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INVESTMENTS**

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PRESS RELEASE

**Update on Litigations initiated against Fondul Proprietatea (“the Fund”)
by one shareholder of the Fund**

Bucharest, 10 October 2012 - Franklin Templeton Investment Management Limited Bucharest Branch, in its capacity of Sole Director and Fund Manager of S.C. Fondul Proprietatea S.A. (“the Fund Manager”) announced that, on 10 October 2012, the Bucharest Court of Appeal rejected the appeal filed by the Fund in the file no. 47039/3/2010, initiated by Ioana Sfirăială, a shareholder of the Fund, and upheld the Bucharest Court’s decision issued on 22 December 2011. The decision issued by the Bucharest Court of Appeal is irrevocable.

The appeal related to the decision of the Bucharest Court as follows.

- The Bucharest Court partly admitted the claimant’s request to annul the Extraordinary General Shareholders’ Meeting Resolutions no. 1, 2, 8, and 9 from 6 September 2010 based on a technical procedural argument alleging a breach by the previous management of the Fund of the formalities required for the calling of the meeting. These resolutions relate to the approval of a new Constitutive Act, the formal acknowledgement of the appointment of Franklin Templeton Investment Management Ltd. United Kingdom Bucharest Branch as Sole Administrator of the Fund, the revocation of the previous Directorate and Supervisory Board, and the appointment of the first members of the Board of Nominees.
- The Bucharest Court rejected the claimant’s request to annul the Ordinary General Shareholders’ Meeting Resolution no. 3 from 6 September 2010. This resolution relates to the listing of the Fund on the Bucharest Stock Exchange.

At this stage, the Fund Manager is not aware of the full reasoning of the Bucharest Court of Appeal, as for the moment only the very short statement is available.

Nevertheless, for the avoidance of any confusion, the Fund Manager would note that the version of the Constitutive Act to which the Court decision relates is not the one currently in force. New versions of the Constitutive Act were approved by the Fund’s shareholders with vast majority during the 29 November 2010 GSM, the 23 November 2011 GSM and the 4 April 2012 GSM.

Furthermore, new resolutions at the 25 April 2012 GSM specifically reiterated the shareholders' approval of the objects of all the resolutions to which this Court decision relates; these resolutions were proposed by a shareholder and approved with over 96% majority.

Accordingly, the Fund Manager is liable to observe the current Constitutive Act and the shareholders' resolutions, and consequently will continue to manage the Fund in accordance with its management agreement, in collaboration with the Board of Nominees.

Greg Konieczny, Fund Manager of Fondul Proprietatea, said: "It is an unfortunate situation when a single minority shareholder seeks to use the court system to interfere with and delay the implementation of resolutions adopted by the vast majority of the Fund's shareholders. Nonetheless, we should recognize that the Bucharest Court's decision was based on a strict technical procedural argument and refers only to the shareholders' resolutions that were approved in September 2010. Since that time, the Fund's shareholders have expressed and confirmed their intentions for the Fund's management on numerous occasions with further resolutions and even reiterated their approval of the subjects covered in September 2010. We will continue to respect those resolutions and to manage the Fund in accordance with our management agreement and the current Constitutive Act."

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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 a closed-end investment company with the investment objective of long-term capital appreciation through via investment primarily in Romanian equity securities.

Franklin Templeton established an office in Bucharest in May 2010, with a team of 27 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.

Franklin Templeton Investment Management Limited is a subsidiary of Franklin Resources, Inc. [NYSE:BEN], a [global investment management](#) organization operating as Franklin Templeton Investments. Franklin Templeton Investments provides global and domestic investment management solutions managed by its Franklin, Templeton, Mutual Series, Darby and Bissett investment teams. The San Mateo, CA-based company has more than 60 years of investment experience and over \$749.9 billion in assets under management as of 30 September 2012. For more information, please visit www.franklintempleton.co.uk.

Franklin Templeton Investment Management Ltd.'s office in Bucharest is located at Premium Point, 8th floor, 78-80 Buzesti, District 1, Bucharest, Romania. Tel: +40.200.96.00, Fax: +40.200.96.31/32. For more information on Fondul Proprietatea, please visit <http://www.fondulproprietatea.ro>.

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