PREDLOG ZAKONA

O POTVRĐIVANJU FINANSIJSKOG UGOVORA

„UNAPREĐENJE OBJEKATA PRAVOSUDNIH ORGANA B” IZMEĐU

REPUBLIKE SRBIJE I EVROPSKE INVESTICIONE BANKE

Član 1.

Potvrđuje se Finansijski ugovor „Unapređenje objekata pravosudnih organa B” između Republike Srbije i Evropske investicione banke, koji je potpisan 28. novembra 2016. godine u Beogradu, u originalu na engleskom jeziku.

Član 2.

Tekst Finansijskog ugovora „Unapređenje objekata pravosudnih organa B” između Republike Srbije i Evropske investicione banke, u originalu na engleskom jeziku i u prevodu na srpski jezik glasi:

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FI N° 81.657 (RS)

Serapis N° 2009-0405

UPGRADING OF JUDICIARy BUILDINGS B

Finance Contract

between the

Republic of Serbia

and

European Investment Bank

Belgrade, 28 November 2016

THIS CONTRACT IS MADE BETWEEN:

|  |  |
| --- | --- |
| the Republic of Serbia, represented by the Minister of Finance, Mr. Dušan Vujović, Ph.D., on behalf of the Government as representative of the Republic of Serbia, | (the “Borrower”) |
| of the first part, and |  |
|  |  |
| the European Investment Bank having its seat at 100 blvd Konrad Adenauer, Luxembourg, L-2950 Luxembourg, represented by the Vice-President, Mr. Dario Scannapieco, | (the “Bank”) |
| of the second part. |  |

WHEREAS:

(a) The Borrower has stated that it is undertaking a project of an investment programme designated by the Ministry of Justice over the years 2011-2018 comprising in total 22 sub-projects of refurbishment, re-construction and new construction of judiciary facilities throughout Serbia as more particularly described in the technical description (the “**Technical Description**”) set out in Schedule A (the “**Project**”). The Project promoter and responsible for its implementation will be the Ministry of Justice of the Republic of Serbia (the “**Promoter**”).

(b) The total cost of the Project, as estimated by the Bank, is EUR 84,230,000 (eighty-four million two hundred and thirty thousand euros) and the Borrower has stated that it intends to finance the Project as follows:

|  |  |
| --- | --- |
| **Source** | **Amount (M EUR)** |
| Credit from the Bank | 41.00 |
| Other funding sources | 43.23 |
| TOTAL | 84.23 |

(c) In order to fulfil the financing plan set out in Recital (b), the Borrower has requested from the Bank a credit in the amount of EUR 41,000,000 (forty one million euros).

(d) By Decision No. 466/2014/EU, the European Parliament and the Council of the European Union have decided to grant a guarantee to the Bank against losses incurred by it under loans and loan guarantees granted from 2014 to 2020 in accordance with its own rules and procedures for projects carried out in certain countries outside the European Union listed in the said Decision.

(e) The Republic of Serbia (formerly Federal Republic of Yugoslavia) is one of the countries listed in the Decision No. 633/2009/EC and on 11 May 2009 concluded with the Bank a Framework Agreement governing the Bank's activities in the territory of the Republic of Serbia (hereinafter the “**Framework Agreement**”).

(f) The financing granted under this Contract falls within the scope of application of the Framework Agreement; the Borrower confirms the Bank’s preferred creditor status as an international financial institution.

(g) By Article 3 of the Framework Agreement, the Republic of Serbia agreed that interest and all other payments due to the Bank and arising out of activities envisaged by the Framework Agreement, as well as the assets and revenues of the Bank connected with such activities, shall be exempt from tax.

(h) By Article 4 of the Framework Agreement, the Republic of Serbia agreed that, throughout the life of any financial operation concluded pursuant to the Framework Agreement, it shall:

* + 1. ensure (i) that beneficiaries may convert into any fully convertible currency, at the prevailing market exchange rate, the amounts in the national currency of the Republic of Serbia necessary for the timely payment of all sums due to the Bank in respect of loans and guarantees in connection with any project; and (ii) that such amounts shall be freely, immediately and effectively transferable outside the territory of the Republic of Serbia in accordance with the terms of the relevant contractual or other instrument;
    2. ensure (i) that the Bank may convert into any fully convertible currency, at the prevailing market exchange rate, the amounts in the national currency of the Republic of Serbia received by the Bank by way of payments arising in respect of loans and guarantees or any other activity and that the Bank may freely, immediately and effectively transfer the amounts so converted outside the territory of the Republic of Serbia to such bank accounts as the Bank may freely determine; or, at the Bank's option, (ii) that it may freely dispose of such amounts within the territory of the Republic of Serbia; and (iii) that the Bank may convert into the national currency of the Republic of Serbia, at the prevailing market exchange rate, any amounts in any fully convertible currency.

(i) The Bank, considering that the financing of the Project falls within the scope of its functions, and having regard to the statements and facts cited in these Recitals, has decided to give effect to the Borrower’s request providing to it a second credit in an amount equivalent to EUR 26,000,000 (twenty-six million euros) under this Finance Contract (the “**Contract**”); provided that the amount of the Bank loan shall not, in any case, exceed 50% (fifty per cent.) of the total cost of the Project set out in Recital (b).

(j) The Statute of the Bank provides that the Bank shall ensure that its funds are used as rationally as possible in the interests of the European Union and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant policies of the European Union.

(k) The Bank considers that access to information plays an essential role in the reduction of environmental and social risks, including human rights violations, linked to the projects it finances and has therefore established its transparency policy, the purpose of which is to enhance the accountability of the Bank’s group companies towards its stakeholders and the citizens of the European Union in general.

(l) The processing of personal data shall be carried out by the Bank in accordance with applicable European Union legislation on the protection of individuals with regard to the processing of personal data by the EC institutions and bodies and on the free movement of such data.

NOW THEREFORE it is hereby agreed as follows:

INTERPRETATION AND DEFINITIONS

1. Interpretation

In this Contract references to:

1. Articles, Recitals and Schedules are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals and schedules to this Contract;
2. a provision of law are references to that provision as amended or re-enacted; and
3. any other agreement or instrument are references to that other agreement or instrument as amended, novated, supplemented, extended or restated.
4. Definitions

In this Contract:

“Acceptance Deadline” for a notice means:

1. 16h00 Luxembourg time on the day of delivery, if the notice is delivered by 14h00 Luxembourg time on a Business Day; or
2. 11h00 Luxembourg time on the next following day which is a Business Day, if the notice is delivered after 14h00 Luxembourg time on any such day or is delivered on a day which is not a Business Day.

“Authorisation” means an authorisation, permit, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Bank’s Guide to Procurement**” means the guide to procurement of the Bank published on EIB’s website[[1]](#footnote-2).

“**Building B**” means the building as better described in the Schedule A, A.1 Technical Description.

“**Building D**” means the building as better described in the Schedule A, A.1 Technical Description.

“Business Day” means a day (other than a Saturday or Sunday) on which the Bank and commercial banks are open for general business in Luxembourg and in Belgrade.

“Change-of-Law Event” has the meaning given to it in Article 4.3.A(3).

“Contract” has the meaning given to it in Recital (i).

“Credit” has the meaning given to it in Article 1.1.

“Criminal Offence” means any of the following criminal offences as applicable: fraud, corruption, coercion, collusion, obstruction, money laundering, financing of terrorism.

“Deferment Indemnity” means an indemnity calculated on the amount of disbursement deferred or suspended at the percentage rate (if higher than zero) by which:

1. the interest rate that would have been applicable to such amount had it been disbursed to the Borrower on the Scheduled Disbursement Date, exceeds
2. the Relevant Interbank Rate (one month rate) less 0.125% (12.5 basis points), unless this value is less than zero, in which case it will be set at zero.

Such indemnity shall accrue from the Scheduled Disbursement Date to the Disbursement Date or, as the case may be, until the date of cancellation of the Notified Tranche in accordance with this Contract disbursement

“Disbursement Date” means the date on which actual disbursement of a Tranche is made by the Bank.

“Disbursement Notice” means a notice from the Bank to the Borrower pursuant to and in accordance with Article 1.2.C.

“Disbursement Request” means a notice substantially in the form set out in Schedule C.1.

“Disruption Event” means either or both of:

1. a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with this Contract; or
2. the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of either the Bank or the Borrower, preventing that party:
   1. from performing its payment obligations under this Contract; or
   2. from communicating with other parties,

and which disruption (in either such case as per (a) or (b) above) is not caused by, and is beyond the control of, the party whose operations are disrupted.

“Environment” means the following, in so far as they affect human health and social well-being:

1. fauna and flora;
2. soil, water, air, climate and the landscape; and
3. cultural heritage and the built environment;

and includes, without limitation, occupational and community health and safety.

“Environmental Approval” means any Authorisation required by Environmental Law.

“Environmental Claim” means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

“Environmental Law” means:

1. EU law, including principles and standards;
2. laws and regulations; and
3. applicable international treaties,

of which a principal objective is the preservation, protection or improvement of the Environment.

“EURIBOR” has the meaning given to it in Schedule B.

“EUR” or “euro” means the lawful currency of the Member States of the European Union which adopt or have adopted it as their currency in accordance with the relevant provisions of the Treaty on European Union and the Treaty on the Functioning of the European Union or their succeeding treaties.

“Event of Default” means any of the circumstances, events or occurrences specified in Article 10.1.

“Final Availability Date” means 31 December 2018 or a later date if approved in writing by the Bank upon formal request in writing of the Borrower.

“Fixed Rate” means an annual interest rate determined by the Bank in accordance with the applicable principles from time to time laid down by the governing bodies of the Bank for loans made at a fixed rate of interest, denominated in the currency of the Tranche and bearing equivalent terms for the repayment of capital and the payment of interest.

“Fixed Rate Tranche” means a Tranche on which Fixed Rate is applied.

“Floating Rate” means a fixed-spread floating interest rate, that is to say an annual interest rate determined by the Bank for each successive Floating Rate Reference Period equal to the Relevant Interbank Rate plus the Spread.

“Floating Rate Reference Period” means each period from one Payment Date to the next relevant Payment Date; the first Floating Rate Reference Period shall commence on the date of disbursement of the Tranche.

“Floating Rate Tranche” means a Tranche on which Floating Rate is applied.

“GBP” means the lawful currency of the United Kingdom.

“Indemnifiable Prepayment Event” means a Prepayment Event other than those specified in paragraph 4.3.A(2).

“Interest Revision/Conversion” means the determination of new financial conditions relative to the interest rate, specifically the same interest rate basis (“revision”) or a different interest rate basis (“conversion”) which can be offered for the remaining term of a Tranche or until a next Interest Revision/Conversion Date, if any, for an amount which, at the proposed Interest Revision/Conversion Date, is not less than EUR 10,000,000 (ten million euros) or the equivalent thereof.

“Interest Revision/Conversion Date” means the date, which shall be a Payment Date, specified by the Bank pursuant to Article 1.2.C in the Disbursement Notice or pursuant to Article 3 and Schedule D.

“Interest Revision/Conversion Proposal” means a proposal made by the Bank under Schedule D.

