fondul Proprietatea, may request the Alternative Investment Fund Manager by a written address signed by the holder(s) to introduce in the agenda new matters, within 15 days of the publication of the calling notice.

(6) The calling notice, any other matter added to the agenda at the request of the shareholders or of the Board of Nominees, the annual financial statements, the annual report of the Alternative Investment Fund Manager, the report of the Board of Nominees as well as the proposal to distribute dividends are made available to the shareholders, at the headquarters of Fondul Proprietatea at the date of convocation of the general meeting, and are also published on the internet page, for free access to information by the shareholders. Upon request, copies of these documents shall be issued to the shareholders.

(7) The calling notice includes all elements required according to legislation and regulations in force.

(8) In case the agenda includes proposals to amend the constitutive act, the notice shall include the full text of the proposals. In case the agenda includes the appointment of the members of the Board of Nominees, the notice shall mention that the list including information regarding the name, the residence and professional training of the persons proposed for the position of member of the Board of Nominees is available to the shareholders, to be further reviewed and completed by shareholders.

(9) The notice for the first general meeting of the shareholders may provide also the day and hour of the second meeting, having the same agenda as the first, in order to cover the situation in which the first meeting cannot take place if the quorum is not being met.

(10) The general meeting of the shareholders shall meet at the headquarters of Fondul Proprietatea or in another place indicated in the notice.

(11) The Board of Nominees may request to the Alternative Investment Fund Manager the calling of the general meeting, and if the Fund Manager does not observe the written request of the Board of Nominees within 5 working days from receiving it, the Board of Nominees may call upon the general meeting of the shareholders by following the same procedures as set out in this Article.

(12) The chairperson of Board of Nominees may request to the Alternative Investment Fund Manager the calling of the general meeting according to article 16 paragraph (4) second sentence.



(13) The Alternative Investment Fund Manager immediately call the general meeting of the shareholders, upon written request of the shareholders, individually or jointly, representing at least 5% of the share capital, in case the request includes dispositions that fall under the responsibility of the general meeting of shareholders.

(14) In the case provided by paragraph (13), the general meeting of the shareholders shall be called within at most 30 calendar days and shall meet within at most 60 calendar days as of the date when the Alternative Investment Fund Manager received the request of the shareholders.

(15) In the situation provided by paragraphs (13) and (14), in case the Alternative Investment Fund Manager does not call the general meeting of shareholders, the shareholders who requested the calling of the general meeting may request the same to the Board of Nominees. Should the Board of Nominees is also not responding to their request in 10 working days from the receipt of the request, the court of law from the headquarters of Fondul Proprietatea, by summoning the Alternative Investment Fund Manager, may authorize the calling of the general meeting by the shareholders which formulated the request.

## ARTICLE 14

### Organization of the general meeting of the shareholders

#### I. Quorum and voting rights

(1) Upon the first calling, for the validity of the deliberations of the ordinary general meeting of the shareholders it is required that the shareholders representing at least a fourth of the total shares with right to vote to attend. The decisions of the ordinary general meeting of the shareholders are taken with the majority of votes held by the shareholders attending or being represented.

(2) In case the ordinary general meeting of the shareholders cannot operate due to lack of quorum under paragraph (1), the meeting that will meet upon a second convocation may deliberate on the items included in the agenda of the first meeting, irrespective of the met quorum, taking decision by majority of the expressed votes.

(3) For the validity of the deliberations of the extraordinary general meeting of the shareholders the following are required:

a) upon the first convocation, the attendance of the shareholders representing at least a fourth of the shares having voting rights, and the decisions are taken with majority of votes held by the shareholders attending or being represented;

b) upon the second convocation, the general meeting of the shareholders may deliberate on the items included in the agenda of the first meeting in the presence of the shareholders representing at least one fifth of the total number of the shares having voting rights, taking decisions by majority of votes held by the shareholders attending or being represented.

(4) The attendance of shareholders representing at least 50% of the total number of the voting rights, both at the first and the second convocation, is required for the validity of deliberations of the extraordinary general meeting of the shareholders to adopt a decision regarding:

(i) a share capital increase;

(ii) the anticipated dissolution of Fondul Proprietatea, made under the conditions of the law.

(5) For the validity of the deliberation of the extraordinary general meeting of shareholders regarding a share capital decrease, the attendance of the shareholders representing:

(i) at least a fourth of the shares having voting rights upon the first convocation; and

(ii) at least one fifth of the total number of the shares having voting rights, upon the second convocation is required.

(6) The decision to amend the main business object of Fondul Proprietatea, to decrease or increase

the share capital, to change the legal form, to merge, de-merge or dissolve, is taken with a majority of at least two thirds of the voting rights related to the shares having voting rights of the shareholders attending or being represented.

## II. Procedure of the meetings

(7) On the day and hour established in the convocation, the general meeting of the shareholders shall be opened by the permanent representative of the Alternative Investment Fund Manager or, in its absence, by the one holding its place. The permanent representative of the Alternative Investment Fund Manager or a person appointed by it shall be the chairman of the meeting. The members of the Board of Nominees shall participate at the meetings, as well.

(8) The general meeting shall elect, from amongst the attending shareholders, 1 up to 3 secretaries, who will check the attendance list of the shareholders, indicating the share capital represented by each of them, the minutes drawn up by the technical secretary to determine the number of the submitted shares and the fulfilment of the formalities requested by law and by the constitutive act for holding the general meeting of the shareholders.

(9) A minute of the meeting, signed by the president and by Secretaries, shall determine the fulfilment of the calling formalities, the date and place of the general meeting of the shareholders, attending shareholders, the members of the Board of Nominees present, the number of shares, a summary of the debates, the decisions taken, and upon request of the shareholders, the statements made thereby in the meeting.

(10) The documents referring to the convocation and the shareholders' attending list shall be attached to each minute.

