

---

FOR IMMEDIATE DISTRIBUTION: 10 June 2020

## **THE DRAFT BILL ON CERTAIN MEASURES TO PROTECT NATIONAL INTERESTS IN THE ECONOMIC ACTIVITY THREATENS THE DEVELOPMENT OF THE CAPITAL MARKET**

Bucharest, 10 June 2020 – Fondul Proprietatea (hereinafter “The Fund”) urges the Chamber of Deputies, as the decision-making chamber, to analyse the potential negative effects and to reject the draft bill on certain measures to protect national interests in the economic activity. The piece of legislation, which intends to suspend all disposals of shares owned by the Romanian State for a period of 2 years, will seriously jeopardize Romania’s economic recovery by obstructing the development of the capital market and discouraging potential investments.

While the legal initiative claims to protect Romania’s economic interests in difficult times, it is expected that due to its excessive nature it will have the complete opposite effect. Amongst others, it risks freezing ongoing procedures for listing SOEs (such as Hidroelectrica) on the Bucharest Stock Exchange, the completion of which will contribute significantly to the development of the Romanian capital market, will improve the implementation of corporate governance principles and its potential upgrade to emerging market status.

Commenting on the draft bill, **Johan Meyer, CEO of Franklin Templeton Investments and Portfolio Manager of Fondul Proprietatea** said: *“The capital market is a key component of any economy, and as such has the potential to greatly enhance the country’s recovery as the pandemic crisis subsides. It is disingenuous to attempt to introduce such obstacles that risks impeding a country’s economic potential. Simply put, obstructing the capital market means obstructing the economy. The local market has not seen a SOE listed since 2014. It is extremely disappointing to see another attempt to introduce legislation that would seriously complicate or potentially even freeze listings of SOEs, especially when considering that the benefits include higher transparency, accountability, better corporate governance and improved financing sources for all these companies. Listings also play a critical role in Romania’s potential upgrade to Emerging Market status, which risks being postponed indefinitely and means Romania would be sabotaging its own objective. If passed, the bill would send an extremely negative signal regarding efforts to maximise economic recovery potential and lack of political support for the development of the capital market in Romania. Once again, this will be snatching defeat from the jaws of victory.”*

Other potential negative effects of the draft law includes:

- International “isolation” of Romania, resulting in adverse effects across the entire economy;
- Romanians and international investors will look for investment opportunities in countries with more welcoming capital markets;
- Romania’s country risk would increase, resulting in higher financing costs for the Ministry of Public Finance;
- Romanian pension funds would be forced to invest in equities abroad in search of greater diversity and promising returns, due to a lack of new issuers on the local stock exchange;
- The state budget, as well as large energy and infrastructure investments would lose a key source of financing.

Moreover, the draft law has been proposed without any due assessment of its impact and implicit risks. It would be extremely concerning and disappointing to see the repeat of past mistakes when major legislative changes

were introduced without prior analysis, resulting not only in significant real economic damage but also to the image of Romania as an attractive investment destination.

Accordingly, Fondul Proprietatea urges the Chamber of Deputies to carefully consider the potential damaging effects on the capital market and the economy, and to categorically reject the bill on certain measures to protect national interests in the economic activity.

- 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: <a href="mailto:elena.birjovanu@franklintempleton.com">elena.birjovanu@franklintempleton.com</a></p>	<p>Cristina Butunoi Head of Corporate Division Golin Metropolis Bravo, 89-97 Grigore Alexandrescu 010627 Bucharest, Romania Tel: +40 751 024 088 Email: <a href="mailto:cbutunoi@golin.com">cbutunoi@golin.com</a></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. Following an international tender announced in December 2008, Franklin Templeton Investments was officially appointed 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 together with its subsidiaries as Franklin Templeton. Franklin Templeton's goal is to deliver better outcomes by providing global and domestic investment management to retail, institutional and sovereign wealth clients in over 170 countries. Through specialized teams, the company has expertise across all asset classes, including equity, fixed income, alternatives and custom multi-asset 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 over 30 countries, the California-based company has more than 70 years of investment experience. For more information, please visit [www.franklintempleton.co.uk](http://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.

The office of Franklin Templeton Investment Management Limited 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.

Copyright © 2020. Franklin Templeton Investments. All rights reserved.