“Interest Revision/Conversion Request” means a written notice from the Borrower, delivered at least 75 (seventy-five) days before an Interest Revision/Conversion Date, requesting the Bank to submit to it an Interest Revision/Conversion Proposal. The Interest Revision/Conversion Request shall also specify:

1. Payment Dates chosen in accordance with the provisions of Article 3.1;
2. the preferred repayment schedule chosen in accordance with Article 4.1; and
3. any further Interest Revision/Conversion Date chosen in accordance with Article 3.1.

“LIBOR” has the meaning given to it in Schedule B.

“Loan” means the aggregate amount of Tranches disbursed from time to time by the Bank under this Contract.

“Market Disruption Event” means any of the following circumstances:

1. there are, in the reasonable opinion of the Bank, events or circumstances adversely affecting the Bank’s access to its sources of funding;
2. in the opinion of the Bank, funds are not available from its ordinary sources of funding in order to adequately fund a Tranche in the relevant currency and/or for the relevant maturity and/or in relation to the reimbursement profile of such Tranche; or
3. in relation to a Tranche in respect of which interest is or would be payable at Floating Rate:
   1. the cost to the Bank of obtaining funds from its sources of funding, as determined by the Bank, for a period equal to the Floating Rate Reference Period of such Tranche (i.e. in the money market) would be in excess of the applicable Relevant Interbank Rate; or
   2. the Bank determines that adequate and fair means do not exist for ascertaining the applicable Relevant Interbank Rate for the relevant currency of such Tranche or it is not possible to determine the Relevant Interbank Rate in accordance with the definition contained in Schedule B.

“Material Adverse Change” means, in relation to the Borrower any event or change of condition affecting the Borrower, which, in the opinion of the Bank:

1. materially impairs the ability of the Borrower to perform its obligations under this Contract; or
2. materially impairs the financial condition or prospects of the Borrower.

“Maturity Date” means the last or sole repayment date of a Tranche specified pursuant to Article 4.1.A(b)(iv)or Article 4.1.B.

“Notified Tranche” means a Tranche in respect of which the Bank has issued a Disbursement Notice.

“Payment Date” means the annual, semi-annual or quarterly dates specified in the Disbursement Notice until the Interest Revision/Conversion Date, if any, or the Maturity Date, save that, in case any such date is not a Relevant Business Day, it means:

1. for a Fixed Rate Tranche, the following Relevant Business Day, without adjustment to the interest due under Article 3.1, except for those cases where repayment is made in a single instalment according to Article 4.1.B, when the preceding Relevant Business Day shall apply instead to this single instalment and to the final interest payment and only in this case, with adjustment to the interest due under Article 3.1; and
2. for a Floating Rate Tranche, the next day, if any, of that calendar month that is a Relevant Business Day or, failing that, the nearest preceding day that is a Relevant Business Day, in all cases with corresponding adjustment to the interest due under Article 3.1.

“Prepayment Amount” means the amount of a Tranche to be prepaid by the Borrower in accordance with Article 4.2.A.

“Prepayment Date” means the date, which shall be a Payment Date, on which the Borrower proposes to effect prepayment of a Prepayment Amount.

“Prepayment Event” means any of the events described in Article 4.3.A.

“Prepayment Indemnity” means in respect of any principal amount to be prepaid or cancelled, the amount communicated by the Bank to the Borrower as the present value (as of the Prepayment Date) of the excess, if any, of:

1. the interest that would accrue thereafter on the Prepayment Amount over the period from the Prepayment Date to the Interest Revision/Conversion Date, if any, or the Maturity Date, if it were not prepaid; over
2. the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.15% (15 basis points).

The said present value shall be calculated at a discount rate equal to the Redeployment Rate, applied as of each relevant Payment Date.

“Prepayment Notice” means a written notice from the Bank to the Borrower in accordance with Article 4.2.C.

“Prepayment Request” means a written request from the Borrower to the Bank to prepay all or part of the Loan, in accordance with Article 4.2.A.

“Project” has the meaning given to it in Recital (a).

“**Promoter**” has the meaning given to it in Recital (a).

“**Qualifying Expenditure**” means expenditure (including costs of design and supervision, if relevant, and net of taxes and duties payable by the Borrower) incurred by the Borrower for the Project, in respect of works, goods and services relating to items specified in the Technical Description as eligible for financing under the Credit, which have been the object of contract or contracts executed on terms satisfactory to the Bank, having regard to the most recent edition of the Bank’s Guide to Procurement.

“Redeployment Rate” means the Fixed Rate in effect on the day of the indemnity calculation for fixed-rate loans denominated in the same currency and which shall have the same terms for the payment of interest and the same repayment profile to the Interest Revision/Conversion Date, if any, or the Maturity Date as the Tranche in respect of which a prepayment is proposed or requested to be made. For those cases where the period is shorter than the minimum intervals described under Article 3.1 the most closely corresponding money market rate equivalent will be used, that is the Relevant Interbank Rate minus 0.125% (12.5 basis points) for periods of up to 12 (twelve) months. For periods falling between 13 (thirteen) and 36/48 (thirty-six/forty-eight) months as the case may be, the bid point on the swap rates as published by Reuters for the related currency and observed by the Bank at the time of calculation will apply.

“Relevant Business Day” means:

1. for EUR, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (TARGET2) is open for the settlement of payments in EUR; and
2. for any other currency, a day on which banks are open for general business in the principal domestic financial centre of the relevant currency.

“Relevant Interbank Rate” means:

1. EURIBOR for a Tranche denominated in EUR;
2. LIBOR for a Tranche denominated in GBP or USD; and
3. the market rate and its definition chosen by the Bank and separately communicated to the Borrower, for a Tranche denominated in any other currency. If such other market rate is or becomes at any time less than zero, for the purposes of this Contract such other market rate shall be set at zero.

“Scheduled Disbursement Date” means the date on which a Tranche is scheduled to be disbursed in accordance with Article 1.2.B.

“Spread” means the fixed spread to the Relevant Interbank Rate (being either plus or minus) determined by the Bank and notified to the Borrower in the relevant Disbursement Notice or Interest Revision/Conversion Proposal.

“Tax” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“Technical Description” has the meaning given to it in Recital (a).

“Tranche” means each disbursement made or to be made under this Contract. In case no Disbursement Notice has been delivered, Tranche shall mean a Tranche as requested under Article 1.2.B.

“USD” means the lawful currency of the United States of America.

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Credit and Disbursements

## Amount of Credit

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, a credit in an amount equivalent to EUR 26,000,000 (twenty-six million euros) for the financing of the Project (the “Credit”).

## Disbursement procedure

### Tranches

The Bank shall disburse the Credit in up to 10 (ten) Tranches. The amount of each Tranche, if not being the undrawn balance of the Credit, shall be in a minimum amount of the equivalent to EUR 2,000,000 (two million euros).

### Disbursement Request

1. The Borrower may present to the Bank a Disbursement Request for the disbursement of a Tranche, such Disbursement Request to be received at the latest 15 (fifteen) days before the Final Availability Date. The Disbursement Request shall be in the form set out in Schedule C.1 and shall specify:
   1. the amount and currency of the Tranche;
   2. the preferred disbursement date for the Tranche; such preferred disbursement date must be a Relevant Business Day falling at least 15 (fifteen) days after the date of the Disbursement Request and, in any event, on or before the Final Availability Date, it being understood that notwithstanding the Final Availability Date the Bank may disburse the Tranche up to 4 (four) calendar months from the date of the Disbursement Request;
   3. whether the Tranche is a Fixed Rate Tranche or a Floating Rate Tranche, each pursuant to the relevant provisions of Article 3.1;
   4. the preferred interest payment periodicity for the Tranche, chosen in accordance with Article 3.1;
   5. the preferred terms for repayment of principal for the Tranche, chosen in accordance with Article 4.1;
   6. the preferred first and last dates for repayment of principal for the Tranche;
   7. the Borrower’s choice of Interest Revision/Conversion Date, if any, for the Tranche; and
   8. the IBAN code (or appropriate format in line with local banking practice) and SWIFT BIC of the bank account to which disbursement of the Tranche should be made in accordance with Article 1.2.D.
2. If the Bank, following a request by the Borrower, has provided the Borrower, before the submission of the Disbursement Request, with a non-binding fixed interest rate or spread quotation to be applicable to the Tranche, the Borrower may also at its discretion specify in the Disbursement Request such quotation, that is to say:
   1. in the case of a Fixed Rate Tranche, the aforementioned fixed interest rate previously quoted by the Bank; or
   2. in the case of a Floating Rate Tranche, the aforementioned spread previously quoted by the Bank,

applicable to the Tranche until the Maturity Date or until the Interest Revision/Conversion Date, if any.

1. Each Disbursement Request shall be accompanied by evidence of the authority of the person or persons authorised to sign it and the specimen signature of such person or persons or a declaration by the Borrower that no change has occurred in relation to the authority of the person or persons authorised to sign Disbursement Requests under this Contract.
2. Subject to Article 1.2.C(b), each Disbursement Request is irrevocable.

### Disbursement Notice

1. Not less than 10 (ten) days before the proposed Scheduled Disbursement Date of a Tranche the Bank shall, if the Disbursement Request conforms to this Article 1.2, deliver to the Borrower a Disbursement Notice which shall specify:
   1. the currency, amount and EUR equivalent of the Tranche;
   2. the Scheduled Disbursement Date;
   3. the interest rate basis for the Tranche, being: (1) a Fixed Rate Tranche; or (2) a Floating Rate Tranche all pursuant to the relevant provisions of Article 3.1;
   4. the first interest Payment Date and the periodicity for the payment of interest for the Tranche;
   5. the terms for repayment of principal for the Tranche;
   6. the first and last dates for repayment of principal for the Tranche;
   7. the applicable Payment Dates for the Tranche;
   8. the Interest Revision/Conversion Date, if requested by the Borrower, for the Tranche; and
   9. for a Fixed Rate Tranche the Fixed Rate and for a Floating Rate Tranche the Spread applicable to the Tranche until the Interest Revision/Conversion Date, if any or until the Maturity Date.
2. If one or more of the elements specified in the Disbursement Notice does not reflect the corresponding element, if any, in the Disbursement Request, the Borrower may following receipt of the Disbursement Notice revoke the Disbursement Request by written notice to the Bank to be received no later than 12h00 Luxembourg time on the next Business Day and thereupon the Disbursement Request and the Disbursement Notice shall be of no effect. If the Borrower has not revoked in writing the Disbursement Request within such period, the Borrower will be deemed to have accepted all elements specified in the Disbursement Notice.
3. If the Borrower has presented to the Bank a Disbursement Request in which the Borrower has not specified the fixed interest rate or spread as set out in Article 1.2.B(b), the Borrower will be deemed to have agreed in advance to the Fixed Rate or Spread as subsequently specified in the Disbursement Notice.

### Disbursement Account

Disbursement shall be made to such account of the Borrower as the Borrower shall notify in writing to the Bank not later than 15 (fifteen) days before the Scheduled Disbursement Date (with IBAN code or with the appropriate format in line with local banking practice).

Only one account may be specified for each Tranche.

## Currency of disbursement

Subject to availability, disbursement of each Tranche shall be made in EUR or any other currency that is widely traded on the principal foreign exchange markets.