(11) The permanent representative of the Alternative Investment Fund Manager may appoint, from amongst the employees of the Alternative Investment Fund Manager, one or more technical secretaries, to fulfil their duties according to the legal provisions.

(12) The decisions of the general meetings of the shareholders are drawn-up based on the minutes and is signed by the permanent representative of the Alternative Investment Fund Manager or by a person appointed thereby. The minutes shall be recorded in the general meetings of the shareholders' register.

(13) Considering the extremely large number of shareholders of Fondul Proprietatea the shareholders may participate in person, by proxy with a special power of attorney or may express their voting right by correspondence or by electronic voting; the procedures and forms for the proxy, correspondence and electronic voting shall be set by the Alternative Investment Fund Manager, in accordance with the applicable legislation and are made available to the shareholders at least by the date of publishing of convening notice for general meeting of shareholders.

(14) Considering the introduction of the voting right by correspondence, which right may be exercised and it is recommended to be exercised by any of the shareholders, the statutory quorum that needs to be met for the valid holding of any type of general meeting of the shareholders is calculated by including the votes deemed validly sent by correspondence.

(15) Also in the case of the vote by correspondence, each shareholder is entitled to pronounce himself in writing, with respect to the issues included in the agenda, casting a vote "for", "against" or "abstained". The expressed votes that are not cancelled are considered.

(16) All shareholders who, at the reference date, are registered in the shareholders' register, kept according to the law, have the right to participate to the general meetings of the shareholders.

(17) In order to ensure the effective and real possibility of all shareholders to be informed on the contents of the documents and the proposals of the ones requiring the organization of the general meeting of the shareholders, by care of the Alternative Investment Fund Manager, such will be

available, at the headquarters of Fondul Proprietatea, as well as on the internet page of Fondul Proprietatea, at least 30 days prior to the date provided for holding the meeting. In the case the calling of the general meeting is made by the Board of Nominees, the Alternative Investment Fund Manager has the obligation to fulfil all the above-mentioned formalities at the request of the Board of Nominees. In case the communication with the shareholder is not realized in this way, for objective reasons, the Board of Nominees may announce in the calling notice a different address than the registered address of Fondul Proprietatea, where the above-mentioned documents will be made public on the website of Fondul Proprietatea, in accordance with the applicable legislation.

(18) In the ads informing on the convocation of the general meeting of shareholders of Fondul Proprietatea it will be indicated, by the Alternative Investment Fund Manager the reference date in relation to which the shareholders will be entitled to participate and vote. Also, the date by when the shareholders may send their votes, as well as the procedure for voting by correspondence, regarding any of the issues subject to approval shall also be set. If the calling of the general meeting is made at the request of the Board of Nominees the above mentioned duties shall be fulfilled by the Board of Nominees. The deadline by when votes by correspondence may be registered at least 5 working days subsequent to the date of publication of the informative material and is prior to the convocation date of the general meeting of the shareholder by at least 48 hours.

(19) The votes of the shareholders will be sent electronically or by letter to the headquarters of Fondul Proprietatea, in a clear and precise form, noting "for", "against" or "abstained" in relation to each issue subject to approval for which the shareholder intends to cast a vote.

(20) The votes transmitted electronically shall be cancelled if they do not observe the procedure set by the Alternative Investment Fund Manager drawn up according to the Financial Supervisory Authority regulations and such votes will not be taken into consideration in calculating the attending quorum.

### III. Exercising the voting right in the general meeting of the shareholders

(21) The shareholders may be represented in each general meeting by other shareholders or by third parties subject to evidence that voting authority has been delegated by the shareholder for that particular general meeting.

(22) The decisions of the general meetings of the shareholders are taken by open vote, except for the cases the law or this constitutive act does not provide differently.

(23) Only the shareholders registered in the company shareholders' register at the reference date established by the Alternative Investment Fund Manager or the Board of Nominees, as the case may be, when calling the general meeting of the shareholders shall be entitled to participate to the meeting and vote after proving their identity.

(24) Secret vote is compulsory for electing and revoking the Alternative Investment Fund Manager, the members of the Board of Nominees, the financial auditors and for taking some measures/decisions regarding the liability of the Alternative Investment Fund Manager or of the members of the Board of Nominees and of the financial auditors of Fondul Proprietatea.

(25) The procedures referring to the secret vote, where applicable will be approved by the Alternative Investment Fund Manager and will be made public on the website of Fondul Proprietatea at the date of convening notice at least by the date of publishing of convening notice for general meeting of shareholders.

(26) The decisions of the general meeting of the shareholders are binding for all shareholders, even for the absent shareholders or who voted against or abstained.

(27) The shareholders who do not have capacity to act, as well as the legal entities may be represented by their legal representatives who, in their turn, may grant power of attorney to other persons for that particular general meeting of the shareholders.

## **CHAPTER V**

### **The Board of Nominees**

#### **ARTICLE 15**

##### **Organisation**

- (1) The ordinary general meeting of the shareholders shall appoint the Board of Nominees, formed of 5 members, and shall establish their remuneration.
- (2) Any shareholder will have the right to make proposals on the members of the Board of Nominees. The nomination will be accompanied by (a) the questionnaire regarding the independence of the candidate, completed and signed by the candidate, whose template shall be available in the informative materials, and (b) a letter of intent setting out the reasons supporting the candidacy; following that, this questionnaire and the letter of intent will be brought to the attention of the shareholders. The members of the Board of Nominees may be shareholders of Fondul Proprietatea or other persons designated by the shareholders and they must have the proper experience and knowledge in order to be able to receive the Alternative Investment Fund Manager reports and of the consultants and, based on the information received, judge the merits of the management of Fondul Proprietatea within the limits of the objectives and principles set by the investment policy as well as by the applicable laws and regulations. Also, the members of the Board of Nominees have to be qualified properly in order to decide (if there is need with the support of an independent consultant) if the transactions proposed by the Alternative Investment Fund Manager needing the approval of the Board of Nominees are made to the advantage of the shareholders.
- (3) The mandate of the members of the Board of Nominees is of 3 years, period to be extended by right, by the first meeting of the General Meeting of the Shareholders.
- (4) The Board of Nominees elects from amongst its members a chairman of the Board.

