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GAS PRICE CAPPING BREAKS LOCAL AND EU LEGISLATION AND JEOPARDIZES INVESTMENTS AND ROMANIA'S FUTURE GAS INDEPENDENCE

Bucharest, 20 July 2018 – Fondul Proprietatea expresses significant concerns regarding the intention of the Government to cap the gas prices from internal production at around 70% of the current market price, following the recent publication of a draft Government Decision by the Ministry of Public Finance.

If adopted, the Government Decision would flagrantly breach already approved legislation, as well as Romania's obligations as EU member state to observe the free market principles and liberalise the gas market. This will have a highly detrimental impact on the economy and market attractiveness for investors, severely discouraging foreign direct investments in the country. Romania's energy independence will be put at risk and the country may have to rely on external sources of gas at higher prices that the Government will have no control over.

Moreover, if the measure would be applied to all consumers, including industrial consumers, this would raise again the issue of discriminatory treatment and potential state aid, as well as result in smaller contributions to the state budget from the gas industry.

Commenting on the dire implications of such a proposal, Johan Meyer, CEO of Franklin Templeton Investments Limited and Portfolio Manager of Fondul Proprietatea, said: *"As financial investors we are very surprised and worried that the Government may be erasing years of building credibility in front of the international community through a single decision. Local individual investors, Romanian pension funds, and international institutional investors invested in good faith in the Romanian capital market, in companies like Romgaz and OMV Petrom and are seeing their value being destroyed by the Government with this draft decision. Through the announcement of this ill considered decision the Government managed to erase more than RON 600 million¹ in the value of its own investments in Romgaz and OMV Petrom, while the total value destruction for the two companies was over RON 1.45 billion² in a single day."*

Johan Meyer further added: *"Arbitrarily capping gas prices would throw Romania back in time, as the Ministry of Finance's proposal backtracks the entire liberalization process that took years to complete and jeopardizes any future investment in the Black Sea, which is essential for Romania's energy independence. Moreover, this measure contravenes the EU free market principles and will put Romania in a very bad light shortly before the upcoming EU Council Presidency. Such short term thinking without due regard for the long-term implications for the Romanian economy will not protect consumers, but will ultimately expose them to even higher gas prices in the future."*

¹ Calculated as the combined market value decrease on BVB of the Romanian state ownership in Romgaz and OMV Petrom as of 19 July 2018

² Calculated as the combined market value decrease on BVB of Romgaz and OMV Petrom as of 19 July 2018

Given the serious and wide-ranging consequences such a decision would have, Fondul Proprietatea urges the Government to withdraw the proposal and safeguard the free market fundamentals of the Romanian economy and the commitments taken in relation to the European Union. These are critical to ensuring sustainable and long term development for the country.

Fondul Proprietatea also firmly believes that a functioning capital market needs the Government's commitment to be mindful of potential impact of its decisions on the future of the companies and on the investment community. The Fund will also take any necessary steps to protect Fondul Proprietatea's shareholders rights.

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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 \$724 billion in assets under management as of 30 June 2018. 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.Â 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.

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