For the calculation of the sums available to be disbursed in currencies other than EUR, and to determine their equivalent in EUR, the Bank shall apply the rate published by the European Central Bank in Frankfurt, available on or shortly before submission of the Disbursement Notice as the Bank shall decide.

## Conditions of disbursement

### First Tranche

The disbursement of the first Tranche under Article 1.2 is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 7 (seven) Business Days before the Scheduled Disbursement Date, of the following documents or evidence:

1. evidence satisfactory to the Bank that the execution of this Contract by the Borrower has been duly authorised and that the person or persons signing the Contract on behalf of the Borrower is/are duly authorised to do so together with the specimen signature of each such person or persons;
2. a legal opinion issued by the Minister of Justice of the Borrower on the due execution of this Contract by the Borrower;
3. evidence that tenders related to the components of the projects to be financed by the Bank comply with the Bank’s Guide to Procurement; the relevant procurement documentation has to be satisfactory to the Bank;
4. evidence that, for the two sub-projects in Belgrade, Buildings B, and Building D, the procurement plans has been submitted for approval to the Bank as set out in the Technical Description which shall include (1) procurement plan (2) work plan and (3) budget;
5. evidence that all exchange control consents specified by the Bank or indicated in the legal opinion given under paragraph (b) above as being necessary have been obtained to permit the Borrower to receive disbursements as provided in this Contract, to repay the Loan and to pay interest and all other amounts due hereunder.

### All Tranches

The disbursement of each Tranche under Article 1.2, including the first, is subject to the following conditions:

1. that the Bank has received, in form and substance satisfactory to it, on or before the date falling 7 (seven) Business Days before the Scheduled Disbursement Date for the proposed Tranche, of the following documents or evidence:
   1. a certificate from the Borrower in the form of Schedule C.2;
   2. evidence that the Borrower has obtained all necessary consents, authorisations, licences or approvals of governmental or public bodies or authorities required in connection with this Contract and the Project for the relevant Tranche;
   3. for disbursement related to Building B, confirmation by the Promoter that it has obtained, from the architects of the Building B, all necessary consents in connection to the refurbishment and/or re-construction of such building, including confirmation that no intellectual property are outstanding;
   4. evidence demonstrating that, following drawdown of the relevant Tranche, the aggregate amount of the Loan or Loans will not exceed the aggregate Qualifying Expenditure incurred or contractually committed by the Borrower in respect of the Project up to the date of the relevant Disbursement Request;
   5. evidence that the Borrower has established a Project Implementation Unit (“**PIU**”) and that it is adequately staffed and equipped with qualified and dedicated personnel to the satisfaction of the Bank as well as supported and advised by suitable technical assistance, under terms of reference approved by the Bank;
   6. a copy of any other authorisation or other document, opinion or assurance which the Bank has notified the Borrower is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, this Contract or the validity and enforceability of the same.
2. that on the Disbursement Date for the proposed Tranche:
   1. the representations and warranties which are repeated pursuant to Article 6.7 are correct in all respects; and
   2. no event or circumstance which constitutes or would with the passage of time or giving of notice under this Contract constitute:
3. an Event of Default; or
4. a Prepayment Event;

has occurred and is continuing unremedied or unwaived or would result from the disbursement of the proposed Tranche; and

* 1. the Bank is satisfied with the works on previous phase(s) and that the Promoter has adequately accommodated any concerns raised by the Bank.

## Deferment of disbursement

### Grounds for deferment

Upon the written request of the Borrower, the Bank shall defer the disbursement of any Notified Tranche in whole or in part to a date specified by the Borrower being a date falling not later than 6 (six) months from its Scheduled Disbursement Date and not later than 60 (sixty) days prior to the first repayment date of the Tranche indicated in the Disbursement Notice. In such case, the Borrower shall pay the Deferment Indemnity calculated on the amount of disbursement deferred.

Any request for deferment shall have effect in respect of a Tranche only if it is made at least 7 (seven) Business Days before its Scheduled Disbursement Date.

If for a Notified Tranche any of the conditions referred to in Article 1.4 is not fulfilled as at the specified date and at the Scheduled Disbursement Date (or the date expected for disbursement in case of a previous deferment), disbursement will be deferred to a date agreed between the Bank and the Borrower falling not earlier than 7 (seven) Business Days following the fulfilment of all conditions of disbursement (without prejudice to the right of the Bank to suspend and/or cancel the undisbursed portion of the Credit in whole or in part pursuant to Article 1.6.B). In such case, the Borrower shall pay the Deferment Indemnity calculated on the amount of disbursement deferred.

### Cancellation of a disbursement deferred by 6 (six) months

The Bank may, by notice in writing to the Borrower, cancel a disbursement which has been deferred under Article 1.5.A by more than 6 (six) months in aggregate. The cancelled amount shall remain available for disbursement under Article 1.2.

## Cancellation and suspension

### Borrower’s right to cancel

The Borrower may at any time by notice in writing to the Bank cancel, in whole or in part and with immediate effect, the undisbursed portion of the Credit. However, the notice shall have no effect in respect of (i) a Notified Tranche which has a Scheduled Disbursement Date falling within 5 (five) Business Days of the date of the notice or (ii) a Tranche in respect of which a Disbursement Request has been submitted but no Disbursement Notice has been issued.

### Bank’s right to suspend and cancel

1. The Bank may, by notice in writing to the Borrower, suspend and/or cancel the undisbursed portion of the Credit in whole or in part at any time and with immediate effect:
   1. upon the occurrence of a Prepayment Event or an Event of Default or an event or circumstance which would with the passage of time or giving of notice under this Contract constitute a Prepayment Event or an Event of Default; or
   2. if a Material Adverse Change occurs.
2. Any suspension shall continue until the Bank ends the suspension or cancels the suspended amount.

### Indemnity for suspension and cancellation of a Tranche

#### SUSPENSION

If the Bank suspends a Notified Tranche, whether upon an Indemnifiable Prepayment Event or an Event of Default or upon the occurrence of a Material Adverse Change, the Borrower shall pay to the Bank the Deferment Indemnity calculated on the amount of disbursement suspended.

#### CANCELLATION

1. If pursuant to Article 1.6.A, the Borrower cancels:
   1. a Fixed Rate Tranche which is a Notified Tranche, it shall indemnify the Bank under Article 4.2.B; or
   2. a Floating Rate Tranche which is a Notified Tranche or any part of the Credit other than a Notified Tranche, no indemnity is payable.
2. If the Bank cancels:
   1. a Fixed Rate Tranche which is a Notified Tranche upon an Indemnifiable Prepayment Event or upon the occurrence of a Material Adverse Change or pursuant to Article 1.5.B, the Borrower shall pay to the Bank the Prepayment Indemnity; or
   2. a Notified Tranche upon an Event of Default, the Borrower shall indemnify the Bank under Article 10.3.

Save in the cases referred to in (a) and (b), above, no indemnity is payable upon cancellation of a Tranche by the Bank.

The indemnity shall be calculated as if the cancelled amount had been disbursed and repaid on the Scheduled Disbursement Date or, to the extent that the disbursement of the Tranche is currently deferred or suspended, on the date of the cancellation notice.

## Cancellation after expiry of the Credit

On the day following the Final Availability Date, and unless otherwise specifically agreed to in writing between the Bank and the Borrower, the part of the Credit in respect of which no Disbursement Request has been made in accordance with Article 1.2.B shall be automatically cancelled, without any notice being served by the Bank to the Borrower and without liability arising on the part of either party.

## Sums due under Article 1

Sums due under Articles 1.5 and 1.6 shall be payable in the currency of the Tranche concerned. They shall be payable within 15 (fifteen) days of the Borrower’s receipt of the Bank’s demand or within any longer period specified in the Bank’s demand.

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The Loan

## Amount of Loan

The Loan shall comprise the aggregate amount of Tranches disbursed by the Bank under the Credit, as confirmed by the Bank pursuant to Article 2.3.

## Currency of repayment, interest and other charges

Interest, repayments and other charges payable in respect of each Tranche shall be made by the Borrower in the currency in which the Tranche is disbursed.

Any other payment shall be made in the currency specified by the Bank having regard to the currency of the expenditure to be reimbursed by means of that payment.

## Confirmation by the Bank

Within 10 (ten) days after disbursement of each Tranche, the Bank shall deliver to the Borrower the amortisation table referred to in Article 4.1, if appropriate, showing the Disbursement Date, currency, the amount disbursed, the repayment terms and the interest rate of and for that Tranche.

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Interest

## Rate of interest

Fixed Rates and Spreads are available for periods of not less than 4 (four) years or, in the absence of a repayment of principal during that period, not less than 3 (three) years.

### Fixed Rate Tranches

The Borrower shall pay interest on the outstanding balance of each Fixed Rate Tranche at the Fixed Rate quarterly, semi-annually or annually in arrears on the relevant Payment Dates as specified in the Disbursement Notice, commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

Interest shall be calculated on the basis of Article 5.1(a).

### Floating Rate Tranches

The Borrower shall pay interest on the outstanding balance of each Floating Rate Tranche at the Floating Rate quarterly, semi-annually or annually in arrears on the relevant Payment Dates, as specified in the Disbursement Notice commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 15 (fifteen) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

The Bank shall notify the Floating Rate to the Borrower within 10 (ten) days following the commencement of each Floating Rate Reference Period.

If pursuant to Articles 1.5 and 1.6 disbursement of any Floating Rate Tranche takes place after the Scheduled Disbursement Date the Relevant Interbank Rate applicable to the first Floating Rate Reference Period shall apply as though the disbursement had been made on the Scheduled Disbursement Date.

Interest shall be calculated in respect of each Floating Rate Reference Period on the basis of Article 5.1(b). If the Floating Rate for any Floating Rate Reference Period is below zero, it will be set at zero.

### Revision or Conversion of Tranches

Where the Borrower exercises an option to revise or convert the interest rate basis of a Tranche, it shall, from the effective Interest Revision/Conversion Date (in accordance with the procedure set out in Schedule D) pay interest at a rate determined in accordance with the provisions of Schedule D.

## Interest on overdue sums

Without prejudice to Article 10 and by way of exception to Article 3.1, if the Borrower fails to pay any amount payable by it under this Contract on its due date, interest shall accrue (subject to mandatory provisions of the applicable laws, including Article 1154 of the Luxembourg Civil Code) on any overdue amount payable under the terms of this Contract from the due date to the date of payment at an annual rate equal to:

1. for overdue sums related to Floating Rate Tranches, the applicable Floating Rate plus 2% (200 basis points);
2. for overdue sums related to Fixed Rate Tranches, the higher of (i) the applicable Fixed Rate plus 2% (200 basis points) or (ii) the Relevant Interbank Rate plus 2% (200 basis points); and
3. for overdue sums other than under (a) or (b) above, the Relevant Interbank Rate plus 2% (200 basis points),

and shall be payable in accordance with the demand of the Bank. For the purpose of determining the Relevant Interbank Rate in relation to this Article 3.2, the relevant periods within the meaning of Schedule B shall be successive periods of one month commencing on the due date.

If the overdue sum is in a currency other than the currency of the Loan, the following rate per annum shall apply, namely the relevant interbank rate that is generally retained by the Bank for transactions in that currency plus 2% (200 basis points), calculated in accordance with the market practice for such rate.

