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RESULTS OF NEGOTIATIONS WITH ELECTRICA S.A.

Bucharest, 28 March 2016 – Franklin Templeton Investment Management Limited UK Bucharest Branch, in its capacity of Sole Director and Fund Manager of Fondul Proprietatea S.A. ("the Fund"), announces that no agreement has been reached in the recent negotiations with Electrica S.A. ("Electrica") regarding a potential transaction between the Fund and Electrica in relation to the Fund's stakes in the four companies in which Electrica is the majority shareholder, respectively Electrica Distribuție Transilvania Sud S.A., Electrica Distribuție Transilvania Nord S.A., Electrica Distribuție Muntenia Nord S.A. and Electrica Furnizare S.A. (the "subsidiaries").

Greg Konieczny, Fund Manager of Fondul Proprietatea, commented: "Sadly, despite our resilient efforts and willingness to find a realistic middle ground, it was not possible to reach a satisfactory agreement on price and conclude a deal in the negotiations with Electrica. We consider that the Fund's offer was attractive and would have been beneficial to both parties. We remain committed and willing to resume negotiations at a future point if there is a similar commitment from Electrica."

The final price offered by Electrica was RON 790 million and included RON 106 million in 2016 dividends from the subsidiaries for the 2015 financial year that Fondul Proprietatea will have to transfer to Electrica. Therefore, the effective price offered by Electrica for the Fund's holdings in the subsidiaries was **RON 684 million**, which is more than an 18% discount to the valuation of those holdings in the Fund's monthly NAV of RON 841 million, as at 29 February 2016. Based on the 2016 budgets of the subsidiaries, the effective RON 684 million offered by Electrica values the subsidiaries at the following multiples: EV/EBITDA: 2.9x; P/E: 6x; P/RAB: 0.6x; Dividend Yield: 13.3%. We consider that such low multiples cannot be seriously considered by any seller for such high quality assets with strong and sustainable cash flows.

After several rounds of negotiations, our final asking price was lowered to RON 805 million to be paid by Electrica for the 22% holdings in the four subsidiaries. To make the transaction more attractive and underline the Fund's willingness to reach an agreement, we also offered to pay

back to Electrica RON 36 million received as dividends from the subsidiaries (from a total of RON 106 million to which the Fund is entitled for the 2015 financial year). In conclusion, the net cash value for Electrica would have been **RON 769 million**. In our view, if accepted, the price offered by the Fund would have delivered multiple benefits for Electrica and its shareholders, such as:

- cash returns of 11.8% from the acquired assets (based on 2016 budgets of the subsidiaries and assuming dividend 85% payout like in previous years) compared with 7.7% return on the regulated asset base or 1-2% return on deposits and bonds;
- increase of over 22% in Electrica's budgeted 2016 consolidated net profits as a result of 100% ownership in the subsidiaries;
- the dividend yield for Electrica's shareholders would increase from a current 6.8% to more than 8.8% (assuming no change in the share price of Electrica);
- lower implied P/E multiples for Electrica following the transaction (7x versus 8.6x) based on 2016 consolidated budget for Electrica;
- additional synergies from streamlining the operational structure.

The Fund Manager reassures its shareholders that it remains open to negotiations with Electrica following the Annual Shareholder Meetings of the subsidiaries. In the meantime, our efforts to create long-term value for the Fund's shareholders will continue through ongoing buy-back programs, cash distributions, and portfolio actions.

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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. Fondul 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 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.

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 \$714 billion in assets under management as of February 29, 2016. For more information, please visit www.franklintempleton.co.uk.

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