#### **ARTICLE 16**

##### **Functioning**

- (1) The meetings of the Board of Nominees are held at least once every quarter, however they may be called upon whenever needed. The call for the meeting of the Board of Nominees is made by the chairman, any of its members or upon the request of the Alternative Investment Fund Manager. The Board of Nominees shall meet in at most 7 days as of the calling.
- (2) The Chairperson of the Board of Nominees or, during his/her absence, a member of the Board of Nominees appointed through vote by the other members to chair the meeting, ensures the proper unfolding of the meetings. The meetings of the Board of Nominees shall be held at the headquarters of Fondul Proprietatea or at such other location as may be agreed among the members of the Board of Nominees or by means of electronic communications (e.g. telephone, videoconference).
- (3) The Board of Nominees takes valid decisions provided the absolute majority of its members. The members of the Board of Nominees may be represented to the meetings of the Board of Nominees only by other members of the Board of Nominees on the basis of a special written empowerment, presented in its original form at the beginning of the meeting. One member of the Board of Nominees may represent only one absent member. The decisions of the Board of Nominees shall be taken with the absolute majority of the votes of its members and are signed by all the members which participated to the meeting. If some of the members of the Board of Nominees have been represented, the empowerment will be annexed to the minute of the meeting.
- (4) If the absolute majority condition cannot be fulfilled to have the quorum for taking a decision,

the chairperson of the Board of Nominees shall give notice for a second meeting of Board of Nominees, having the same agenda as the first, in order to discuss this agenda. If the absolute majority condition cannot be fulfilled to have the quorum for taking a decision for three consecutive times, the chairperson of the Board of Nominees shall ask the Alternative Investment Fund Manager to convoke the general meeting of the shareholders in order to properly decide on the respective decisions; in case that the Alternative Investment Fund Manager does not convoke it, any of the members of the Board of nominees will be in his right to convoke the general meeting.

(5) In case of vacancy of the seat of one or more members of the Board of Nominees, the general meeting of the shareholders shall immediately convoke for the appointment of new members. For the period in time by the decision of the general meeting, the other members of the Board of Nominees will nominate members ad interim to fulfil the vacant positions. The decision of the Board of Nominees on nominating members ad interim will be communicated to the Alternative Investment Fund Manager, the auditor and will be filed with the Trade Register.

## **ARTICLE 17**

### **Attributions of the Board of Nominees**

The Board of Nominees has the followings duties and functions:

- (1) Following the information received from the Alternative Investment Fund Manager with regard to the summoning of the ordinary and/or extraordinary general meeting of the shareholders requests, if it deems necessary, the insertion of supplementary matters in the text of the calling notice of the general meeting of shareholders;
- (2) Receives from the Alternative Investment Fund Manager the information in connection with the answers to the written requests submitted before the date of the general meeting of the shareholders, by the shareholders on topics regarding Fondul Proprietatea's activity;
- (3) Receives from the Alternative Investment Fund Manager the annual financial statements, the annual activity report presented by the Alternative Investment Fund Manager and the financial auditors' report, before being made available to the shareholders and analyses them, being able to formulate an opinion to be presented to both the Alternative Investment Fund Manager and the general meeting;
- (4) Receives from the Alternative Investment Fund Manager for analysis the annual report and the management policy of Fondul Proprietatea and presents an opinion to the Alternative Investment Fund Manager and to the general meeting of the shareholders regarding such;
- (5) Receives from the Alternative Investment Fund Manager for analysis the yearly income and expenditure budget before it is submitted to the approval of the general meeting of shareholders and presents an opinion to the Alternative Investment Fund Manager and to the general meeting of the shareholders regarding such;
- (6) Receives from the Alternative Investment Fund Manager for analysis the strategy in accordance with the Fondul Proprietatea's investment policy before to be submitted to the approval of the general meeting of the shareholders and presents an opinion to the Alternative Investment Fund Manager and to the general meeting of the shareholders;
- (7) Receives from the Alternative Investment Fund Manager for analysis and approves the framework for carrying out Fondul Proprietatea's operations, as well as any other Fondul Proprietatea's regulations issued by Alternative Investment Fund Manager according to legal provisions in force, capital market rules and regulations;
- (8) Receives from the Alternative Investment Fund Manager for analysis the proposal to the



ordinary general meeting of the shareholders for the conclusion of the financial audit agreement and presents an opinion to the Alternative Investment Fund Manager and to the general meeting of the shareholders;

(9) Reviews on a regular basis the investment policy of Fondul Proprietatea and presents an opinion to the Alternative Investment Fund Manager and to the general meeting of the shareholders as any time it deems necessary, but in any case, at least once a year to the annual ordinary meeting;

(10) Receives the report of the internal auditor and presents an opinion to the Alternative Investment Fund Manager and to the general meeting of the shareholders;

(11) Monitors the following, based on information and reports received from the Alternative Investment Fund Manager:

- the list of all portfolio investments and percentage breakdown by each investment type;
- a list of major transactions occurring in the Fondul Proprietatea portfolio for the period under review;
- the total profit of the portfolio companies and comparison with the appropriate market benchmark;
- comparison of the obtained profit with the initial objective;
- the extent of compliance with the investment policy, including, specifically, the degree to which any performance objectives set out therein are achieved, as well as any variations and actions taken to achieve such objectives and improve investment results;
- the performance evaluation report.