## Market Disruption Event

If at any time (i) from the issuance by the Bank of the Disbursement Notice in respect of a Tranche, and (ii) until the date falling either:

(1) 30 (thirty) calendar days for Tranches to be disbursed in EUR, GBP or USD, or

(2) 2 (two) Business Days for Tranches to be disbursed in any other currency,

prior to the Scheduled Disbursement Date, a Market Disruption Event occurs, the Bank may notify to the Borrower that this clause has come into effect. In such case, the following rules shall apply:

1. In the case of a Tranche to be disbursed in EUR, USD or GBP, the rate of interest applicable to such Tranche until the Maturity Date or the Interest Revision/Conversion Date if any, shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

The Borrower shall have the right to refuse in writing such disbursement within the deadline specified in the notification and shall bear charges incurred as a result, if any, in which case the Bank shall not effect the disbursement and the corresponding Credit shall remain available for disbursement under Article 1.2.B. If the Borrower does not refuse the disbursement in time, the parties agree that the disbursement and the conditions thereof shall be fully binding for both parties.

1. In the case of a Tranche to be disbursed in a currency other than EUR, USD or GBP, the Bank shall notify to the Borrower the EUR equivalent to be disbursed on the Scheduled Disbursement Date and the relevant percentage rate as described above under paragraph (a) applicable to the Tranche until the Maturity Date or the Interest Revision/Conversion Date if any. The Borrower shall have the right to refuse in writing such disbursement within the deadline specified in the notification and shall bear charges incurred as a result, if any, in which case the Bank shall not effect the disbursement and the corresponding portion of the Credit shall remain available for disbursement under Article 1.2.B. If the Borrower does not refuse the disbursement in time, the parties agree that the disbursement in EUR and the conditions thereof shall be fully binding for both parties.
2. In each of the cases (a) or (b), above, the Spread or Fixed Rate previously notified by the Bank in the Disbursement Notice shall no longer be applicable.

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Repayment

## Normal repayment

### Repayment by instalments

1. The Borrower shall repay each Tranche by instalments on the Payment Dates specified in the relevant Disbursement Notice in accordance with the terms of the amortisation table delivered pursuant to Article 2.3.
2. Each amortisation table shall be drawn up on the basis that:
   1. in the case of a Fixed Rate Tranche without an Interest Revision/Conversion Date, repayment shall be made annually, semi-annually or quarterly by equal instalments of principal or constant instalments of principal and interest;
   2. in the case of a Fixed Rate Tranche with an Interest Revision/Conversion Date or a Floating Rate Tranche, repayment shall be made by equal annual, semi-annual or quarterly instalments of principal;
   3. the first repayment date of each Tranche shall be a Payment Date falling not earlier than 60 (sixty) days from the Scheduled Disbursement Date and not later than the first Payment Date immediately following the 5th (fifth) anniversary of the Scheduled Disbursement Date of the Tranche; and
   4. the last repayment date of each Tranche shall be a Payment Date falling not earlier than 4 (four) years and not later than 25 (twenty-five) years from the Scheduled Disbursement Date.

### Single instalment

Alternatively, the Borrower may repay the Tranche in a single instalment on a Payment Date specified in the contract number, being a date falling not less than 3 (three) years or more than 15 (fifteen) years from the Scheduled Disbursement Date.

## Voluntary prepayment

### Prepayment option

Subject to Articles 4.2.B, 4.2.C and 4.4, the Borrower may prepay all or part of any Tranche, together with accrued interest and indemnities if any, upon giving a Prepayment Request with at least 1 (one) month's prior notice specifying (i) the Prepayment Amount; (ii) the Prepayment Date; (iii) if applicable, the choice of application method of the Prepayment Amount in line with Article 5.5.C(a); and (iv) the contract number (81.657) mentioned on the cover page of this Contract.

Subject to Article 4.2.C the Prepayment Request shall be binding and irrevocable.

### Prepayment indemnity

#### FIxED RATE TRANCHE

Subject to Article 4.2.B(3) below, if the Borrower prepays a Fixed Rate Tranche, the Borrower shall pay to the Bank on the Prepayment Date the Prepayment Indemnity in respect of the Fixed Rate Tranche which is being prepaid.

#### FLOATING RATE TRANCHE

Subject to Article 4.2.B(3) below, the Borrower may prepay a Floating Rate Tranche without indemnity on any relevant Payment Date.

#### NO INDEMNITy

Unless the Borrower has accepted in writing a Fixed Rate in respect of an Interest Revision/Conversion Proposal pursuant to Schedule D, prepayment of a Tranche on its Interest Revision/Conversion Date as notified under Article 1.2.C(a)(viii), or in accordance with Schedule C.1 or D, as the case may be, may be effected without indemnity.

### Prepayment mechanics

Upon presentation by the Borrower to the Bank of a Prepayment Request, the Bank shall issue a Prepayment Notice to the Borrower, not later than 15 (fifteen) days prior to the Prepayment Date. The Prepayment Notice shall specify the Prepayment Amount, the accrued interest due thereon, the Prepayment Indemnity payable under Article 4.2.B or, as the case may be, that no indemnity is due, the method of application of the Prepayment Amount and the Acceptance Deadline.

If the Borrower accepts the Prepayment Notice no later than by the Acceptance Deadline, it shall effect the prepayment. In any other case, the Borrower may not effect the prepayment.

The Borrower shall accompany the prepayment by the payment of accrued interest and indemnity, if any, due on the Prepayment Amount, as specified in the Prepayment Notice.

## Compulsory prepayment

### Prepayment Events

#### PROJECT COST REDUCTION

If the total cost of the Project falls below the figure stated in Recital (b) so that the amount of the Credit exceeds:

1. 50% (fifty per cent.); and/or
2. when aggregated with the amount of any other funds from the European Union made available for the Project, 90% (ninety per cent.),

of such total cost of the Project, the Bank may forthwith, by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan up to the amount by which the Credit exceeds the limits referred to in (a) or (b) above. The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

#### PARI PASSU TO NON-EIB FINANCING

If the Borrower voluntarily prepays (for the avoidance of doubt, prepayment shall include a repurchase or cancellation where applicable) a part or the whole of any Non-EIB Financing and such prepayment is not be made out of the proceeds of a loan having a term at least equal to the unexpired term of the Non-EIB Financing prepaid, the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan. The proportion of the Loan that the Bank may require to be prepaid shall be the same as the proportion that the prepaid amount of the Non-EIB Financing bears to the aggregate outstanding amount of all Non-EIB Financing.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article, “**Non-EIB Financing**” includes any loan (save for the Loan and any other direct loans from the Bank to the Borrower) credit bond or other form of financial indebtedness or any obligation for the payment or repayment of money originally granted to the Borrower for a term of more than 5 (five) years.

#### CHANGE OF LAw

The Borrower shall promptly inform the Bank if a Change-of-Law Event has occurred or is likely to occur. In such case, or if the Bank has reasonable cause to believe that a Change-of-Law Event has occurred or is about to occur, the Bank may request that the Borrower consult with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank’s request. If, after the lapse of 30 (thirty) days from the date of such request for consultation the Bank is of the opinion that the effects of the Change-of-Law Event cannot be mitigated to its satisfaction, the Bank may by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan, together with accrued interest and all other amounts accrued or outstanding under this Contract.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article “Change-of-Law Event” means the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) that occurs after the date of this Contract and which, in the opinion of the Bank, would materially impair the Borrower's ability to perform its obligations under this Contract.

### Prepayment mechanics

Any sum demanded by the Bank pursuant to Article 4.3.A, together with any interest or other amounts accrued or outstanding under this Contract including, without limitation, any indemnity due under Article 4.3.C and Article 4.4, shall be paid on the date indicated by the Bank in its notice of demand.

### Prepayment indemnity

In the case of an Indemnifiable Prepayment Event, the indemnity, if any, shall be determined in accordance with Article 4.2.B.

## General

A repaid or prepaid amount may not be reborrowed. This Article 4 shall not prejudice Article 10.

If the Borrower prepays a Tranche on a date other than a relevant Payment Date, the Borrower shall indemnify the Bank in such amount as the Bank shall certify is required to compensate it for receipt of funds otherwise than on a relevant Payment Date.

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Payments

## Day count convention

Any amount due by way of interest, indemnity or fee from the Borrower under this Contract, and calculated in respect of a fraction of a year, shall be determined on the following respective conventions:

1. in respect of interest and indemnities due under a Fixed Rate Tranche, a year of 360 (three hundred and sixty) days and a month of 30 (thirty) days;
2. in respect of interest and indemnities due under a Floating Rate Tranche, a year of 360 (three hundred and sixty) days but 365 (three hundred and sixty-five) days (invariable) for GBP, ZAR and PLN and the number of days elapsed;
3. in respect of fees, a year of 360 (three hundred and sixty) days but 365 (three hundred and sixty-five) days (invariable) for fees due in GBP, ZAR and PLN) and the number of days elapsed.

## Time and place of payment

Unless otherwise specified in this Contract or in the Bank’s demand, all sums other than sums of interest, indemnity and principal are payable within 15 (fifteen) days of the Borrower’s receipt of the Bank’s demand.

Each sum payable by the Borrower under this Contract shall be paid to the relevant account notified by the Bank to the Borrower. The Bank shall notify the account not less than 15 (fifteen) days before the due date for the first payment by the Borrower and shall notify any change of account not less than 15 (fifteen) days before the date of the first payment to which the change applies. This period of notice does not apply in the case of payment under Article 10.

The Borrower shall indicate in each payment made hereunder the contract number (81.657) found on the cover page of this Contract.

A sum due from the Borrower shall be deemed paid when the Bank receives it.

Any disbursements by and payments to the Bank under this Contract shall be made using account(s) acceptable to the Bank. For the avoidance of doubt, any account in the name of the Borrower held with a duly authorized financial institution in the jurisdiction where the Borrower is incorporated or where the Project is undertaken is deemed acceptable to the Bank.

## No set-off by the Borrower

All payments to be made by the Borrower under this Contract shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

## Disruption to Payment Systems

If either the Bank determines (in its discretion) that a Disruption Event has occurred or the Bank is notified by the Borrower that a Disruption Event has occurred:

1. the Bank may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of this Contract as the Bank may deem necessary in the circumstances;
2. the Bank shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes; and
3. the Bank shall not be liable for any damages, costs or losses whatsoever arising as a result of a Disruption Event or for taking or not taking any action pursuant to or in connection with this Article 5.4.

## Application of sums received

### General

Sums received from the Borrower shall only discharge its payment obligations if received in accordance with the terms of this Contract.

### Partial payments

If the Bank receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Contract, the Bank shall apply that payment:

1. first, in or towards payment pro rata of any unpaid fees, costs, indemnities and expenses due under this Contract;
2. secondly, in or towards payment of any accrued interest due but unpaid under this Contract;
3. thirdly, in or towards payment of any principal due but unpaid under this Contract; and
4. fourthly, in or towards payment of any other sum due but unpaid under this Contract.

