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THE PROPOSED FISCAL MEASURES ARE A TICKING BOMB FOR THE ROMANIAN ECONOMY

Bucharest, 19 December 2018 – Fondul Proprietatea is highly concerned by the draft Government Emergency Ordinance (“GEO”) regarding fiscal and budgetary measures, published on 18 December 2018 by the Ministry of Finance. In Fondul Proprietatea’s view, the dire consequences of the proposed measures will be the following:

- The Pillar II Private Pensions risk to be destroyed and the sustainability of the future pensions will become uncertain. This specific measure can have significant impact on the Romanian capital market, whose growth has been steadily supported by the private pensions funds in the last years. If passed, this measure would indefinitely delay Romania’s upgrade to the Emerging Market status.
- Capping gas prices at 68 RON /MWh blatantly contradicts already approved Romanian legislation, as well as Romania’s obligations as European Union member state to observe the free market principles and liberalise the gas market. Romania’s energy independence will be put at significant risk and the country may have to rely on external sources of gas at higher prices that the Government will have no control over.
- The 3% tax of turnover for energy companies risks to lead to the insolvency of a number of these companies and subsequent layoffs. This would seriously endanger the security of the entire energy system in Romania.

Commenting on the draft GEO, Johan Meyer, CEO of Franklin Templeton Investments Limited and Portfolio Manager of Fondul Proprietatea said: “If adopted, the proposed measures will have significant negative effects that will cascade over the entire Romanian economy, will jeopardize future growth and will isolate Romania from the international business environment. Moreover, many of the proposed measures will be borne by end consumers, due to increased energy prices and costs of credit. For measures that have so far-reaching effects, the predictability and transparency of the legislative process is vital, as well as considering very carefully their financial and economic impact. We are practically sitting on a ticking bomb and we urge the Government to defuse it urgently by withdrawing the draft of GEO.”

Johan Meyer further added: “If we consider the massive value destruction on the Bucharest Stock Exchange following the publication of the draft of GEO, this certainly raises the question whether the Government will lose more in the value of its own listed companies compared to the taxes it stands to get. The state will also get lower dividends from these companies, which further indicates that these proposed measures are a double-edged sword.”

Fondul Proprietatea calls on the Government to take into account the disastrous consequences of these measures and subsequently withdraw the entire package of measures. Fondul Proprietatea recommend that any future proposals be made after appropriate and transparent consultations with the entire business environment and social partners.

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Notes to Editors

1. About Fondul Proprietatea

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 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 listed on the Bucharest Stock Exchange on 25 January 2011 and on the Specialist Fund Market of the London Stock Exchange by means of global depositary receipts (“GDRs”) on 29 April 2015.

The headquarters of Fondul Proprietatea SA are at 78-80 Buzesti Street, 7th Floor, Bucharest District 1, 011017, Romania. For more information on Fondul Proprietatea, please visit <http://www.fondulproprietatea.ro>.

2. About Franklin Templeton Investments

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 \$683 billion in assets under management as of 30 November 2018. For more information, please visit www.franklintempleton.co.uk.

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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