

Sole Director's Proposal for the decrease of the legal reserves

In accordance with Article 183 of the Companies Law, Fondul must annually allocate at least 5% of the profit as reserve fund (i.e., the legal reserve), until it reaches at least 20% of the share capital.

Following the Resolution no. 3 / 21 April 2023 of the Extraordinary General Shareholders' Meeting based on which the legal reserve of the Fund was decreased to RON 646,653,823.00, the legal reserve represented 20% of the Fund's share capital. On 12 October 2023, the cancellation of the treasury shares acquired during 2022 was finalised and the share capital of Fondul was decreased by the corresponding amount. Consequently, the legal reserve represented 21.94% of the Fund's share capital as at 31 December 2023.

Based on the analysis performed, the Sole Director did not identify any regulatory provisions that would prevent the decrease of the legal reserve to 20% of the share capital of Fondul and does not see any benefit in maintaining a higher level of the legal reserve compared to the threshold imposed by the law.

1. Decrease of the legal reserve following the cancellation of shares acquired in 13th Buyback programme

As a result of the above, the Sole Director proposes shareholders to approve the decrease of the legal reserves 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 of the Fund, 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.

This Sole Director's proposal for the decrease of the legal reserve is subject to shareholders' approval on point 2 of the 30 April 2024 Extraordinary General Shareholders' Meeting ("EGM") agenda.

2. Decrease of the legal reserve following the cancellation of shares acquired in 14th Buyback programme, subject to specific conditions to be met

Following the implementation of the decrease of the legal reserve detailed above and subject to the approval by the shareholders and the implementation and effectiveness during 2024 of the share capital decrease contemplated under point 1 of 30 April 2024 EGM agenda (regarding the cancellation of the shares acquired within 14th Buyback programme), the new share capital of the Fund would be RON 1,849,342,164.28, while the legal reserve would be RON 589,555,837.31, representing 31.88% of the new share capital of the Fund.

As a result of the above, and subject to fulfilling the aforementioned conditions, the Sole Director proposes shareholders to approve the 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 contemplated under point 1 of the 30 April 2024 EGM agenda.

Following the decrease, the corresponding amount of RON 219,687,404.45 will be transferred to retained earnings and remain available for future use by shareholders.

This Sole Director's proposal for the decrease of the legal reserve is subject to shareholders' approval on point 3 of the 30 April 2024 EGM.

The movement in legal reserves balance following the implementation of point 2 and point 3 of the 30 April 2024 EGM agenda is illustrated in the table below:

<i>All amounts in RON</i>	Legal reserves
Audited balance as at 31 December 2023	646,653,823
Transfer to retained earnings as per point 2 of 30 April 2024 EGM agenda	(57,097,986)
Transfer to retained earnings as per point 3 of 30 April 2024 EGM agenda, subject to the approval, implementation, and effectiveness of point 1 of 30 April 2024 EGM agenda	(219,687,404)
Total estimated legal reserves at 31 December 2024	369,868,433

Franklin Templeton International Services S.à r.l. acting in the capacity of Sole Director and Alternative investment fund manager of Fondul Proprietatea SA

Johan Meyer

Permanent Representative