### Allocation of sums related to Tranches

1. In case of:
   1. a partial voluntary prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied pro rata to each outstanding instalment, or, at the request of the Borrower, in inverse order of maturity; or
   2. a partial compulsory prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied in reduction of the outstanding instalments in inverse order of maturity.
2. Sums received by the Bank following a demand under Article 10.1 and applied to a Tranche, shall reduce the outstanding instalments in inverse order of maturity. The Bank may apply sums received between Tranches at its discretion.
3. In case of receipt of sums which cannot be identified as applicable to a specific Tranche, and on which there is no agreement between the Bank and the Borrower on their application, the Bank may apply these between Tranches at its discretion.

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Borrower undertakings and representations

The undertakings in this Article 6 remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.

A. PROJECT UNDERTAKINGS

## Use of Loan and availability of other funds

The Borrower shall use all amounts borrowed by it under the Loan for the execution of the Project.

The Borrower shall ensure that it has available to it the other funds listed in Recital (b) and that such funds are expended, to the extent required, on the financing of the Project.

## Completion of Project

The Borrower shall carry out the Project in accordance with the Technical Description as may be modified from time to time with the approval of the Bank, and complete it by the final date specified therein.

## Increased cost of Project

If the total cost of the Project exceeds the estimated figure set out in Recital (b), the Borrower shall obtain the finance to fund the excess cost without recourse to the Bank, so as to enable the Project to be completed in accordance with the Technical Description. The plans for funding the excess cost shall be communicated to the Bank without delay.

## Procurement procedure

The Borrower shall purchase equipment, secure services and order works for the Project (a) in so far as they apply to it or to the Project, in accordance with European Union law in general and in particular with the relevant European Union Directives and (b) in so far as European Union Directives do not apply, by procurement procedures which, to the satisfaction of the Bank, respect the criteria of economy and efficiency and, in case of public contracts, the principles of transparency, equal treatment and non-discrimination on the basis of nationality.

## Continuing Project undertakings

The Borrower shall:

1. Maintenance: maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order;
2. Project assets: unless the Bank shall have given its prior consent in writing retain title to and possession of all or substantially all the assets comprising the Project or, as appropriate, replace and renew such assets and maintain the Project in substantially continuous operation in accordance with its original purpose; provided that the Bank may withhold its consent only where the proposed action would prejudice the Bank's interests as lender to the Borrower or would render the Project ineligible for financing by the Bank under its Statute or under article 309 of the Treaty on the Functioning of the European Union;
3. Insurance: insure all works and property forming part of the Project with first class insurance companies in accordance with the most comprehensive relevant industry practice;
4. Rights and Permits: maintain in force all rights of way or use and all Authorisations necessary for the execution and operation of the Project; and
5. Environment:
   1. implement and operate the Project in compliance with Environmental Law;
   2. obtain and maintain requisite Environmental Approvals for the Project; and
   3. comply with any such Environmental Approvals.
6. Integrity: take, within a reasonable timeframe, appropriate measures in respect of any member of its management bodies who has been convicted by a final and irrevocable court ruling of a Criminal Offence perpetrated in the course of the exercise of his/her professional duties, in order to ensure that such member is excluded from any Borrower’s activity in relation to the Loan or the Project;
7. Integrity Audit Rights: ensure that all contracts under the Project to be procured after the date of signature of this Contract in accordance with EU Directives on procurement provide for:
   1. the requirement that the relevant contractor promptly informs the Bank of a genuine allegation, complaint or information with regard to Criminal Offences related to the Project;
   2. the requirement that the relevant contractor keeps books and records of all financial transactions and expenditures in connection with the Project; and
   3. the Bank’s right, in relation to an alleged Criminal Offence, to review the books and records of the relevant contractor in relation to the Project and to take copies of documents to the extent permitted by law.

B. GENERAL UNDERTAKINGS

## Compliance with laws

The Borrower shall comply in all respects with all laws and regulations to which it or the Project is subject.

## General Representations and Warranties

The Borrower represents and warrants to the Bank that:

1. it has the power to execute, deliver and perform its obligations under this Contract and all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and performance of the same by it;
2. this Contract constitutes its legally valid, binding and enforceable obligations;
3. the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Contract do not and will not contravene or conflict with:
   1. any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject;
   2. any agreement or other instrument binding upon it which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Contract;
4. there has been no Material Adverse Change since 16 June 2011;
5. no event or circumstance which constitutes a Prepayment Event (as better described in Article 4.3) or an Event of Default has occurred and is continuing unremedied or unwaived;
6. no litigation, arbitration, administrative proceedings or investigation is current or to its knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against it or any of its subsidiaries any unsatisfied judgement or award;
7. it has obtained all necessary Authorisations in connection with this Contract and in order to lawfully comply with its obligations hereunder, and the Project and all such Authorisations are in full force and effect and admissible in evidence;
8. its payment obligations under this Contract rank not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to companies generally; and
9. it is in compliance with Article 6.5(e) and to the best of its knowledge and belief (having made due and careful enquiry) no Environmental Claim has been commenced or is threatened against it.

The representations and warranties set out above shall survive the execution of this Contract and are, with the exception of the representation set out in paragraph (d) above, deemed repeated on each Scheduled Disbursement Date and on each Payment Date.

## Integrity Commitment

(i) The Borrower warrants and undertakes that it has not committed, and no person to its present knowledge has committed, any of the following acts and that they will not commit, and no person, with their consent or prior knowledge, will commit any such act, that is to say:

(a) the offering, giving, receiving or soliciting of any improper advantage to influence the action of an person holding a public office or function or a director or employee of a public authority or public enterprise or a director or official of a public international organisation in connection with any procurement process or in the execution of any contract in connection with the Project; or

(b) any act which improperly influences or aims improperly to influence the procurement process or the implementation of the Project to the detriment of the Borrower, including collusion between tenderers.

For this purpose, the knowledge of any member of the any Minister of the Borrower, any State Secretary of the Borrower, any Assistant Minister of the Borrower, any Advisor to a Minister of the Borrower or the officer mentioned in Article 12.1 shall be deemed the knowledge of the Borrower.

The Borrower undertakes to inform the Bank if they should become aware of any fact or information suggestive of the commission of any such act.

(ii) The Borrower will institute, maintain and comply with internal procedures and controls in compliance with applicable national laws and best practices, for the purpose of ensuring that no transaction is entered with, or for the benefit of, any of the individuals or institutions named on updated lists of sanctioned persons promulgated by the United Nations Security Council or its committees pursuant to Security Council Resolutions 1267 (1999), 1373 (2001) ([www.un.org/terrorism](http://www.un.org/terrorism)) and/or by the Council of the EU pursuant to its Common Positions 2001/931/CSFP and 2002/402/CSFP and their related or successor resolutions and/or implementing acts in connection with financing of terrorism matters.

## Legitimacy of the funds used for the Projects

The Borrower warrants that it applies the Recommendations of the OECD Financial Action Task Force.

## Other undertakings

The Borrower shall:

(a) take all necessary measures to ensure that buildings included in the Project will comply with the EU Directive on energy performance of buildings (2002/91/EC);

(b) not commit any funds disbursed or to be disbursed by the Bank against sub-projects that require an Environmental Impact Assessment (“**EIA**”) or biodiversity assessment according to Environmental Law without, prior to commitment, receiving the consent from the competent authority, and the Non-Technical Summary of the EIA having been made available to the public;

(c) for sub-projects requiring an EIA, submit to the Bank either the Non Technical Summary of the EIA or a link to a public version of the Non Technical Summary of the EIA, with a copy of the relevant consent showing that public consultation has been performed, comprising the results taken into consideration; and

1. for sub-projects not requiring an EIA, a copy of the relevant consent from the competent authority evidencing the reasons why EIA was not necessary (screening decision).

## Project Implementation Unit

The Promoter shall establish, before the disbursement of the first Tranche, and at all times shall maintain, to the Bank's satisfaction, a PIU and shall ensure that it is adequately staffed and equipped with qualified and dedicated personnel supported and advised by suitable technical assistance, under terms of reference acceptable to the Bank.

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Security

The undertakings in this Article 7 remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.

## Pari passu ranking

The Borrower shall ensure that its payment obligations under this Contract rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its External Debt Instruments except for obligations mandatorily preferred by law applying to companies generally.

In particular, if the Bank makes a demand under Article 10.1 or if an event or potential event of default under any unsecured and unsubordinated External Debt Instrument of the Borrower or of any of its agencies or instrumentalities has occurred and is continuing, the Borrower shall not make (or authorize) any payment in respect of any other such External Debt Instrument (whether regularly scheduled or otherwise) without simultaneously paying, or setting aside in a designated account for payment on the next Payment Date a sum equal to, the same proportion of the debt outstanding under this Contract as the proportion that the payment under such External Debt Instrument bears to the total debt outstanding under that Instrument. For this purpose, any payment of an External Debt Instrument that is made out of the proceeds of the issue of another instrument, to which substantially the same persons as hold claims under the External Debt Instrument have subscribed, shall be disregarded.

In this Contract, “**External Debt Instrument**” means (a) an instrument, including any receipt or statement of account, evidencing or constituting an obligation to repay a loan, deposit, advance or similar extension of credit (including without limitation any extension of credit under a refinancing or rescheduling agreement), (b) an obligation evidenced by a bond, debenture or similar written evidence of indebtedness or (c) a guarantee granted by the Borrower for an obligation of a third party; provided in each case that such obligation is: (i) governed by a system of law other than the law of the Borrower; or (ii) payable in a currency other than the currency of the Borrower's country; or (iii) payable to a person incorporated, domiciled, resident or with its head office or principal place of business outside the Borrower's country.

## Additional Security

Should the Borrower grant to a third party any security for the performance of any External Debt Instrument or any preference or priority in respect thereof, the Borrower shall, if so required by the Bank, provide to the Bank equivalent security for the performance of its obligations under this Contract or grant to the Bank equivalent preference or priority.

## Clauses by inclusion

If the Borrower concludes with any other medium or long term financial creditor a financing agreement that includes a loss-of-rating clause or a covenant or other provision regarding *pari passu* ranking or cross default that is stricter than the equivalent provision of this Contract, the Borrower shall so inform the Bank and shall, at the request of the Bank, execute an agreement to amend this Contract so as to provide for an equivalent provision in favour of the Bank.

# 

Information and Visits

## Information concerning the Project

The Borrower shall:

1. deliver to the Bank:
   1. the information in content and in form, and at the times, specified in Schedule A.2 or otherwise as agreed from time to time by the parties to this Contract; and
   2. any such information or further document concerning the financing, procurement, implementation, operation and environmental matters of or for the Project as the Bank may reasonably require within a reasonable time,

provided always that if such information or document is not delivered to the Bank on time, and the Borrower does not rectify the omission within a reasonable time set by the Bank in writing, the Bank may remedy the deficiency, to the extent feasible, by employing its own staff or a consultant or any other third party, at the Borrower’s expense and the Borrower shall provide such persons with all assistance necessary for the purpose;

1. submit for the approval of the Bank without delay any material change to the Project, also taking into account the disclosures made to the Bank in connection with the Project prior to the signing of this Contract, in respect of, inter alia, the price, design, plans, timetable or to the expenditure programme or financing plan for the Project;
2. promptly inform the Bank of:
   1. any action or protest initiated or any objection raised by any third party or any genuine complaint received by the Borrower or any Environmental Claim that is to its knowledge commenced, pending or threatened against it with regard to environmental or other matters affecting the Project;
   2. any fact or event known to the Borrower, which may substantially prejudice or affect the conditions of execution or operation of the Project;
   3. a genuine allegation, complaint or information with regard to Criminal Offences related to the Project;
   4. any non-compliance by it with any applicable Environmental Law;
   5. any suspension, revocation or modification of any Environmental Approval,

and set out the action to be taken with respect to such matters;

1. deliver by the dates respectively specified below and in a manner satisfactory to the Bank, documents in English or accompanied by an English translation, evidencing Qualifying Expenditure up to the following respective amounts:
2. within 90 (ninety) days following the disbursement of a Tranche, 75% (seventy-five per cent.) of the amount of that Tranche plus 100% (one hundred per cent.) of all previously disbursed Tranches; and
3. within 120 (one hundred and twenty) days following the disbursement of a Tranche, 100% (one hundred per cent.) of the amount of that Tranche plus 100% (one hundred per cent.) of all previously disbursed Tranches; and

(e) provide to the Bank, if so requested:

(i) a certificate of its insurers showing fulfilment of the requirements of Article 6.5(c); and

(ii) annually, a list of policies in force covering the insured property forming part of the Project, together with confirmation of payment of the current premiums.