The Board of Nominees shall draft and present to the general meeting of the shareholders an annual report regarding the monitoring activity performed or a monitoring report for another period agreed by the general meeting of shareholders.

(12) Represents the general meeting of the shareholders in relation with the Alternative Investment Fund Manager from the communication point of view between the two corporate bodies, except for the cases expressly regulated by this constitutive act as a direct communication between the general meeting and the Alternative Investment Fund Manager;

(13) Verifies the report of the Alternative Investment Fund Manager and the exercise of the permanent monitoring over the management of Fondul Proprietatea by the Alternative Investment Fund Manager, and verifies if the operations carried on by the Alternative Investment Fund Manager are in compliance with the applicable law, the constitutive act and/or with any relevant decision of the general meeting of the shareholders;

(14) Under the conditions of art. 13 paragraphs (11) and (14) calls upon the general meeting of the shareholders;

(15) Participates to the meetings of the general shareholders' meetings and presents in this meeting reports in all cases provided by this constitutive act or with regard to any issue it deems to be relevant for the shareholders;

(16) Proposes to the general meeting of shareholders the prior approval or rejection of the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables;

(17) Recommends to the General Meeting of the Shareholders the termination of the management contract for the case when the Board of Nominees is considered is to the benefit of the shareholders;

(18) Recommends to the general meeting of the shareholders on any other issues the Board of Nominees is considered relevant to the shareholders;



- (19) Following of proposal of Alternative Investment Fund Manager, recommends to the Extraordinary General Meeting of the Shareholders the appointment of the public offer intermediate, as well as on his remuneration, when it will become necessary that such a company be appointed related to the admission to trading of Fondul Proprietatea;
- (20) Approves the delegation by the Alternative Investment Fund Manager of certain activities. The delegation shall be effective in accordance with the legal provisions in force;
- (21) Is responsible for monitoring the Alternative Investment Fund Manager performance according to the Management Agreement.

## ARTICLE 18

### The obligations of the members of the Board of Nominees

- (1) The members of the Board of Nominees have diligence and loyalty duties towards the shareholders of Fondul Proprietatea.
- (2) The members of the Board of Nominees are held liable towards the general meeting of the shareholders of Fondul Proprietatea, in accordance with the mandate rules. The decisions of the members of the Board of Nominees will be taken after due enquiries into the relevant circumstances existing at the specific moment at which such decisions have been taken.
- (3) The members of the Board of Nominees cannot disclose the confidential information and the commercial secrets of Fondul Proprietatea, to which those persons have access. Such obligation remains in force as well as after the termination of the mandate.
- (4) If a member of the Board of Nominees has, directly or indirectly, adverse interest to the interest of Fondul Proprietatea, in a certain operation, that member must give notice of such situation to the other members and to the internal auditors and not take part in any deliberation regarding that operation.
- (5) The same obligation must be observed by the member of the Board of Nominees, who acknowledges that in a certain operation, his/her wife or husband, relative or related persons by the 4<sup>th</sup> grade inclusive are interested.
- (6) The prohibitions stipulated in paragraphs (4) and (5) regarding the participation, deliberation and voting of the members of the Board of Nominees, are not applicable if the vote refers to:
- a) the offer of shares or obligations of Fondul Proprietatea for subscription, to a member of the Board of Nominees or to the persons mentioned in paragraph (5);
  - b) the granting by a member of the Board of Nominees or by the persons mentioned in paragraph (5) of a loan or establishing a guarantee in favour of Fondul Proprietatea.
- (7) The member of the Board of Nominees not observing the provisions of paragraphs (4) and (5) is held liable for the damages caused to Fondul Proprietatea.
- (8) It is forbidden the crediting by the Fondul Proprietatea of the members of the Board of Nominees, through operations such as:
- a) granting loans;
  - b) granting financial facilities for or after the conclusion by Fondul Proprietatea with the members of delivery operations of goods, providing of services or performance of works;
  - c) direct or indirect guarantee, in whole or in part, of any loans granted to the member of the Board of Nominees, concomitant or after granting the loan;
  - d) direct or indirect guarantee, in whole or in part, of performance by the members of any other personal obligation of those towards third parties;
  - e) direct or indirect guarantee, in whole or in part, of any receivables having as object a loan granted by a third party to the members of the Board of Nominees or other personal service of those members.

(9) The provisions of paragraph (8) are applicable and the operations in which the husband or wife, relatives or related persons by the 4<sup>th</sup> grade inclusive of the members of the Board of Nominees are interested; also, if the operation concerning a civil or a commercial company at which one of the persons above mentioned is director or holds, solely or together with one of the persons above mentioned, a quota of at least 20% of the value of the subscribed share capital.

(10) The provisions of paragraph (8) are not applicable for the case when the operation is concluded by Fondul Proprietatea during its current business, and the clauses of the operations are not more favourable to the persons specified in paragraphs (8) and (9) than the ones usually practiced by Fondul Proprietatea towards third parties.

(11) The Board of Nominees shall promptly decide on all requests for approval from the Alternative Investment Fund Manager within a reasonable time frame to allow the Alternative Investment Fund Manager to comply with its own obligations.

## **CHAPTER VI**

### **Provisions regarding the company's management**

## **ARTICLE 19**

### **Organisation**

(1) Shareholders of Fondul Proprietatea designate the Alternative Investment Fund Manager (AIFM) for the purpose of managing it. The AIFM has also the sole director role.

(2) The Alternative Investment Fund Manager is elected by the general meeting of the shareholders, with the observance of the legal provisions and of this constitutive act.

(3) 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.

(4) The AIFM must expressly accept such position, by executing the management agreement and must have in place professional liability insurance.

(5) The Management Agreement can be modified or replaced in accordance with articles 12 and 14, with the approval of the shareholders. Any replacement document or addendum of the Management Agreement will be signed on behalf of Fondul Proprietatea by the chairman of the Board of Nominees or by a member of the Board of Nominees empowered by the chairman.

