EXCHANGE with QES

Teplárny Brno, a.s.
Okružní 828/25
Lesná, 638 00 Brno
Czech Republic
(the "**Borrower**")

For the attention of: Úsek finančního ředitele

E-mail: xxx

Luxembourg, 20 December 2024 JU/OPS-EU/CE/MO/MG/ir N° 2024-17491

Subject: **BRNO DISTRICT HEATING AND BIOMASS**

Operation Number (Serapis N°): 2022-0386; Contract Number (FI N°): 94.701

Finance contract between the European Investment Bank (the "**Bank**") and the Borrower dated 17 May 2023 (the "**Finance Contract**")

Amendment Letter N° 1

Dear Sir or Madam,

We refer to the Finance Contract.

1. DEFINITIONS AND INTERPRETATION

1.1. In this amendment letter (the "**Letter**"):

"**Effective Date**" means the date on which the Bank confirms (including by electronic mail or other electronic means) to the Borrower that the Bank has received in form and substance satisfactory to it:

(a) this Letter in electronic form duly signed by all parties to this Letter with QES;

(b) evidence that the execution of this Letter by the Borrower has been duly authorised and that the person or persons signing this Letter on behalf of the Borrower is/are duly authorised to do so, together with the specimen signature. Such evidence must be provided by the Borrower together with this duly signed Letter, unless it has been previously delivered to the Bank, or the Borrower confirms in writing that no change has occurred in relation to the authority of the person or persons authorised to sign this Letter on behalf of the Borrower; and

(c) evidence that the Borrower has duly published this Letter in the registry of contracts (in Czech: *registr smluv*), as required by the applicable Czech law, within 10 (ten) calendar days after the Borrower received this Letter signed by all parties hereto.

For the avoidance of doubt, until the Effective Date neither the Borrower nor the Bank shall have any claims against each other or have any liability whatsoever under or in connection with this Letter.

If the Effective Date does not occur within 10 (ten) calendar days from the date of this Letter, this Letter shall not come into force and no further action shall be necessary or required.

"**QES**" means qualified electronic signature in the meaning of Regulation (EU) No 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC.

1.2. Unless the context otherwise requires or unless otherwise defined, terms defined in the Finance Contract and expressions used in the Finance Contract have the same meaning when used in this Letter.

1.3. The principles of construction set out in the Finance Contract shall have effect as if set out in this Letter.

1.4. Any reference to an "Article" or a "Schedule" is, unless the context otherwise requires or it is indicated otherwise, a reference to an article or a schedule of this Letter.

1.5. Headings are for ease of reference only.

1.6. With the effect from the Effective Date, any reference in the Finance Contract to "this Contract" (or other similar references) shall be read and construed as a reference to the Finance Contract, as amended by this Letter.

1.7. Each Schedule to this Letter forms an integral part of this Letter.

2. AMENDMENTS TO THE FINANCE CONTRACT

With effect from the Effective Date, the Finance Contract shall be amended as set out below:

(a) Recital (b) of the Finance Contract shall be deleted in its entirety and replaced with the following:

"(b) The total cost of the Project, as estimated by the Bank, is EUR 169,000,000.00 (one hundred and sixty-nine million euros) and the Borrower has stated that it intends to finance the Project as follows:

Source	**Amount (EUR m)**
Credit from the Bank	75.00
Other funding sources	94.00
TOTAL	**169.00**

";

(b) The definition of "Date of Effectiveness" in the "Definitions" section shall be deleted in its entirety and replaced with the following:

""**Date of Effectiveness**" means 31 May 2023, as the date confirmed by the Bank pursuant to Article 11.9.";

(c) The definition of "Final Availability Date" in the "Definitions" section shall be deleted in its entirety and replaced with the following:

""**Final Availability Date**" means 31 May 2027 or if not a Relevant Business Day, then the preceding Relevant Business Day.";

