



**FRANKLIN TEMPLETON
INVESTMENTS**

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

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

For more information, please contact:
Bucharest: Elena Birjovanu, +40 21 200
9640, elena.birjovanu@franklintempleton.com
Bucharest: Golin, +40 21 301 0051, MBotez@golin.com

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ASF FAILED TO APPROVE THE REGULATION REGARDING DEPOSITARY INTERESTS

- ***This is a disappointing setback for Fondul Proprietatea
and for Romania's development towards Emerging Markets status***
- ***Fondul Proprietatea reiterates its commitment to listing the fund on the London
Stock Exchange as per its shareholders decision***

Bucharest, 3 December 2014 - Franklin Templeton Investment Management Limited UK Bucharest Branch, in its capacity of Sole Director and Fund Manager of Fondul Proprietatea S.A. ("the Fund"), would like to express its disappointment that the Romanian Financial Supervisory Authority (ASF) has failed to approve the new regulation regarding the listing of funds on foreign European Union Markets through the Depositary Interests ("DIs") of shares listed in Romania ("DIs Regulation"), which was published by the ASF for public consultation on 5 November 2014. The approval of the DIs Regulation was the last step required to enable Fondul Proprietatea, a €3.2 billion closed-end fund, to proceed with its secondary listing on the London Stock Exchange in accordance with the Fund's shareholder resolution from 28 April 2014. The ASF posted on 26 November 2014 a notification on its website that the DIs regulation did not obtain the majority of required votes at the ASF Board meeting. No further information has been provided to explain the rationale for this outcome.

Greg Konieczny, Fund Manager of Fondul Proprietatea, commented: "The decision taken by the ASF Board to not approve the DIs Regulation necessary to complete the Fund's listing on the LSE is very disappointing to us and to our shareholders. The draft regulation was very robust and its approval would have enabled us to complete the LSE listing by 12 December 2014. We are firmly committed to working with the ASF Board to understand the rationale behind this decision and to work together to seek a satisfactory resolution that would enable the listing within the coming weeks. We would like to reiterate that the Fund's listing in London will be a big step forward in the development of the Romanian capital market because it would attract a significant number of new foreign institutional investors in the Fund and ultimately in Romania."

He added: "We hope that the ASF will revisit this decision related to the DIs Regulation as we remain committed to listing the Fund in London, in accordance with the mandate given to us by our shareholders. We have expressed our availability and interest to have a meeting with all the ASF Board members in order to discuss the benefits of executing the London listing under the 2014 calendar and to clarify any questions about the DIs infrastructure. We are also discussing with the Fund's Board of Nominees the impact of this setback and we will inform shareholders and investors on next steps as appropriate."

The Fund Manager considers that the recent decision sends an unfavourable message to foreign investors interested in investing in Romania. Moreover, observance of shareholders decisions in listed companies and a supportive regulatory environment are absolute requirements in order for the Romanian capital market to be upgraded to Emerging Market status.

The Fund Manager reiterates the fact that the secondary listing of Fondul Proprietatea would provide significant benefits not only for the Fund, but also for the entire Romanian market, for several strong reasons:

- it should increase the visibility of the Fund, the Fund's portfolio companies, the Bucharest Stock Exchange and Romania;
- it should increase the research coverage from brokers who in turn will promote Romania among their international clients who will gain a better understanding of the Fund's unlisted portfolio companies, especially ahead of their IPOs;
- it should attract a large number of new foreign investors currently not active in Romania;
- the liquidity of the local capital market should benefit from increased activity as a result.

The Fund manager also underlines that DIs are a very familiar instrument for UK and international institutional investors, being used by issuers across 25 different jurisdictions since 2001, including Australia, Canada, Cyprus, Denmark, Finland, Germany, Hong Kong, Luxembourg, Netherlands, Singapore, South Africa, UAE and the USA. At the same time, 322 non-UK companies chose London as the destination for their secondary listing, 155 using DIs and 167 using Global Depository Receipts (GDRs).

DIs were selected over GDRs on account of the fact that they would allow the existing shares to be traded efficiently and seamlessly on the London Stock Exchange (LSE) and without requiring a separate instrument to be listed on the LSE.

The Fund Manager remains open to discussing with the ASF any potential concerns regarding the effects of the approval of the DIs Regulation.

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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 and its investment objective is the maximization of returns and per-share capital appreciation via investments mainly in Romanian equities and equity-linked securities.

Franklin Templeton established an office in Bucharest in May 2010, with a team of 30 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.

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Franklin Templeton Investment Management Ltd.'s office in Bucharest 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, please visit <http://www.fondulproprietatea.ro>.

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