(6) The rules for remuneration of the Alternative Investment Fund Manager and the size of administration fees are included in the remuneration policy and the remuneration policy is approved by ordinary general meeting of shareholders, at least once at four years. The annual size of the administration fees is included in annual budget and approved by the ordinary general meeting of shareholders according to the legislation in force.

## **ARTICLE 20**

### **Functioning**

The Alternative Investment Fund Manager shall appoint a natural person as its permanent representative. The Alternative Investment Fund Manager can change the permanent representative in accordance with the applicable law. All changes will be registered with the Trade Registry.

## **ARTICLE 21**

### **Attributions of the Alternative Investment Fund Manager**

(1) The management of Fondul Proprietatea is ensured by the Alternative Investment Fund Manager, which fulfils the necessary and useful operations for the fulfilment of the company's business object, except of the operations reserved by the law for the general meeting of the shareholders and has all the obligations attributed to it by the applicable law.

(2) The Alternative Investment Fund Manager exercises its attributions under the control of the general meeting of the shareholders and the monitoring of the Board of Nominees, according to article 17.

(3) In addition to the duties provided by the applicable law, the Alternative Investment Fund Manager shall propose for the prior approval of the Board of Nominees and further, of the general meeting of the shareholders of Fondul Proprietatea, the general strategy in accordance with the investment policy of Fondul Proprietatea and it is responsible for the implementation of the investment policy and for achieving a proper balance between the profits and the risks related to the Fondul Proprietatea portfolio. The Alternative Investment Fund Manager undertakes to inform the Board of Nominees regularly, and as and when required by the Board of Nominees, about any significant changes in the activities of Fondul Proprietatea and within the structure of its portfolio.

(4) In excess of the duties provided by the applicable law, the Alternative Investment Fund Manager shall be liable to:

(i) establish a reference date for shareholders entitled to vote within the general meeting, under the law, and draft the text of the announcement on the convocation of the general meeting, after obtaining the prior approval of the Board of Nominees and after it added to the agenda the matters requested by the Board of Nominees;

(ii) upon the written request of any shareholder submitted before the date of the general meeting of the shareholders, to give responses regarding the aspects concerning the business of Fondul Proprietatea; such responses shall be notified to the Board of Nominees;

(iii) ensure that, if requested by any of the shareholders, a copy of or extract of the minutes of the general meeting shall be given to them and also, after the announcement of the ordinary annual general meeting of the shareholders is published, make available to the shareholders the financial statements of the company and the reports of the AIFM and of the company's financial auditors;

(iv) prepare the annual financial statements, draft the annual activity report, examine the financial auditors' report, present them to the Board of Nominees before submitting such documents to the general meeting of the shareholders and make proposals on the distribution of the profit to the general meeting of the shareholders, after obtaining the prior approval of the Board of Nominees;

(v) manages the relationship with the Central Depository with regard to its shareholders register functions;

(vi) prepare an annual report on the management and the business policy of Fondul Proprietatea, to be presented to the Board of Nominees for approval prior to its submission to the general meeting of the shareholders;

(vii) proposes for the prior approval of the Board of Nominees and further, of the general meeting of the shareholders, of the yearly income and expenditure budget and business plan;

(viii) approves the outsourcing of certain activities, within the limits of the approved budget, respectively the delegation of the performance of certain activities, subject to the observance of the applicable legislation;

(ix) based on the proposal of the Board of Nominees to submit to the approval of the extraordinary general meeting of shareholders the execution of contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value exceeds, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables;

(x) execute contracts for acquiring, selling, exchanging or for creating pledges, having as subject non-current assets of Fondul Proprietatea, whose value does not exceed, individually or cumulatively during a financial year, 20% of the total value of the non-current assets of Fondul Proprietatea, less receivables, without the approval of the ordinary or extraordinary general shareholders' meeting;

(xi) propose to the ordinary general meeting of the shareholders the conclusion of the financial audit agreement according to the legal provisions in force, upon obtaining the prior approval of the Board of Nominees, as well as approve the procedure of internal audit and the audit plan;

(xii) decide the relocation of the registered office, provided that the registered office shall at all times be registered in Romania;

(xiii) make available to the Board of Nominees the reports, as well as other necessary documents for exercising the monitoring duties, in accordance with art. 17 paragraph (11);

(xiv) inform at once the Board of Nominees of any litigation or infringement of legislation regarding Alternative Investment Fund Manager, any operation which might be an infringement to the investment policy and about the plans/ correction measures for approaching these matters;

(xv) ask for the calling of the general meeting which shall decide properly whenever an issue appears on which the Board of Nominees has a disagreement with the Alternative Investment Fund Manager, which cannot be resolved amiably;

(xvi) proposes to Board of Nominees the recommendation for the Extraordinary General Meeting of the Shareholders for the appointment of the investment firm/investment bank who shall manage a public offer, as well as on its remuneration, when it will become necessary that such a company be appointed related to the admission to trading of Fondul Proprietatea;

(xvii) approve any related parties transactions, and, if the related parties transactions' value is greater than 0.25% of the net asset value, to ask for the Board of Nominees' approval, and, if the related parties transactions' value is greater than 5% of the net asset value, to convene the GSM.

(5) For the avoidance of any doubt, in fulfilling the obligations listed under paragraph (4) of this Article 21, the Alternative Investment Fund Manager acts mainly in its capacity as sole director according to the applicable Romanian legislation.

