

Property Fund

Stamp: Nuclearelectrica Inc.

General registry office

No. 10124/22.09.2016

Stamp: Property Fund Inc.,

Entrance /Issue No. 731

Day 22 Month 09 year 2016

To: Nuclearelectrica Inc.

Attn: the Members of the Management Board

About: Request to insert a supplementary item on the meeting agenda of the Extraordinary Shareholders` Assembly General on 17.10.2016

Dear Sirs and Madams,

Property Fund Inc., office registered in Bucharest, Buzeşti street 78-80, 7th floor, 1st Sector, registered in the Trade Register of the Tribunal of Bucharest, no. J40/210901/2005, identification number 18253260, as share-holder of Nuclearelectrica Inc.,

According to Company Law no. 31/1990, republished, with all the additions and modifications, art. 117, item 1, and the regulations of the National Commission for Movable Property no. 6/2009, art. 7, item 1, about certain share-holders` rights in the assembly general of companies, with all the additions and modifications,

Hereby requests the insertion of a supplementary item on the meeting agenda of the Extraordinary Shareholders` Assembly General of Nuclearelectrica Inc. on 17.10.2016 as such:

Item 1. The approval by the Management Board of Nuclearelectrica Inc. (“SNN”) to make and present a report on:

- a) **The total amount spent until now by the SNN to create and support the activity of Energonuclear Inc., a company with the purpose of making the project for Units 3 and 4 of Cernavodă Nuclear Plant, including, but not limited to: (i) the cash amount spent for the joint stock of Energonuclear Inc.; (ii) the amount spent by SNN to buy shares from the other share-holders that have sold their shares; (iii) the total amount spent by Energonuclear Inc. or SNN to pay the members of government commissions tasked to coordinate and implement the Project for Units 3 and 4 of Cernavodă Nuclear Plant, starting from 2016 until the present; (iv) the amount spent by SNN and Energonuclear Inc. to**

Property Fund Inc., closed-end investment company administered in unitary system. Registered office in Romania, Bucharest 011017, 1st District, Buzeşti street 78-80, 7th floor. Financial Identification Number: 18253260, registered in the Trade Register, no. J40/21901/2005. Registered in the Register of Personal Data Operators, no. 18668. Subscribed joint-stock: 11,575,064,733.65 RON. Paid-in share capital: 11,229,443,001.15. Phone: +40 21 200 9600; Fax: +40 21 200 9631; E-mail: office@fondulproprietatea.ro; Internet: www.fondulproprietatea.ro

pay financial and juridical consultants in order to make the Project for Units 3 and 4 of Cernavodă Nuclear Plant from the incorporation of Energonuclear Inc. until the present;

- b) The total amount projected for the following years to incorporate and support the new Company with the purpose of making the Project for Units 3 and 4 of Cernavodă Nuclear Plant including the amount that will be paid by the SNN to the financial and juridical consultants;**
- c) The amount spent until now by the SNN to negotiate the Memorandum of Understanding with the CGN, the Investment Agreement and the Articles of Incorporation, including, but not limited to, payments of juridical and financial consultants, payments of the negotiation commission and inter-minister commissions tasked with the continuation of the Project for Units 3 and 4 of Cernavodă Nuclear Plant.**

Decision Draft, one supplementary item added to the meeting agenda of the Extraordinary Shareholders` Assembly General

“We approve the making of a report by the Management Board and its presentation during the next Assembly General, on:

- d) The total amount spent until now by the SNN to create and support the activity of Energonuclear Inc., a company with the purpose of making the project for Units 3 and 4 of Cernavodă Nuclear Plant, including, but not limited to: (i) the cash amount spent for the joint stock of Energonuclear Inc.; (ii) the amount spent by SNN to buy shares from the other share-holders that have sold their shares; (iii) the total amount spent by Energonuclear Inc. or SNN to pay the members of government commissions tasked to coordinate and implement the Project for Units 3 and 4 of Cernavodă Nuclear Plant, starting from 2006 until the present; (iv) the amount spent by SNN and Energonuclear Inc. to pay financial and juridical consultants in order to make the Project for Units 3 and 4 of Cernavodă Nuclear Plant from the incorporation of Energonuclear Inc. until the present;**
- e) The total amount projected for the following years to incorporate and support the new Company with the purpose of making the Project for Units 3 and 4 of Cernavodă Nuclear Plant including the amount that will be paid by the SNN to the financial and juridical consultants;**
- f) The amount spent until now by the SNN to negotiate the Memorandum of Understanding with the CGN, the Investment Agreement and the Articles of Incorporation, including, but not limited to,**

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payments of juridical and financial consultants, payments of the negotiation commission and inter-minister commissions tasked with the continuation of the Project for Units 3 and 4 of Cernavodă Nuclear Plant.

Justification of proposal

1. AT Kearney published a study in 2015 on Romania`s energy market during 2014-2025 and concluded that there is a limited growth of demand until 2025 because: (i) the main sources that are expected to grow the demand are industries in need of lower levels of energy alongside the residential sector; (ii) the de-industrialization of the energy-hungry sector and a slower growth of residential consumption are the main risks in the fall of demand for energy; (iii) major changes of exports are not expected, settling around 3.3 Twh in 2025. Investment in larger units (such as Units 3 and 4 of Cernavodă) will be threatened by smaller, decentralized facilities (e.g. solar panels, biofuel for vehicles). Thus, the construction of new facilities is not justified because there is no supplementary demand for these new facilities.
2. According to the AT Kearney study, Romania has sufficient production capabilities to satisfy the demand until 2025, but the operating costs are inefficient. Thus, SNN should rather focus on making the current capabilities more efficient and not on the construction of new facilities because there are no signs of a raise in demand for energy.
3. About Units 3 and 4, the AT Kearney study concludes that these need massive support systems (effect that will be supported by the consumer at a higher price) and are expected to generate sunk costs as lignite will get off the market. Constructing Units 3 and 4 is not attractive for investors in the absence of a state-funded support system, and the effects of this support will be felt by the consumers.
4. Presently, there is no national energetic strategy to detail Romania`s strategy in regard to the construction of new production facilities. It is not, as of yet, known whether or not the Government of Romania intends to give up on the thermo facilities by investing in nuclear energy. It is expected that Units 3 and 4 Cernavodă will take lignite-based facilities off the market, with social costs that are not, as of yet, taken into account (the Oltenia Energy Complex employs 18,000 workers and they will lose their jobs when Units 3 and 4 become operational). It is not known what the state support for this investment will be, such as difference contracts, in which the project`s cost is transferred to the consumer by an artificial growth of energy price.

5. Taking into account that there is no national energetic strategy to prioritize the development of new nuclear production capabilities and the costs supported by society until now, to attract new investors we believe that it is necessary to stop all negotiations with the CGN in what the Investors` Agreement and Articles of Incorporation are concerned.

Yours,

**Franklin Templeton Investment Management Ltd. United Kingdom, Bucharest Agency, as
Administrator of Property Fund Inc.**

Legal Representative

Adrian Cighi

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(Illegible signature)

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