



FOR IMMEDIATE DISTRIBUTION

THE DARKEST DAY IN THE HISTORY OF CORPORATE GOVERNANCE IN ROMANIA

The Parliamentary majority decided to replace professional management in state-owned companies with political appointments

Bucharest, 21 December 2017 – Fondul Proprietatea is appalled by the adoption by the Chamber of Deputies yesterday of amendments to OUG 109/2011 on corporate governance, which for all intents and purposes exempt over 100 major state-owned companies (SOEs) from the application of this law, thus rendering the content of the law inapplicable. The exempted companies, some of which are listed, include some of the most valuable Romanian SOEs: Hidroelectrica, Nuclearelectrica, Bucharest Airports, Romgaz, Transelectrica, Constanta Maritime Ports SA and CE Oltenia.

In this context, Greg Konieczny, CEO and Portfolio Manager of Fondul Proprietatea commented:

"If 2017 was a difficult year, marked by blatant disregard, attacks and systematic abuses of corporate governance, yesterday we witnessed the darkest day in the history of corporate governance in Romania. The changes adopted yesterday are a huge step back in time for SOEs and the country, while the risks to integrity via corruption and value destruction in these companies are growing dramatically. It is extremely sad to see that initiatives, which had a proven positive impact, such as the corporate governance legislation, are practically demolished by the Parliamentary majority at an accelerated pace, thus sending an extremely negative signal to investors".

Johan Meyer, Co-CEO and Co-Portfolio Manager of Fondul Proprietatea added: **"Clearly no consideration is being paid to the far-reaching implications this will have on the financial markets and the well-being of these companies. These amendments are nothing but an intention to protect and enrich the few at the expense of Romania in general."**

The implications of the amendments voted yesterday include among others:

- removing the obligation to appoint professional and politically independent management and Boards in SOEs;
- removing the transparency and reporting obligation for SOEs to publish their annual and half-yearly financial statements¹;
- removing the obligation to publish the identity, professional experience and remuneration of the executive management of SOEs;
- removing the possibility of minority shareholders to appoint members of the Boards of SOEs and restricting their access to information within the company;
- removing the obligation of SOEs to publish transparently the resolutions adopted by shareholders on their Internet webpages².

¹ However, listed companies continue to have reporting obligations under Capital Market Law and regulations.

² The obligation to publish the shareholders' resolutions in Official Gazette within 15 days after approval continues to exist.

Concluding, Fondul Proprietatea believes that exempting SOEs from corporate governance legislation poses a direct threat to their financial health, opening the door to political cronies' appointments serving other interests than the well-being and development of these companies, bringing a negative impact on the foreign investments and international relationships for Romania, as country.

Considering the harshness of these consequences, Fondul Proprietatea makes a public appeal to the President of Romania, Klaus Iohannis, to send the law back to Parliament for re-examination, hoping that these exemptions will be removed after a careful analysis of the potential negative effects of the law.

- ENDS -

Contacts:

<p>Elena Birjovanu Corporate Communications Manager Franklin Templeton Investment Bucharest Branch Premium Point 78-80 Buzesti, 011017, Bucharest Tel: +40 21 200 9640 Email: elena.birjovanu@franklintempleton.com</p>	<p>Ana Maria Gardiner Director, Golin Metropolis Bravo, 89-97 Grigore Alexandrescu 010627 Bucharest, Romania Tel: +40 21 301 00 51 Email: agardiner@golin.com</p>
--	--

Notes to Editors

1. About Fondul Proprietatea

Launched in December 2005, Fondul Proprietatea ("the Fund") was established to compensate Romanians whose properties were confiscated by the former communist government. An international tender was announced in December 2008, and Franklin Templeton Investments officially took over as investment manager and sole administrator of the Fund on 29 September 2010. The Fund is an alternative investment fund and its investment objective is the maximization of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities. The Fund listed on the Bucharest Stock Exchange on 25 January 2011 and on the Specialist Fund Market of the London Stock Exchange by means of global depositary receipts ("GDRs") on 29 April 2015.

The headquarters of Fondul Proprietatea SA are at 78-80 Buzesti Street, 7th Floor, Bucharest District 1, 011017, Romania. For more information on Fondul Proprietatea, please visit <http://www.fondulproprietatea.ro>.

2. About Franklin Templeton Investments

Franklin Resources, Inc. [NYSE:BEN] is a [global investment management](#) organization operating as Franklin Templeton Investments. Franklin Templeton Investments provides global and domestic investment management to retail, institutional and sovereign wealth clients in over 180 countries. Through specialized teams, the Company has expertise across all asset classes—including equity, fixed income, alternative and custom solutions. The Company's more than 600 investment professionals are supported by its integrated, worldwide team of risk management professionals and global trading desk network. With offices in 35 countries, the California-based company has more than 65 years of investment experience and over \$753.2 billion in assets under management as of 30 November 2017. For more information, please visit www.franklintempleton.co.uk.

Franklin Templeton established an office in Bucharest in May 2010, with a team of 32 employees, including 6 locally based investment professionals who are further supported by the over 40 portfolio managers and analysts of the wider Templeton Emerging Markets team.

Starting with 1 April 2016, in view of complying with the EU Directive 2011/61 on alternative investment fund managers, the Fund is managed by Franklin Templeton Investment Services S.À R.L. ("FTIS"), 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, authorized 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, registered with the Luxembourg Register of Commerce and Companies under

number B 36.979, registered with the Romanian Financial Supervisory Authority (“FSA”) under number PJM07.1AFIASMDLUX0037/10 March 2016.

This release herein is issued by Franklin Templeton Investment Management Limited (“FTIML”), registered with the FSA under no. PJM01SFIM/400005/14 September 2009, which is authorized and regulated in the UK by the Financial Conduct Authority, registered therein under the number 121779, registered as a foreign equivalent of an investment adviser with the US Securities Exchange Commission. FTIML acts herein as a delegate of FTIS with respect to the portfolio management functions as well as administration services over the Fund.

Franklin Templeton Investment Management Limited UK Bucharest Branch office is located at Premium Point, 7-8th floors, 78-80 Buzesti, District 1, Bucharest, Romania. Tel: +40.200.96.00, Fax: +40.200.96.31/32.

This press release is intended to be of general interest only, and does not constitute professional advice. Franklin Templeton Investments and its management groups have exercised professional care and diligence in the collection and processing of the information in this press release. Franklin Templeton Investments makes no representations or warranties with respect to the accuracy of this document. Franklin Templeton Investments shall not be liable to any user of this report or to any other person or entity for the inaccuracy of information contained in this press release or for any errors or omissions in its contents, regardless of the cause of such inaccuracy, error or omission. Any research and analysis contained in this document has been procured by Franklin Templeton Investments for its own purposes.

Issued by Franklin Templeton Investment Management Limited UK Bucharest Branch

Copyright © 2017. Franklin Templeton Investments. All rights reserved.