## **ARTICLE 22**

### **The obligations of the Alternative Investment Fund Manager**

- (1) The Alternative Investment Fund Manager has a diligence and loyalty duty towards Fondul Proprietatea. Such duty is exercised taking into consideration the interest of the shareholders generally, and not of some of them.
- (2) The Alternative Investment Fund Manager is held liable towards Fondul Proprietatea, according to the law. The decisions of the Alternative Investment Fund Manager are taken after due enquiries regarding the relevant circumstances existing at the moment of which those decisions are taken.
- (3) The Alternative Investment Fund Manager cannot disclose confidential information or commercial secrets of Fondul Proprietatea, to which it has access. Such obligation remains also after the termination of the mandate.
- (4) If the Alternative Investment Fund Manager, respectively its permanent representative and its employees, have in a certain operation, directly or indirectly, adverse interest to the interest of Fondul Proprietatea, the Alternative Investment Fund Manager must give notice to the internal auditors and Board of Nominees of this issue and not take part in any deliberation concerning the specific situation.
- (5) The same obligation must be observed by the Alternative Investment Fund Manager, respectively by its permanent representative and its employees if, in a certain operation, is being aware that an affiliate of the Alternative Investment Fund Manager or the wife or husband, relatives or related persons by the 4<sup>th</sup> grade inclusive of the representative and its employees, are interested.

## **ARTICLE 23**

### **Representation of Fondul Proprietatea**

- (1) In relations with third parties, Fondul Proprietatea is represented by the Alternative Investment Fund Manager, respectively by its permanent representative.
- (2) The Alternative Investment Fund Manager may delegate the representative powers, in accordance with the applicable law.

## **CHAPTER VII**

### **The audit of Fondul Proprietatea**

## **ARTICLE 24**

### **The internal auditors and the financial audit**

- (1) The financial statements of Fondul Proprietatea are subject to financial audit in accordance with the applicable laws and regulations. Also, Fondul Proprietatea shall organise its internal audit in accordance with the legal provisions in force.
- (2) The internal audit activity for Fondul Proprietatea will be rendered by a third party on a contractual basis, in accordance with the applicable legal provisions.
- (3) The internal audit is independent of the management of Fondul Proprietatea, and the internal auditors shall objectively exercise this activity.
- (4) The internal audit shall evaluate and shall propose the improvement of the risk management, the control and internal rules within Fondul Proprietatea.
- (5) The internal auditors shall not be subject of any interference in determining the purpose of the internal audit and in exercising their activity.
- (6) The internal auditors shall have an impartial, correct attitude and shall avoid the conflicts of

interest.

(7) The internal audit shall transmit the plans of the internal audit activity and the necessary resources, inclusive the significant interim changes, to the Board of Nominees for information, as well as to the Alternative Investment Fund Manager for approval within the limits of its competencies.

(8) The internal audit shall establish the policies and procedures for exercising the internal audit activity within Fondul Proprietatea, comprising amongst others, the analysis of the decisions taken by the company's management and the control of their compliance with the statutory requirements and/or with other documents approved by the general meeting of the shareholders.

(9) The internal audit shall coordinate its activity with the financial auditor, in order to ensure the proper fulfilment of the audit objectives and to minimize any duplication of attributions.

(10) The internal audit shall present periodical reports to the Board of Nominees of Fondul Proprietatea and the Alternative Investment Fund Manager regarding the purpose of the internal audit activity, authority, responsibility and performance according to its internal audit plan. The reports shall include also the significant risks and aspects of the control and management, as well as other necessary problems or as requested by the Board of Nominees and the Alternative Investment Fund Manager.

(11) The internal audit shall verify if the management of Fondul Proprietatea has taken appropriate measures concerning the reported significant risks or if the Alternative Investment Fund Manager has accepted the risk of not taking any measure and shall inform the Board of Nominees and the general meeting of the shareholders if the Alternative Investment Fund Manager has accepted the reported significant risks.

(12) The internal audit shall establish the procedures for monitoring the implementation of the measures taken by the management of Fondul Proprietatea.

(13) The internal auditors shall notify the Board of Nominees and the Alternative Investment Fund Managers with respect to any flaws in the management or breaches of the legal provisions or of the constitutive act, where such are identified by the internal auditors; the significant cases shall be notified to the general meeting of the shareholders.

(14) The internal auditors shall take into consideration the complaints of the shareholders when drafting the reports addressed to the general meeting of the shareholders.

(15) The attributions, duties and the functioning way of the internal auditors, as well as their rights and obligations are completed with the legal provisions in this area.

## **CHAPTER VIII**

### **Business of Fondul Proprietatea**

## **ARTICLE 25**

### **Financing its own business**

For the fulfilment of the business object and in accordance with the attributions established, Fondul Proprietatea uses the financial sources established pursuant to the law, banking credits and other financial sources. Fondul Proprietatea is not allowed to conclude loan agreements for investment reasons.

## **ARTICLE 26**

### **Financial year**

The financial year begins on 1 January and terminates on 31 December of each year.



## **ARTICLE 27**

### Accounting evidence and annual financial statements

- (1) The accounting is kept in Romanian language and in national currency.
- (2) Fondul Proprietatea must draft the annual financial statements according to legal provisions in force and to the applicable accounting and financial reporting standards.

## **ARTICLE 28**

### Calculation and distribution of the profit

- (1) The result of the financial year is determined at the end of the year and represents the final balance of the profit and loss account.
- (2) The net accounting profit of Fondul Proprietatea, as reflected in the audited financial statements, shall be distributed according to the decision of the general meeting of the shareholders and to the legal provisions in force.
- (3) Fondul Proprietatea creates the legal reserves and any other reserves, pursuant to the law.
- (4) The payment of dividends owed to the shareholders is made by Fondul Proprietatea, according to the law.
- (5) The dividends are distributed to the shareholders proportional with the number of paid shares held at the relevant record date.
- (6) In case of loss of the net asset, the general meeting of the shareholders shall analyse the causes and decide properly, according to the law.

## **ARTICLE 29**

### Registries

Fondul Proprietatea shall maintain, by care of the Alternative Investment Fund Manager, all registries provided by the law. The shareholders registry is kept by the Central Depository SA.

