



**FRANKLIN TEMPLETON
INVESTMENTS**

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For immediate release: 26 June 2017

**FONDUL PROPRIETATEA URGES PRESIDENT IOHANNIS TO NOT PROMULGATE THE PORTS
LAW, WHICH WOULD HELP PORT OLIGARCHS POCKET OVER 26 MILLION EUROS THAT WOULD
RIGHTFULLY BELONG TO THE ROMANIAN STATE**

Bucharest, 26 June 2017 – Fondul Proprietatea (“the Fund”) has sent a letter to President Klaus Iohannis outlining several reasons that constitute, in the Fund’s view, a strong basis for the non-promulgation of the recently adopted law amending the Government Ordinance no. 22/1999 on ports, as it presents a serious obstruction to the economic development of all Romanian river and sea ports. The Fund’s argumentation is based on both constitutional and economic grounds, pointing out several unconstitutional provisions of the law, in addition to its negative economic impact and unfair privileges generated for port operators.

From a constitutional perspective, in the Fund’s view, the ports law breaks:

- Multiple principles safeguarding the economic liberty, free market economy, freedom of trade, fair competition, as well as non-discrimination – as the law freezes the rents at the current minimum levels for the next 10 years, favoring a limited number of port operators who will benefit from these tariffs.
- The principle providing that justice shall be rendered by the courts of law. The law allows the set-up of a Supervisory Body which will have the power to judge over potential conflicts between port operators and port administrations, thus creating a substitute for Courts of Law, which is unconstitutional. Moreover, its decisions are to become immediately enforceable, thus granting this new entity discretionary powers.

In addition, the Fund underlines the economic reasons underpinning the need for the re-examination of the law by Parliament:

- It creates the premise of a huge transfer of value from state controlled port administrations to private port operators.
- Rent fees and their structure should be decided by supply and demand, not by law, which represents an extremely dangerous precedent.
- It restricts the fair competition and equal opportunity for both existing and new investors/operators, thus limiting the development potential of Constanta Port and all other Romanian ports on the Danube and at the Black Sea.

Commenting on the damaging potential consequences of the implementation of the Ports law, Greg Konieczny, CEO and Portfolio Manager of Fondul Proprietatea, states:

- “Our estimates reveal that, in the case of Constanta Port alone, losses incurred by capping rents at a ridiculously low level, established in relation to the tariffs currently paid by the top five operators, would amount to EUR 26 million over the next decade. These five operators occupy 37% of the port’s surface and concluded their tenancy contracts many years ago, by direct negotiations. Only around 10% of the leased surface in Constanta Port has been attributed in transparent circumstances, through public tenders.
- Based on these facts and the numerous provisions of the law favoring port operators, it is not difficult to note that this law is dedicated to port oligarchs who will keep money in their pockets that would otherwise flow to the Romanian state if rents would be set according to free-market rules.
- Fondul Proprietatea urges President Klaus Iohannis to take into consideration the Fund’s argumentation on the extremely harmful impact of this law for the Romanian state and take a decision to either send the law to the constitutional court or for re-examination in the Parliament.”

-Ends-

Notes to Editors:

Table including the rent tariffs paid by top 5 port operators in CN Maritime Ports SA Constanta and the lost revenues for the company:

| Top 5 port operators in Constanta Port | |
|---|---|
| Area occupied | 1,839,073 |
| Level imposed by law for 10 years (RON/sqm) | 0.2488 |
| Average rent in recently signed contracts by direct award | 0.782 |
| Potential lost revenues over 10 years | RON 118,463,662 EUR 26,035,969 |

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1. About Fondul Proprietatea

Launched in December 2005, 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 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 has been trading on the Bucharest Stock Exchange since 25 January 2011 and has been listed on the Specialist Fund Market of the London Stock Exchange by means of global depositary receipts ("GDRs") on 29 April 2015.

2. About Franklin Templeton Investments

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 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 \$744 billion in assets under management as of May 31, 2017. For more information, please visit www.franklintempleton.co.uk

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