## Information concerning the Borrower

The Borrower shall:

1. ensure that its accounting records fully reflect the operations relating to the financing, execution and operation of the Project; and
2. inform the Bank immediately of:
   1. any fact which obliges it to prepay any financial indebtedness or any European Union funding;
   2. any event or decision that constitutes or may result in a Prepayment Event;
   3. any intention on its part to grant any Security over any of its assets in favour of a third party;
   4. any intention on its part to sell, transfer, lease or otherwise dispose of its assets and which could trigger a breach of Article 6.7;
   5. any intention on its part to relinquish ownership of any material component of the Project;
   6. any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract;
   7. any Event of Default having occurred or being threatened or anticipated;
   8. any measure taken by the Borrower pursuant to Article 6.5(f) of this Contract; and
   9. any litigation, arbitration or administrative proceedings or investigation which is current, threatened or pending and which might if adversely determined result in a Material Adverse Change.

## Visits by the Bank

The Borrower shall allow persons designated by the Bank, as well as persons designated by other institutions or bodies of the European Union when so required by the relevant mandatory provisions of European Union law,

1. to visit the sites, installations and works comprising the Project;
2. to interview representatives of the Borrower, and not obstruct contacts with any other person involved in or affected by the Project; and
3. to review the Borrower’s books and records in relation to the execution of the Project and to be able to take copies of related documents to the extent permitted by the law.

The Borrower shall provide the Bank, or ensure that the Bank is provided, with all necessary assistance for the purposes described in this Article.

The Borrower acknowledges that the Bank may be obliged to communicate information relating to the Borrower and the Project to any competent institution or body of the European Union in accordance with the relevant mandatory provisions of European Union law.

## Investigations and information

The Borrower undertakes:

1. to take such action as the Bank shall reasonably request to investigate and/or terminate any alleged or suspected act of the nature described in Article 6.8;
2. to inform the Bank immediately of:
   1. any measures taken to seek damages from the persons responsible for any loss resulting from any such act;
   2. any investigations concerning the integrity of the members of the Borrower’s administrative body or managers; and
   3. to the extent permitted by law, any material litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which, to the best of its knowledge and belief, is current, imminent or pending in connection with Criminal Offences related to the Loan or the Project;
3. to facilitate any investigation that the Bank may make concerning any such act.

# 

Charges and expenses

## Taxes, duties and fees

The Borrower shall pay all principal, interest, indemnities and other amounts due under this Contract gross without deduction of any national or local impositions whatsoever; provided that, if the Borrower is obliged to make any such deduction, it will gross up the payment to the Bank so that after deduction, the net amount received by the Bank is equivalent to the sum due.

The Borrower shall pay all Taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution or implementation of this Contract or any related document and in the creation, perfection, registration or enforcement of any Security for the Loan to the extent and if applicable. In such cases, the Borrower shall ensure that the proceeds of the Loan and/or any technical cooperation funds shall not be used for financing of customs duties and Taxes levied by, or in the territory of, the Borrower in respect of all goods, works and services procured by the Promoter for the purposes of the Project.

## Other charges

The Borrower shall bear all charges and expenses, including professional, banking or exchange charges incurred in connection with the preparation, execution, implementation, enforcement and termination of this Contract.

The Bank shall provide documentary support for any such charges or expenses 14 (fourteen) days before its demand for payment falls due. By way of exception, however, any charges in an amount not exceeding EUR 100 (one hundred euros), to be paid by the Borrower, will be documented by the Bank (i) solely *ex-post* (i.e., after the payment having occurred); and (ii) upon request of the Borrower.

## Increased costs, indemnity and set-off

1. The Borrower shall pay to the Bank any sums or expenses incurred or suffered by the Bank as a consequence of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation made after the date of signature of this Contract, in accordance with or as a result of which (i) the Bank is obliged to incur additional costs in order to fund or perform its obligations under this Contract, or (ii) any amount owed to the Bank under this Contract or the financial income resulting from the granting of the Credit or the Loan by the Bank to the Borrower is reduced or eliminated.
2. Without prejudice to any other rights of the Bank under this Contract or under any applicable law, the Borrower shall indemnify and hold the Bank harmless from and against any loss incurred as a result of any payment or partial discharge that takes place in a manner other than as expressly set out in this Contract.
3. The Bank may set off any matured obligation due from the Borrower under this Contract (to the extent beneficially owned by the Bank) against any obligation owed by the Bank to the Borrower regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

# 

Events of Default

## Right to demand repayment

The Borrower shall repay all or part of the Loan (as requested by the Bank) forthwith, together with accrued interest and all other accrued or outstanding amounts under this Contract, upon written demand being made by the Bank in accordance with the following provisions.

### Immediate demand

The Bank may make such demand immediately:

1. if the Borrower fails on the due date to repay any part of the Loan, to pay interest thereon or to make any other payment to the Bank as provided in this Contract, unless (i) its failure to pay is caused by an administrative or technical error or a Disruption Event and (ii) payment is made within 3 (three) Business Days of its due date;
2. if any information or document given to the Bank by or on behalf of the Borrower or any representation, warranty or statement made or deemed to be made by the Borrower in or pursuant to this Contract or in connection with the negotiation or performance of this Contract is or proves to have been incorrect, incomplete or misleading in any material respect;
3. if, following any default of the Borrower in relation to any loan, or any obligation arising out of any financial transaction, other than the Loan:
   1. the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, discharge, close out or terminate ahead of maturity such other loan or obligation; or
   2. any financial commitment for such other loan or obligation is cancelled or suspended;
4. if the Borrower is unable to pay its debts as they fall due, or suspends its debts, or, without prior notice to the Bank, makes or seeks to make a composition with its creditors;
5. if the Borrower defaults in the performance of any obligation in respect of any other loan made to it from the resources of the Bank or the European Union;
6. if any distress, execution, sequestration or other process is levied or enforced upon the property of the Borrower or any property forming part of the Project and is not discharged or stayed within 14 (fourteen) days;
7. if a Material Adverse Change occurs, as compared with the Borrower’s condition at the date of this Contract; or
8. if it is or becomes unlawful for the Borrower to perform any of its obligations under this Contract or this Contract is not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms.

### Demand after notice to remedy

The Bank may also make such demand:

1. if the Borrower fails to comply with any obligation under this Contract not being an obligation mentioned in Article 10.1.A; or
2. if any fact related to the Borrower or the Project stated in the Recitals materially alters and is not materially restored and if the alteration either prejudices the interests of the Bank as lender to the Borrower or adversely affects the implementation or operation of the Project,

unless the non-compliance or circumstance giving rise to the non-compliance is capable of remedy and is remedied within a reasonable period of time specified in a notice served by the Bank on the Borrower.

## Other rights at law

Article 10.1 shall not restrict any other right of the Bank at law to require prepayment of the Loan.

## Indemnity

### Fixed Rate Tranches

In case of demand under Article 10.1 in respect of any Fixed Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with the Prepayment Indemnity on any amount of principal due to be prepaid. Such Prepayment Indemnity shall accrue from the due date for payment specified in the Bank’s notice of demand and be calculated on the basis that prepayment is effected on the date so specified.

### Floating Rate Tranches

In case of demand under Article 10.1 in respect of any Floating Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with a sum equal to the present value of 0.15% (15 basis points) per annum calculated and accruing on the amount of principal due to be prepaid in the same manner as interest would have been calculated and would have accrued, if that amount had remained outstanding according to the original amortisation schedule of the Tranche, until the Interest Revision/Conversion Date, if any, or the Maturity Date.

The value shall be calculated at a discount rate equal to the Redeployment Rate applied as of each relevant Payment Date.

### General

Amounts due by the Borrower pursuant to this Article 10.3 shall be payable on the date of prepayment specified in the Bank’s demand.

## Non-Waiver

No failure or delay or single or partial exercise by the Bank in exercising any of its rights or remedies under this Contract shall be construed as a waiver of such right or remedy. The rights and remedies provided in this Contract are cumulative and not exclusive of any rights or remedies provided by law.

# 

Law and jurisdiction

## Governing Law

This Contract shall be governed by the laws of the Grand Duchy of Luxembourg.

## Jurisdiction

The parties hereby submit to the jurisdiction of the Court of Justice of the European Union.

The parties to this Contract hereby waive any immunity from or right to object to the jurisdiction of these courts. A decision of the courts given pursuant to this Article shall be conclusive and binding on each party without restriction or reservation.

## Evidence of sums due

In any legal action arising out of this Contract the certificate of the Bank as to any amount or rate due to the Bank under this Contract shall, in the absence of manifest error, be prima facie evidence of such amount or rate.

## Amendments

##### Any amendment to this Contract shall be made in writing and shall be signed by the parties hereto.

# 

Final clauses

## Notices to either party

Notices and other communications given under this Contract addressed to either party to this Contract shall be made to the address or facsimile number as set out below, or to such other address or facsimile number as a party previously notifies to the other in writing:

|  |  |
| --- | --- |
| For the Borrower | Ministry of Finance  Kneza Milosa 20  11000 Belgrade  Republic of Serbia  Facsimile no.: +381 11 3618 961 |
| For the Bank | Attention: OPS MA/3-PUB SEC (SI,HR,WBs)  100 boulevard Konrad Adenauer  L-2950 Luxembourg  Facsimile no: +352 4379 67493 |

Unless the Borrower shall otherwise specify in writing to the Bank, the Ministry of Finance shall be responsible for contacts with the Bank for the purposes of Article 6.8.

## Form of notice

Any notice or other communication given under this Contract must be in writing.

Notices and other communications, for which fixed periods are laid down in this Contract or which themselves fix periods binding on the addressee, may be made by hand delivery, registered letter or facsimile. Such notices and communications shall be deemed to have been received by the other party on the date of delivery in relation to a hand-delivered or registered letter or on receipt of transmission in relation to a facsimile.

Other notices and communications may be made by hand delivery, registered letter or facsimile or, to the extent agreed by the parties by written agreement, by email or other electronic communication.

Without affecting the validity of any notice delivered by facsimile according to the paragraphs above, a copy of each notice delivered by facsimile shall also be sent by letter to the relevant party on the next following Business Day at the latest.