## **CHAPTER IX**

### Association, change of the legal form, dissolution and liquidation, litigation

## **ARTICLE 30**

### Association

- (1) Fondul Proprietatea may set-up, solely or together with other Romanian or foreign natural persons or legal entities, other companies or legal entities, according to the law and to this constitutive act.
- (2) The conditions for the participation of Fondul Proprietatea at the setting-up of new legal entities shall be regulated by the constitutive acts, which to be approved by the general meeting of the shareholders.

## **ARTICLE 31**

### **Dissolution**

- (1) The dissolution of Fondul Proprietatea shall take place in the following cases:
- a) impossibility of performing the company's business object;
  - b) declaring the company's nullity;
  - c) by decision of the extraordinary general meeting of the shareholders, in accordance with article 14;
  - d) as consequence of losses, as reflected in the audited financial statements, if the net asset value, determined as difference between the total asset and company's debts, represents less than half of the value of the subscribed share capital and if, not later than the termination of the financial year subsequent to the one during which the losses have been ascertained, the general meeting of the shareholders fails to decrease the share capital with an amount at least equal with the one of losses which could not be covered from reserves or to reconstitute the company's net asset up to the value at least equal with half of the subscribed share capital;
  - e) opening of the bankruptcy procedure;
  - f) the number of shareholders reduces under the legal minimum;
  - f<sup>1</sup>) expiration of the duration of Fondul Proprietatea, if the extraordinary general meeting of shareholders of Fondul Proprietatea does not decide the extension of the duration, in accordance with Article 4;
  - g) other causes provided by the law or by this constitutive act.
- (2) The dissolution of Fondul Proprietatea cannot take place before the finalisation of the procedures for granting indemnities to the rightful persons.
- (3) The dissolution decision of Fondul Proprietatea must be registered with the commercial registry and published in the Official Gazette of Romania, Part IV.

## **ARTICLE 32**

### **Liquidation**

- (1) The dissolution of Fondul Proprietatea has as consequence the opening of the liquidation procedure and, irrespective of the reasons for dissolution of the Company, Fondul Proprietatea will be wound up only after finalising the related procedures, in accordance with the law.
- (2) The shareholders cannot, directly or indirectly, redeem their shares from Fondul Proprietatea's assets prior to the start of the liquidation procedure.
- (3) The liquidation of Fondul Proprietatea and distribution of the patrimony are made in accordance with the law.

## **ARTICLE 33**

### **Calculation method of the net asset**

- (1) For the calculation of the net assets value of Fondul Proprietatea, the portfolio holdings are valued and included in the Fund's net asset at the values established according to the accounting and legal regulations in force. The net asset value of the Fund is determined as the difference between the total assets value and the aggregate value of the Fund's debts and deferred income. In the calculation of the aggregate value of debts are included both current and non-current debts, as well as the provisions booked by Fondul Proprietatea.
- (2) The total value of the assets is calculated according to the legal regulations in force, by cumulating:
- a) non-current assets;

- b) current assets;
- c) derivatives;
- d) deferred expenses.

(3) The total value of debts, provisions and deferred income is determined based on information provided by Fund's own accounting organised and managed in accordance with the legal provisions in force.

(4) The calculation of the net assets value is prepared by the Fund's Sole Director and certified by the depositary bank on a monthly basis, for the last calendar day of the month, and for the dates when a share capital increase or decrease takes place respectively the dates when such share capital increase or decrease is recorded to Trade Registry

#### **ARTICLE 34**

##### **Prudential rules concerning the investment policy**

(1) The investment policy is established by the Alternative Investment Fund Manager, with the observance of the investment limitation provided by the legal provisions in force for a diversified closed-ended alternative investment fund set up as a joint stock investment company addressed to retail investors and of this Constitutive Act.

(2) Fondul Proprietatea shall be subject to the investment restrictions and can invest only in the categories of assets according to the provisions applicable to a diversified closed-ended alternative investment fund set up as a joint stock investment company addressed to retail investors according to legislation in force.

(3) Subject to the terms of this Constitutive Act, of the Management Agreement and the applicable law, all decisions in relation to the acquisition of, disposal of, and exercise of all rights and obligations in relation to the assets of Fondul Proprietatea shall be at the sole discretion of the Alternative Investment Fund Manager.

(4) Prudential rules concerning the investment policy will be approved by the shareholders through Investment Policy Statement.

(5) The detailed presentation of the investment policy and the rules for pricing the assets of the Company, drafted in line with Romanian and European legislation in force, are included in rules of the Fund and are published by the AIFM on the website of the Company.

#### **ARTICLE 35**

##### **Conditions for the replacement of the depositary**

(1) Fondul Proprietatea shall conclude a depositary agreement with a depositary legal entity authorised and supervised by the Financial Supervisory Authority, which performs the depositary operations of securities, as well as any operations in connection with those. The activities to be developed by the depositary and the conditions for its replacement shall be provided in the depositary agreement.

(2) The depositary agreement shall mandatorily include clauses related to the replacement of the depositary and rules for ensuring shareholders' protection in such situations, as well as other mandatory clauses in accordance with the applicable regulations.

### **ARTICLE 36**

Identity, requirements regarding the qualification, professional experience and integrity of the management members

(1) The Alternative Investment Fund Manager, respectively its permanent representative shall cumulatively fulfil with the minimum requirements regarding the integrity, qualification and professional experience provided in the legislation and in other specific provisions; the identity of the Alternative Investment Fund Manager is the one registered with the National Office of Trade Registry, based on the decision of the general meeting of the shareholders regarding its election.

### **ARTICLE 37**

Litigations

The litigations of any type shall be amiably resolved and if this is not possible, they shall be solved by the competent arbitral or judicial courts.

