FRANKLIN TEMPLETON INVESTMENT MANAGEMENT
LIMITED UNITED KINGDOM Bucharest Branch
Premium Point Building
78-80 Buzesti, 8th floor
Bucharest 011017
Romania

Tel: +40 (0) 21 2009 600
Fax: +40 (0) 21 2009 631

FRANKLIN TEMPLETON INVESTMENTS

FROM: Franklin Templeton Investments
www.franklintempleton.co.uk

For more information, please contact:
Bucharest: Elena Birjovanu, +40 21 2009640, elena.birjovanu@franklintempleton.com
Bucharest: Ana Maria Gardiner, Golin, +40 731 384 549, agardiner@golin.com

---

FOR IMMEDIATE RELEASE: 24 MAY 2017

PARLIAMENTARY ACCELERATION OF PROCESS TO ADOPT A LAW DECLARED UNCONSTITUTIONAL, WHICH WOULD GENERATE LOSSES OF TENS OF MILLIONS EUROS FOR THE ROMANIAN STATE

Bucharest – Fondul Proprietatea ("the Fund") is seriously concerned by the renewed steps to approve the draft law amending the Government Ordinance no. 22/1999 on ports administration, which was re-examined and approved through an emergency procedure by the Senate on 15 May, despite being declared unconstitutional in its entirety by the Constitutional Court on 28 February 2017.

If implemented, the law would be very damaging for all of Romania's port administrations and the Romanian state budget, leading to tens of millions of euros in lost revenues for Constanta Port alone.

According to provisions in the draft law, the level of rent for port's land and infrastructure leased to operators who refuse to sign rental contracts should be fixed for a 10-year period at the level currently paid based on contracts for the so-called utilization of ports domain ("UDP"), which for example in Constanta Port varies between 0.22 RON and 0.36 RON per square meter per month.

Most of these contracts were concluded some 10-15 years ago, without any public tender, in un-transparent circumstances and the rents have remained largely unchanged ever since. By comparison, land available for logistic and industrial purposes in areas with significantly less attractive access to infrastructure around major cities in Romania are rented at levels several times those to be paid in Constanta Port if the law entered into force.

"Freezing the rents at the current minimum levels for the next 10 years will result in lost revenues of tens of millions of euros for Constanta Port alone, while also representing a dangerous precedent where a law is directly setting prices in contracts between two legal entities. This money could be put to better use through investments in Romania's ports rather than creating unfair benefits for private operators." says Greg Konieczny, Fondul Proprietatea CEO and Portfolio Manager.

Also, this law will lead to a slowdown in the development of the ports. This is because many of the current operators – who do not have the willingness or financial strength to invest in new facilities or refurbish the existing ones – will have less incentive to give up the land they currently occupy at very low rents in very attractive parts of the ports to other operators with the means to develop them faster.

Moreover, in the form declared unconstitutional by the Constitutional Court, the law establishes a Supervisory Body, set up under the authority of the Competition Council, which would be responsible for approving all tariffs charged by Romania's ports and also resolve all disputes between port administrations and port operators. This would lead to the shifting of decision making power from port administrations and courts of law to this newly created body, whose responsibilities and attributions are not however clearly specified in the draft law.

Granting by law the right to issue binding decisions without determining what type of decisions may be taken by the Supervisory Board or the procedure for challenging them may lead to the issuance of unclear regulations or to the exceeding of the legislative framework of such an institution. The Supervisory Body would both make decisions and have the competence to judge over all the complaints against the same decisions, thus enjoying discretionary powers.

Overall, the draft law is unfairly biased towards privately-owned port operators, granting them excessive rights such as:

- the provision of an obligation for port administrations to negotiate the framework agreement with employers and professional associations;
- the control of port administrations by so-called "external experts" from the employers' and professional associations.

All these steps would bring uncertainty and open the door to abuse as regards ports administration. Fondul Proprietatea requires the Chamber of Deputies to reject the law, considering the negative impact it will have on the Romanian state budget and assets and its consequences on port administrations who would be denied the right to charge rents and other tariffs according to free market rules.

***

FRANKLIN TEMPLETON INVESTMENT MANAGEMENT LIMITED UNITED KINGDOM Bucharest Branch
Premium Point Building
78-80 Buzesti, 8th floor
Bucharest 011017
Romania

Tel: +40 (0) 21 2009 600
Fax: +40 (0) 21 2009 631

Note for editors:

Table including the rent tariffs paid by different port operators in Constanta Port, as presented in the FY 2015 Annual Report of the Maritime Ports Administration

<table>
<tr><th colspan="2">CATEGORY</th><th>Occupied area (sqm)</th><th>Average price of rent (RON/sqm/month)</th></tr>
<tr><td colspan="2">1ST CATEGORY
Economic entities resulting from privatizing state owned companies</td><td>2-3 million</td><td>0.278</td></tr>
<tr><td colspan="2">2ND CATEGORY
Economic entities using areas with or without land lease concluded between the years 2000 and 2012</td><td>1-2 million</td><td>0.782</td></tr>
<tr><td rowspan="2">3RD CATEGORY
Economic entities with contracts concluded between the year 2012 and March 2016</td><td>Lots rented by direct award</td><td>0,5-1 million</td><td>0.764</td></tr>
<tr><td>Lots rented through Public Tender</td><td><0.5 million</td><td>2.426</td></tr>
</table>

# # #

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.

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 $741 billion in assets under management as of April 30, 2017. For more information, please visit www.franklintempleton.co.uk

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. For more information on Fondul Proprietatea SA, please visit www.fondulproprietatea.ro.