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**THE ROMANIAN STATE RISKS LOSING TENS OF MILLIONS OF EUROS
TO THE BENEFIT OF PRIVATELY-OWNED PORT OPERATORS IF DRAFT LAW ON PORTS
ADMINISTRATION IS ADOPTED BY PARLIAMENT**

Bucharest, 4 November 2016 – **Fondul Proprietatea S.A. ("the Fund")**, is highly concerned by the recent draft law amending the Government Ordinance no. 22/1999 on ports administration proposed for adoption by the Chamber of Deputies on 7 November 2016. The Fund strongly believes this will generate huge financial losses to Romanian port and waterways companies.

"We are extremely concerned about the legislative amendments approved by the Transportation and Infrastructure Committee of the Chamber of Deputies. This is one of the most alarming draft law proposals of recent years impacting the activity of companies in which Fondul Proprietatea is a minority shareholder. **The approval of these legislative amendments by the Romanian Parliament is likely to create conditions for the emergence of new "smart guys" in the commercial relations between state-owned companies and private operators**", commented Greg Konieczny, CEO of FTIML and portfolio manager of Fondul Proprietatea

According to new provisions in the draft law, the level of rent for port's land and infrastructure leased to operators should be for a 10-year period at the minimal price currently charged by ports based on existing contracts.

Considering that port tariffs in some old long-term contracts are significantly below the rent value set in recently concluded lease agreements based on tenders, the Fund estimates that the draft law provision will generate transfer of wealth of tens of millions of EUR from the impacted state-owned companies to the privately-owned port operators.

The draft law appears to be unfairly biased towards privately owned port operators:

- (i) the obligation of the entitled successor of the port administration to conclude a lease agreement with the port operator after the expiry of the concession agreement;
- (ii) for sub-concession agreements, the port operator is allowed to draft the opportunity study and not the port administration, as it should normally happen;
- (iii) the obligation of the port administration to consult with the port operator on port tariffs;
- (iv) the inability of port administration to change port tariffs in other periods than the last quarter of the year;

- (v) the provision of an obligation for port administration to negotiate the framework agreement with employers and professional associations;
- (vi) the removal of several criteria set for concluding agreements between the port administration and the port operators;
- (vii) the control of port administrations by so-called "external experts" from the employers' and professional associations.

Furthermore, Fondul Proprietatea is greatly concerned by amendments related to the profit distribution to shareholders, those setting a minimum level of required investments, as well as provisions setting **exemptions to the Law 111/2016 on the appointment of boards and management in state-owned companies**.

The said draft law amends and supplements the Government Ordinance no. 22/1999 on the administration as well as shipping activities of ports and waterways is on the agenda of the Chamber of Deputies for final debate and voting on 7 November 2016.

Fondul Proprietatea hopes that the Romanian Parliament will carefully analyze the negative consequences of the draft law on the Romanian state budget and assets.

Notes for editors

Please find below a table including the rent tariffs paid by different port operators in Constanta Port, as presented on page 18 of the [FY 2015 Annual Report of the Maritime Ports Administration Company](#). You may also find the map of areas leased by port operators, with most of the large operators being part of 1st Category.

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

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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.

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