## **CHAPTER X**

Final provisions

### **ARTICLE 38**

Final provisions

The provisions of this constitutive act are completed by the provisions of Company Law No. 31/1990, republished, as further amended and completed, and other applicable legal provisions in force as well as by the provisions of the capital market legislation governing the issuers whose shares are admitted on trading.

\*

\* \*

# Annex 7 Annual Cash Distribution Policy of Fondul Proprietatea in force as at 31 December 2024

- Updated as of 18 December 2023 -

## 1. Scope

In order to comply with the requirements of Bucharest Stock Exchange Code of Corporate Governance and in accordance with the Investment Policy Statement (“IPS”), Fondul Proprietatea SA (the “Fund”) decided to adopt this Annual Cash Distribution Policy (“ACDP”).

The scope of this Policy is to set a series of guidelines and principles on the cash distributions made by the Fund.

## 2. General principles

In accordance with the IPS, the Alternative Investment Fund Manager (the “Fund Manager”) may propose cash distributions for shareholders’ approvals. The level of such cash distributions is proposed by the Fund Manager by applying this ACDP and in correlation with the other on-going Discount Control Mechanism measures (*e.g.* buy-backs).

The Fund Manager intends to recommend to shareholders for their approval cash distributions, on an annual basis, subject to applicable law and necessary approvals, to any restrictions under Romanian legal or tax regulations and subject to available financing sources.

Under exceptional market conditions or circumstances (*e.g.* events that may significantly impact the discount), the Fund Manager may propose a change of the mix of cash distribution and share buy-backs to allocate more of the distributable cash towards share buy-backs, if it considers this to be in the best interest of the Fund’s shareholders to enhance shareholder value.

ACDP does not limit additional cash distributions and share buy-backs that can be recommended by the Fund Manager separately, subject to available financing sources, regulatory and corporate approvals and depending on the discount level, in accordance with the IPS and the Discount Control Mechanism.

The Fund Manager will include in its periodical reports (annual report, quarterly reports and semi-annual report) as well in the announcement (‘current report’) for completing a certain material transaction the use of proceeds from such transaction.

## 3. Cash distributions

Under current Romanian legislation and of the Constitutive Act, each fully paid share gives its owner the right to receive cash distributions (in the form of dividends or other types of cash distributions, such as return of capital). Unpaid shares and treasury shares will not be entitled to receive cash distributions.

Cash distributions are paid to the shareholders on a pro rata basis, proportionately to their participation in the paid share capital of the Fund.

a. Dividend distributions

In the absence of exceptional market conditions or circumstances, and subject to any restrictions under Romanian legal or tax regulations and subject to available financing sources, in case of dividend distributions (where permitted by applicable law), the distributable amount is calculated by the Fund Manager and proposed for shareholders' approval as sum of the following elements:

- i. the Fund's annual dividend income from portfolio companies, except special cash distributions,
- ii. plus interest on cash balances,
- iii. less operating and financing expenses and taxation and
- iv. less compulsory allocations to reserves according to the regulations in force.

For the purpose of this policy, the special cash distributions are the amounts distributed by the portfolio companies from other sources than the annual net profit included in the latest annual financial statements.

The Fund Manager may propose the level of any dividends by considering the on-going measures imposed by Discount Control Mechanism and the available cash.

Any dividend distribution will be based on audited financial statements and will be submitted to shareholders approval generally during the Annual GSM. The Fund Manager does not intent to propose interim or quarterly dividends.

The dividends computed in accordance with the principles above can be distributed from the annual profits and/ or from other equity elements (*e.g.* retained earnings) by observing the applicable legal requirements.

b. Return of capital

In case of a return of capital, the distributable amount is subject to the restrictions under Romanian legislation and regulations in force and to available funding and will be based on the Fund Manager's best estimate according to the latest available financial statements at the time of proposing the respective distribution for the shareholders' approval.

According to Article 29 of the Romanian Law no. 243/2019 on alternative investment funds, amending and supplementing certain normative acts the return of capital can be done as mentioned below:

- ✓ With the purpose to decrease its share capital, the Fund may perform, only once during the financial year, share capital returns *pro rata* with the contributions made by the investors, subject to the approval of the extraordinary general meeting of shareholders, in accordance with the Romanian legal provisions in force.
- ✓ By way of exception from the provisions above, with the purpose to decrease its share capital, the Fund can perform additional share capital returns *pro rata* with the shares held by the investors, if the following conditions are cumulatively met:
  - a) the share capital return is approved by the Fund shareholders meeting held according to the provisions of Romanian legislation in force;



- b) the share capital return to shareholders is made exclusively from the own sources of the Fund;
  - c) the Fund has recorded profit in the last 3 financial years, according to its annual financial statements audited according to the law.
- ✓ The Fund may repurchase its own shares with the purpose to decrease its share capital if the following conditions are cumulatively met:
- a) the buy-back programme is approved by the Fund shareholders meeting held according to the provisions of Romanian legislation in force;
  - b) the payment of the shares thus purchased will be made exclusively from the own sources of the Fund.

#### **4. Payment of Cash Distributions**

The cash distributions will be proposed by the Fund Manager and paid in compliance with the General Shareholders Meeting Resolutions under the terms and conditions provided by Romanian law. The Fund publishes information on the payment of dividends and other cash distributions to shareholders on the Fund's website ([www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)) in compliance with the effective laws.

#### **5. Review of the Annual Cash Distribution Policy**

The ACDP may be revised by the Fund Manager after the consultation with the Board of Nominees, on an annual basis, in compliance with the applicable law and regulations or in case of new regulations or mandatory legal provisions regarding the scope of the policy. The current Policy is published on the Fund's website ([www.fondulproprietatea.ro](http://www.fondulproprietatea.ro)) and any update to the Policy shall be disseminated to the market and uploaded on the website.