Notices issued by the Borrower pursuant to any provision of this Contract shall, where required by the Bank, be delivered to the Bank together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.

## Entry into force

This Contract shall enter into force upon confirmation by the Bank to the Borrower that it has received a certified copy of the Official Gazette of the Republic of Serbia publishing the law on ratification of this Contract by the Parliament of the Republic of Serbia.

## Recitals and Schedules

The Recitals and following Schedules form part of this Contract:

|  |  |
| --- | --- |
| Schedule A | Technical Description and Reporting |
| Schedule B | Definitions of EURIBOR and LIBOR |
| Schedule C | Forms for Borrower |
| Schedule D | Interest Rate Revision and Conversion |

IN WITNESS WHEREOF the parties hereto have caused this Contract to be executed in 6 (six) originals in the English language and to be initialled on each page of this Contract on their behalf.

At Belgrade, this 28 November 2016

|  |  |
| --- | --- |
| Signed for and on behalf of  THE REPUBLIC OF SERBIA | Signed for and on behalf of  EUROPEAN INVESTMENT BANK |
| Minister of Finance | Vice-President |
| Dušan VUJOVIĆ | Dario SCANNAPIECO |

1. 1. Technical Description and Reporting
      * 1. Technical Description (Article 6.2)

**Purpose, Location**

The project concerns the financing of an investment programme designated as priority investments by the Ministry of Justice (see attached list in Annex A.1.1). The investment programme forms part of the National Judicial Reform Strategy and aims at enhancing justice in Serbia by improving judiciary buildings and facilities and the related infrastructure. EIB-financing will concern refurbishment and (re-)construction of judiciary facilities.

**Description**

**The project’s investment programme comprises in total 22sub-projects out of which the three key sub-projects are located in Belgrade:**

* + - Sub-Project 1: Building B: The refurbishment of the Justice Palace of the Belgrade High Court (24,000 m² gross floor space), 17A Savska Street - financed by this Contract and part of the Finance Contract Upgrading of Judiciary Buildings between the Republic of Serbia and European Investment Bank, signed in Belgrade on October 20, 2011 and in Luxembourg on October 25, 2011;
    - Sub-Project 2: New Building C: Comprehensive refurbishment of the building in the Kataniceva Street 15 (formerly the Military Technical Institute) for the purpose of judicial bodies (approx. 14,180 m² gross floor space) - financed by the Finance Contract Upgrading of Judiciary Buildings between the Republic of Serbia and European Investment Bank, signed in Belgrade on October 20, 2011 and in Luxembourg on October 25, 2011;
    - Sub-Project 3: Building D: new construction (wing) on the site of the existing building for the Special Court in Str. Ustanicka 29, Belgrade (approx. 5,000 m²) - financed by this Contract.

Sub-Projects 4-22: Judiciary facilities throughout the country.

**Calendar**

Project implementation of the overall investment programme is scheduled for 2011-2018.

**A.1.1 LIST OF SUB-PROJECTS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2009-0405 Upgrading of Judiciary Buildings: New Annex A.1.1 under FC Amendment** | | | | | |
| **Scheme no in FC Amendment** | **Scheme no in intital A.1.1** | **Scheme name** | **Location** | **Cost FC Amendment (EUR)** | **Foreseen for EIB funding** |
| 1 | 1 | **Justice Palace ("Building B "), 17A Savska Street, comprehensive refurbishment** | Belgrade | **20,000,000.00** | x |
| 2 |  | **Comprehensive refurbishment of building in 15 Kataniceva street in Belgrade (former Military Technical Institute)** | Belgrade | **10,000,000.00** | x |
| 3 | 3 | **New construction for Prosecutors Special Court ("Building D"), 29 Ustanicka Street** | Belgrade | **11,000,000.00** | x |
| 4 |  | **Basic Court in Kraljevo – Rehabilitation and reconstruction of Basic court’s building in order to eliminate the consequences of the catastrophic earthquake** | Kraljevo | **1,300,000.00** |  |
| 5 | 13 | **Construction of the facility for accommodation of Misdemeanor court and Public Prosecution** | Sabac | **400,000.00** |  |
| 6 |  | **Commercial Court in Sabac - Solving the accommodation problem (procurement, reconstruction and adaptation of the building)** | Sabac | **500,000.00** |  |
| 7 |  | **Misdemeanor Court in Belgrade (reconstruction and adaptation of the appropriate building)** | Belgrade | **1,300,000.00** |  |
| 8 |  | **Construction of additional floors and reconstruction of building of judiciary authorities in Lazarevac** | Lazarevac | **300,000.00** |  |
| 9 |  | **Misdemeanor Court in Uzice – Solving the accommodation problem (procurement, reconstruction and adaptation of building)** | Uzice | **1,300,000.00** |  |
| 10 |  | **Procurement, reconstruction and adaptation of building to accommodate judiciary authorities in Belgrade (building of former “Aeroinzenjering”)** | Belgrade | **11,500,000.00** |  |
| 11 | 15 | **Reconstruction and renovation the facility for accommodation of Misdemeanor Court** | Nis | **1,500,000.00** |  |
| 12 | 16 | **Upgrading of accommodation and technical work requirements of judiciary bodies (procurement and adaptation of office premises)** | various locations in Serbia | **4,500,000.00** |  |
| 13 | 6 | **Appellate court in Kragujevac – Solving the accommodation problem (procurement and reconstruction of the building)** | Kragujevac | **600,000.00** |  |
| 14 |  | **Building for accommodation of Public prosecutor offices (construction of the new building or procurement and reconstruction of the adequate one)** | Kragujevac | **1,200,000.00** |  |
| 15 | 9 | **Reconstruction and renovation of facility «Valjevo Bank» in Valjevo city for a need to accommodate Public Prosecution and Misdemeanour Court** | Valjevo | **700,000.00** |  |
| 16 | 14 | **Construction of additional floors/superstructure and reconstruction of building of the Basic court in Loznica to accommodate judiciary bodies** | Loznica | **1,150,000.00** |  |
| 17 |  | **Higher Court in Kraljevo – Rehabilitation and reconstruction of Basic court’s building in order to eliminate the consequences of the catastrophic earthquake** | Kraljevo | **400,000.00** |  |
| 18 |  | **Misdemeanor Court in Zajecar-Solving the accommodation problem (procurement and adaptation of office premises)** | Zajecar | **120,000.00** |  |
| 19 |  | **Construction of additional floors and reconstruction of building of judiciary bodies in Novi Pazar** | Novi Pazar | **260,000.00** |  |
| 20 | 12 | **Construction of the facility for accommodation of Misdemeanor Court** | Pancevo | **1,200,000.00** |  |
| 21 | 10 | **Construction of facility for accommodation of Public Prosecution and Misdemeanor Court (co – financing with the city of Novi Sad)** | Novi Sad | **7,000,000.00** |  |
| 22 |  | **Procurement of equipment necessary for operations of judiciary bodies** | various locations | **8,000,000.00** |  |
| **Total** |  |  |  | **84,230,000.00** |  |

* + - 1. Information Duties under Article 8.1(a)

1. Dispatch of information: designation of the person responsible

The information below has to be sent to the Bank under the responsibility of:

|  |  |
| --- | --- |
| Institution | *Ministry of Justice* |
| Contact person | Slavica Jelača |
| Title | Assistant Minister |
| Function / Department |  |
| Address | Belgrade |
| Phone |  |
| Fax |  |
| Email | [slavica.jelaca@mpravde.gov.rs](mailto:slavica.jelaca@mpravde.gov.rs" \t "_blank) |

The above-mentioned contact person(s) is (are) the responsible contact(s) for the time being.

The Borrower shall inform the EIB immediately in case of any change.

1. Information on specific subjects

The Borrower shall deliver to the Bank the following information at the latest by the deadline indicated below.

|  |  |
| --- | --- |
| **Document / information** | **Deadline** |
| Procurement documentation and procurement plans | *Prior to disbursement* |
| Confirmation that no intellectual property rights by the architects of Building B are outstanding and permission was obtained. | *Prior to disbursement* |
| Non-Technical Summary of any EIA requested for a sub-project | *Prior to use of funds* |

1. Information on the project’s implementation

The Borrower shall deliver to the Bank the following information on project progress during implementation at the latest by the deadline indicated below.

|  |  |  |
| --- | --- | --- |
| **Document / information** | **Deadline** | **Frequency of reporting** |
| Project Progress Report   * *A brief update on the technical description, explaining the reasons for significant changes vs. initial scope;* * *Update on the date of completion of each of the main project’s components, explaining reasons for any possible delay;* * *Update on the cost of the project, explaining reasons for any possible cost increases vs. initial budgeted cost;* * *A description of any major issue with impact on the environment;* * *Update on procurement procedures (outside EU);* * *Update on the project’s demand or usage and comments;* * *Any significant issue that has occurred and any significant risk that may affect the project’s operation;* * *Any legal action concerning the project that may be ongoing.* | *31st January*  *30th April*  *31st July*  *31st October* | *quarterly* |

1. Information on the end of works and first year of operation

The Borrower shall deliver to the Bank the following information on project completion and initial operation at the latest by the deadline indicated below.

|  |  |
| --- | --- |
| **Document / information** | **Date of delivery  to the Bank** |
| Project Completion Report, including:   * *A brief description of the technical characteristics of the project as completed, explaining the reasons for any significant change;* * *The date of completion of each of the main project’s components, explaining reasons for any possible delay;* * *The final cost of the project, explaining reasons for any possible cost increases vs. initial budgeted cost;* * *The number of new jobs created by the project: both jobs during implementation and permanent new jobs created;* * *A description of any major issue with impact on the environment;* * *Update on procurement procedures (outside EU);* * *Update on the project’s demand or usage and comments;* * *Any significant issue that has occurred and any significant risk that may affect the project’s operation;* * *Any legal action concerning the project that may be ongoing.* | *31st March 2020* |
| **Language of reports** | *English* |

1. 1. Definitions of EURIBOR and LIBOR
      1. EURIBOR

"EURIBOR" means:

1. in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month;
2. in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and
3. in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "Representative Period").

For the purposes of paragraphs (b) and (c) above:

"available" means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), under the sponsorship of EMMI and EURIBOR ACI, or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank; and

"Screen Rate" means the rate of interest for deposits in EUR for the relevant period as published at 11h00, Brussels time, or at a later time acceptable to the Bank on the day (the "Reset Date") which falls 2 (two) Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal euro-zone offices of four major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them as at approximately 11h00, Brussels time, on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations.

If fewer than 2 (two) quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by the Bank, at approximately 11h00, Brussels time, on the day which falls 2 (two) Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European banks for a period equal to the Representative Period.

If the rate resulting from the above is below zero, EURIBOR will be deemed to be zero.

If no rate is available as provided above, EURIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

* + 1. LIBOR USD

"LIBOR" means, in respect of USD:

1. in respect of a relevant period of less than one month, the Screen Rate for a term of one month;
2. in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and
3. in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "Representative Period").

