

Sole Director's Proposal for 2025 Profit Allocation

Supporting material for item 8 on the agenda of 28/29 May 2026 Ordinary General Shareholders' Meeting

Overview

Fondul Proprietatea S.A. ("**Fondul Proprietatea**" or the "**Fund**") reported an audited net profit of **RON 449,911,570** in the financial statements for the year ended 31 December 2025, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and applying the Financial Supervisory Authority's ("**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 and to the Fund for Investors Compensation, as subsequently amended ("**Norm 39/2015**").

According to Article 28 (7) of the Romanian Accounting Law ("**Law 82/1991**") and to Article 23 (1) of Annex 1 from FSA Norm 39/2015, the annual financial statements must be published together with the proposal to allocate the profit or cover the losses.

The profit allocation proposal of the Sole Director is subject to shareholders' approval on item 8 on the agenda of 28/29 May 2026 OGM.

Covering the negative reserves incurred during 2025

Under item 7 on the agenda of 28/29 May 2026 OGM, the Fund's Sole Director proposes that the negative reserves incurred during the financial year ended 31 December 2025 in total amount of RON 38,353,766.42, from the cancellation of the shares acquired within the 15th buy-back programme, is fully covered from other reserves specifically set-up for this purpose during a previous GSM meeting.

Annual Cash Distribution Policy ("ACDP**") and net accounting profit allocation**

The ACDP mainly provides for the following principles:

In accordance with the Investment Policy Statement, the Sole Director may propose cash distributions for shareholders' approvals. The level of such cash distributions is proposed by the Sole Director by applying the Fund's ACDP in correlation with the other on-going Discount Control Mechanism measures (e.g. buy-backs).

The Sole Director 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 Sole Director 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.

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 Sole Director as sum of:

- (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.

By applying the principles above-mentioned to the audited net profit for 2025, the calculation of the distributable amount would be as follows:

Audited Statement of Comprehensive Income for the YE 31 Dec 2025 (RON)	Reported amounts	Distributable amount	Non-distributable amount
Gross dividend income, out of which:	155,607,128	155,607,128	
- annual dividend distributions from portfolio companies	155,607,128	155,607,128	
- special dividends from portfolio companies	-		-
Net gain from equity investments at FVTPL	310,354,259		310,354,259
Interest income	20,475,022	20,475,022	
Other income, net	88,710		88,710
Net foreign exchange loss	(150,738)		(150,738)
Net operating income	486,374,381	176,082,150	310,292,231
Operating expenses	(35,368,937)	(35,368,937)	
Profit before income tax	451,005,444	140,713,213	310,292,231
Income tax	(1,093,874)	(1,093,874)	
Profit for the period	449,911,570	139,619,339	310,292,231
<i>Income tax recognised directly in equity</i>	(2,706,769)	(2,706,769)	-
<i>Buyback costs recognised directly in equity</i>	(3,285,860)	(3,285,860)	-
Total distributable/ non-distributable amounts		133,626,710	310,292,231

Sole Director's proposal for profit allocation

The Sole Director is managing the liquidity of the Fund by ensuring sufficient resources exist to meet ongoing Discount Control Mechanism measures (distributions and/ or buybacks), operating expenses for a minimum of the next 12 months, and to address any additional liquidity requirements, including potential cash contributions to the share capital of portfolio companies, consistent with the assumptions underpinning their valuations.

At the date of the Annual GSM calling, the Sole Director has analysed the following factors as part of the proposal to allocate the 2025 audited profit:

- uncertainties/ lack of clarity on the incoming dividends from the portfolio companies (both in terms of amounts and timing of collection). The portfolio companies generally approve the annual dividends during May each year while the collection generally occurs during July.
- size of the Fund and concentration of the portfolio companies paying dividends to Fondul.
- the share capital increase approved in CN Administratia Porturilor Maritime SA on 30 March 2026 and the corresponding cash requirement for Fondul to maintain its holding.
- the share capital increase uncertainties for CN Aeroporturi Bucuresti SA and the cash required for Fondul to participate assuming a reasonable valuation of the underlying plot of land. This is in line with the assumptions used in the valuation of the holding in the audited financial statements as at 31 December 2025.
- the ongoing cash requirements for Fondul to meet its contractual obligations.

Considering the above, **the Sole Director proposes to shareholders for their approval the allocation of the entire 2025 audited profit to retained earnings, available for future use.**

Potential subsequent actions by the Sole Director

The Fund Manager may consider proposing to shareholders, in a subsequent GSM to be held during 2026, a distribution of dividend, conditional upon the portfolio companies approving the required dividend inflows (as reflected in the Fund's 2026 Budget), and subject to Fund's statutory documentation, applicable legal and regulatory requirements and the availability of distributable amounts.

At this stage, no binding commitment, decision or recommendation is being made in respect of any such future distribution. If the Fund Manager, further to a separate analysis made at the relevant time, decides to put forward such a proposal, the amount and structure of any proposed distribution would be determined at that time based on the then available financial information, the Fund's liquidity position, cash requirements, and the evolution of the risk factors mentioned above, and may differ from the assumptions currently contemplated in this memorandum. Any such future proposal would require the approval of shareholders in a subsequent GSM, in accordance with applicable law.

By way of example, the table below details the calculation of a potential dividend of RON 0.0262/ share, being understood that this amount is presented for illustrative purposes only:

Distributable profit based on 2025 results and ACDP		133,626,710
Cash required for CN Administratia Porturilor Maritime SA share capital increase		(56,325,100)
Remaining distributable amount	(1)	<u>77,301,610</u>
Number of paid shares at 31 December 2025		3,200,784,516
Less treasury shares in balance at 31 December 2025		<u>(252,097,337)</u>
Number of shares entitled to receive dividends	(2)	2,948,687,179
Potential gross dividend per share, rounded (RON)	(3)=(1)/(2)	0.0262

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

Daniel Naftali

Permanent Representative