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INVESTMENTS**

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**FONDUL PROPRIETATEA COMMENTS ON THE BUCHAREST COURT OF APPEAL'S  
FAVORABLE DECISION ON CLOSING THE INSOLVENCY PROCEDURE OF  
HIDROELECTRICA.**

Bucharest – In the context of Bucharest Court of Appeal's favourable decision on closing the insolvency procedure of Hidroelectrica in the case no 22456/3/2012, Greg Konieczny, Fondul Proprietatea CEO and Portfolio Manager, states:

- Yesterday, a much awaited legal decision was been made which brings to an end all litigations started during the insolvency procedure against Hidroelectrica, thus clearing the last legal impediment ahead of the company's IPO.
- We trust that the finalization of the insolvency procedure of Hidroelectrica will enable the Ministry of Energy to expedite the company's IPO process, first by ensuring the appointment of new members on the Supervisory Board for a four-year mandate, during the next ordinary GSM of Hidroelectrica, scheduled on April 19th, 2017, as per the 111/2016 legislation.
- These new appointments to the Supervisory Board of Hidroelectrica are not only critical for the company's IPO, but they are also key to the long-term stability and long-term growth of the company as a leading participant in the energy sector in Romania. We believe that further unnecessary continuation of the status quo with an interim Board for a company of this size brings tremendous risks for all shareholders.
- We are, therefore, hopeful that the Ministry of Energy will consider our proposal and will vote favourably for the appointment of new board members at Hidroelectrica, according to corporate governance provisions. The new Board is also expected to appoint, through a transparent selection process, the new Executive Management which is also required for the short and long term stability of the hydro power company.
- We are pleased to note the substantial improvement of the financial situation of the company under the judicial administration of Euro Insol, who oversaw one of the most complex and successful restructuring programs in the recent history of Romania.

Hidroelectrica was enabled to double its value from EUR 2 billion to EUR 4 billion between 2012 and 2016 based on independent valuations and to register more than EUR 280 million in net profits in 2016 compared to more than EUR 100 million in losses in 2012.

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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.

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