For the purposes of paragraphs (b) and (c) above:

"available" means "calculated and published" under the aegis of the ICE Benchmark Administration Limited (or any successor to that function of the ICE Benchmark Administration Limited as determined by the Bank) for given maturities; and

"Screen Rate" means the rate of interest for deposits in USD for the relevant period as set by the ICE Benchmark Administration Limited (or any successor to that function of the ICE Benchmark Administration Limited as determined by the Bank) and released by financial news providers at 11h00, London time, or at a later time acceptable to the Bank on the day (the "Reset Date") which falls 2 (two) London Business Days prior to the first day of the relevant period.

If such Screen Rate is not so released by any financial news provider acceptable to the Bank, the Bank shall request the principal London offices of 4 (four) major banks in the London interbank market selected by the Bank to quote the rate at which USD deposits in a comparable amount are offered by each of them at approximately 11h00, London time, on the Reset Date, to prime banks in the London interbank market for a period equal to the Representative Period. If at least 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If fewer than 2 (two) quotations are provided as requested, the Bank shall request the principal New York City offices of 4 (four) major banks in the New York City interbank market, selected by the Bank, to quote the rate at which USD deposits in a comparable amount are offered by each of them at approximately 11h00, New York City time, on the day falling 2 (two) New York Business Days after the Reset Date, to prime banks in the European market for a period equal to the Representative Period. If at least 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If the rate resulting from the above is below zero, LIBOR will be deemed to be zero.

If no rate is available as provided above, LIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

* + 1. LIBOR GBP

"LIBOR" means, in respect of GBP:

1. in respect of a relevant period of less than one month, the Screen Rate for a term of one month;
2. in respect of a relevant period or of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and
3. in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the Screen Rate is taken or from which the Screen Rates are interpolated being the "**Representative Period**").

For the purposes of paragraphs (b) and (c) above:

"available" means "calculated and published" under the aegis of the ICE Benchmark Administration Limited (or any successor to that function of the ICE Benchmark Administration Limited as determined by the Bank) for given maturities; and

"Screen Rate" means the rate of interest for deposits in GBP for the relevant period as set by the ICE Benchmark Administration Limited (or any successor to that function of the ICE Benchmark Administration Limited as determined by the Bank) and released by financial news providers at 11h00, London time, or at a later time acceptable to the Bank on the day (the "Reset Date") on which the relevant period starts or, if that day is not a Business Day in London, on the next following day which is such a Business Day.

If such Screen Rate is not so released by any financial news provider acceptable to the Bank, the Bank shall request the principal London offices of 4 (four) major banks in the London interbank market, selected by the Bank, to quote the rate at which GBP deposits in a comparable amount are offered by each of them at approximately 11h00, London time, on the Reset Date, to prime banks in the London interbank market for a period equal to the Representative Period. If at least 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If fewer than 2 (two) quotations are provided as requested, the rate will be the arithmetic mean of the rates quoted at approximately 11h00, London time, on the Reset Date by major banks in London (selected by the Bank) for loans in GBP in a comparable amount to leading European banks for a period equal to the Representative Period.

If the rate resulting from the above is below zero, LIBOR will be deemed to be zero.

If no rate is available as provided above, LIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

* + 1. GENERAL

For the purposes of the foregoing definitions:

1. "London Business Day" means a day on which banks are open for normal business in London and "New York Business Day" means a day on which banks are open for normal business in New York.
2. All percentages resulting from any calculations referred to in this Schedule will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with halves being rounded up.
3. The Bank shall inform the Borrower without delay of the quotations received by the Bank.
4. If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of:
   1. EMMI and EURIBOR ACI (or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank) in respect of EURIBOR; or
   2. the ICE Benchmark Administration Limited (or any successor to that function of the ICE Benchmark Administration Limited, as determined by the Bank) in respect of LIBOR,

the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

1. [[2]](#footnote-3)
   1. Forms for Borrower
      * 1. Form of Disbursement Request (Article 1.2.B)

Disbursement Request

Serbia – UPGRADING OF JUDICIARY BUILDINGS B

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | | | | **Date:** | | | |
| Please proceed with the following disbursement: | | | | | | | | | | | | | |
| Loan Name (\*): | | | |  | | | | | | | | | |
|  | | | |  |  | | |  | | | |  | |  | |
| Signature Date (\*): | | | |  |  | | | Contract FI number: | | | | 81.657 | |
| **Currency & amount requested** | | | | | |  | | | **Proposed disbursement date:** | | | | |  | |
|  | | | | | |  | | |  | |
| Currency | | Amount | | | |  | | |  | |
|  | |  | | | |  | | |  | | | | |  | |
|  | | |  | |  | |  | | | | | |  | |  |
| **I N T E R E S T** | **Int. rate basis (Art. 3.1)** | |  | |  | | Reserved for the Bank | | | | (contract currency) | | | | |
|  | |  | |  | |  | | | | | |  | |  |
| **Rate (% or Spread) (please indicate only ONE) OR Maximum Rate (% or Maximum Spread)[[3]](#footnote-4)** | |  | |  | | Total Credit Amount: | | | | | |  | |  |
|  | |  | |  | |  | | | | | |  | |  |
| **Frequency (Art. 3.1)** | | Annual 🞏  Semi-annual 🞏  Quarterly 🞏 | |  | | Disbursed to date: | | | | | |  | |  |
|  | |  | |  | |  | | | | | |  | |  |
| **Payment Dates (Art. 5)** | |  | |  | | Balance for disbursement: | | | | | |  | |  |
|  | |  | |  | |  | | | | | |  | |  |
| **Interest Revision/Conversion date (if any)** | |  | |  | | Current disbursement: | | | | | |  | |  |
|  |  | |  | |  | |  | | | | | |  | |  |
| **CA P I T A L** | **Repayment frequency** | | Annual 🞏  Semi-annual 🞏  Quarterly 🞏 | |  | | Balance after disbursement: | | | | | |  | |  |
|  | |  | |  | |  | | | | | |  | |  |
| **Repayment methodology**  **(Art. 4.1)** | | Equal instalments 🞏  Constant annuities 🞏  Single instalment 🞏 | |  | | Disbursement deadline: | | | | | |  | |  |
|  | |  | |  | |  | | | | | |  | |  |
| **First repayment date** | |  | |  | | Max. number of disbursements: | | | | | |  | |  |
|  | |  | |  | |  | | | | | |  | |  |
| **Maturity Date:** | |  | |  | | Minimum Tranche size: | | | | | |  | |  |
|  | | |  | |  | |  | | | | | |  | |  |
|  | | |  | |  | | Total allocations to date: | | | | | |  | |  |
|  | | |  | |  | |  | | | | | |  | |  |
|  | | |  | |  | | Conditions precedent: | | | | | | Yes / No | |  |

Borrower's account to be credited:

Acc. N°:

(please, provide IBAN format in case of disbursements in EUR, or appropriate format for the relevant currency)

Bank name, address:

Please transmit information relevant to:

Borrower's authorised name(s) and signature(s):

* + - 1. Form of Certificate from Borrower (Article 1.4.B)

From: [Borrower]

To: European Investment Bank

Date:

Subject: Finance Contract between European Investment Bank and [Borrower] dated 28 November 2016 (the "Finance Contract")

FI number 81.657 2009-0405

Dear Sirs,

We refer to the Finance Contract. Terms defined in the Finance Contract have the same meaning when used in this letter.

For the purposes of Article 1.4 of the Finance Contract we hereby certify to you as follows:

(a) no event described in Article 4.3A has occurred and is continuing unremedied;

(b) there has been no material change to any aspect of the Project or in respect of which we are obliged to report under Article 8.1, save as previously communicated by us;

(c) we have sufficient funds available to ensure the timely completion and implementation of the Project in accordance with Schedule A, A.1;

(d) no event or circumstance which constitutes or would with the passage of time or giving of notice under the Finance Contract constitute an event of default under Article 10.1 has occurred and is continuing unremedied or unwaived;

(e) no litigation, arbitration administrative proceedings or investigation is current or to our knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against us or any of our subsidiaries any unsatisfied judgement or award;

(f) all necessary consents, authorisations, licences or approvals of governmental or public bodies or authorities required in connection with the Finance Contract and the Project for this Tranche have been obtained;

(g) the representations and warranties to be made or repeated by us under Article 6.11 are true in all material respects; and

(h) no Material Adverse Change has occurred, as compared with our condition at the date of the Finance Contract.

Yours faithfully,

For and on behalf of Borrower

Date:

1. 1. Interest Rate Revision and Conversion

If an Interest Revision/Conversion Date has been included in the Disbursement Notice for a Tranche, the following provisions shall apply.

* + 1. Mechanics of Interest Revision/Conversion

Upon receiving an Interest Revision/Conversion Request the Bank shall, during the period commencing 60 (sixty) days and ending 30 (thirty) days before the Interest Revision/Conversion Date, deliver to the Borrower an Interest Revision/Conversion Proposal stating:

1. the Fixed Rate and/or Spread that would apply to the Tranche, or the part thereof indicated in the Interest Revision/Conversion Request pursuant to Article 3.1; and
2. that such rate shall apply until the Maturity Date or until a new Interest Revision/Conversion Date, if any, and that interest is payable quarterly, semi-annually or annually in arrears on designated Payment Dates.

The Borrower may accept in writing an Interest Revision/Conversion Proposal by the deadline specified therein.

Any amendment to this Contract requested by the Bank in this connection shall be effected by an agreement to be concluded not later than 15 (fifteen) days prior to the relevant Interest Revision/Conversion Date.

* + 1. Effects of Interest Revision/Conversion

If the Borrower duly accepts in writing a Fixed Rate or a Spread in respect of an Interest Revision/Conversion Proposal, the Borrower shall pay accrued interest on the Interest Revision/Conversion Date and thereafter on the designated Payment Dates.

Prior to the Interest Revision/Conversion Date, the relevant provisions of this Contract and Disbursement Notice shall apply to the entire Tranche. From and including the Interest Revision/Conversion Date onwards, the provisions contained in the Interest Revision/Conversion Proposal relating to the new interest rate or Spread shall apply to the Tranche (or part thereof) until the new Interest Revision/Conversion Date, if any, or until the Maturity Date.

* + 1. Non-fulfilment of Interest Revision/Conversion

If the Borrower does not submit an Interest Revision/Conversion Request or does not accept in writing the Interest Revision/Conversion Proposal for the Tranche or if the parties fail to effect an amendment requested by the Bank pursuant to Paragraph A above, the Borrower shall repay the Tranche (or part thereof) on the Interest Revision/Conversion Date, without indemnity. The Borrower will repay on the Interest Revision/Conversion Date any part of a Tranche which is unaffected by the Interest Revision/Conversion.

1. хттп://www.еиб.орг/пројецтс/публицатионс/гуиде-то-процуремент.хтм. Ноте ит ис тхе версион оф тхе Гуиде ин форце ат тхе тиме оф тхе пројецт процуремент тхат ит ис апплицабле. [↑](#footnote-ref-2)
2. То бе провидед он папер беаринг тхе Борроwер’с леттерхеад. [↑](#footnote-ref-3)
3. НОТЕ: Иф тхе Борроwер доес нот специфy ан интерест рате ор Спреад хере, тхе Борроwер wилл бе деемед то хаве агреед то тхе интерест рате ор Спреад субсеqуентлy провидед бy тхе Банк ин тхе Дисбурсемент Нотице, ин аццорданце wитх Артицле 1.2.Ц(ц). [↑](#footnote-ref-4)