(d) Paragraph (a) of Article 1.9 (*Non-utilisation fee*) shall be deleted in its entirety and replaced with the following:

"(a) The Borrower shall pay to the Bank a non-utilisation fee calculated on the daily undrawn and uncancelled balance of the Credit from the date falling 24 (twenty-four) months from the Date of Effectiveness until the Final Availability Date at a rate of 0.1% (ten basis points) per annum.";

(e) Schedule A (*Project Specification and Reporting*) of the Finance Contract shall be deleted in its entirety and replaced with the content of Schedule A (*Project Specification and Reporting*) to this Letter; and

(f) Schedule B (*Definitions of Relevant Interbank Rates*) of the Finance Contract shall be deleted in its entirety and replaced with the content of Schedule B (*Definitions of Relevant Interbank Rates*) to this Letter.

3. WAIVER

With effect from the Effective Date, the Bank waives its rights to demand a payment of a non-utilisation fee in accordance with Article 1.9 (*Non-utilisation fee*) of the Finance Contract from the Borrower in the amount calculated in accordance with Article 1.9 (*Non-utilisation fee*) of the Finance Contract for the period from the date falling 18 (eighteen) months from the Date of Effectiveness (as defined in Article 2(b) of this Letter above) to the Effective Date of this Letter.

4. REPRESENTATIONS AND WARRANTIES

4.1. With reference to the facts and circumstances then existing on:

(a) the date the Borrower signs this Letter; and

(b) the Effective Date,

the Borrower makes hereunder the representations and warranties that are deemed repeated under and pursuant to Article 6.21 (*General Representations and Warranties*) of the Finance Contract as if each reference in those representations and warranties to "this Contract" included a reference to (i) the Finance Contract, as amended by this Letter, and (ii) this Letter.

4.2. The Borrower hereby represents and warrants to the Bank that:

(a) the resolution of the General Meeting of the Borrower dated 25 July 2022 approving the terms and conditions of the Finance Contract shall continue to be in full force and effect following the Effective Date of this Letter;

(b) the resolution of the Board of Directors of the Borrower dated 31 March 2023 approving the terms and conditions of the Finance Contract shall continue to be in full force and effect following the Effective Date of this Letter;

(c) no corporate or other action is required to be taken by the Borrower in connection with this Letter, other than the approval of this Letter by the Board of Directors of the Borrower granted prior to the signature of this Letter, and evidence of which shall be delivered to the Bank as condition to the Effective Date under Article 1.1(b) of this Letter;

(d) the persons signing this Letter on behalf of the Borrower are duly authorized to do so;

(e) all information provided to the Bank in connection with this Letter is true and accurate in all respects as of the date the Borrower signs this Letter and as of the Effective Date; and

(f) no event or circumstance has occurred or arisen, no information has been omitted and no information has been given or withheld that result in the information provided by the Borrower to the Bank being untrue or misleading.

5. MISCELLANEOUS

5.1. Other than in accordance with Article 2 (*Amendments to the Finance Contract*) and Article 3 (*Waiver*) of this Letter, nothing in this Letter shall affect the rights of the Bank in respect of the occurrence of any Event of Default or breach (however described) or non-compliance in connection with the Finance Contract, including without limitation any Event of Default or breach (however described) or non-compliance in connection with the Finance Contract which has not been disclosed by the Borrower in writing prior to the date of this Letter or which arises on or after the date of this Letter.

5.2. The provisions of the Finance Contract shall, save as amended by this Letter, continue in full force and effect. This Letter is not (and shall not be deemed to be) a consent, agreement, amendment or waiver in respect of any terms, provisions or conditions of the Finance Contract, except as expressly agreed herein. The Bank reserves any other right or remedy it may have now or subsequently.

5.3. This Letter does not entail a novation of, or have a novative effect on, the Finance Contract.

5.4. The Bank issues this Letter acting in reliance upon the information supplied to the Bank by the Borrower until the date hereof in relation to such matters being true, complete and accurate. It shall be without prejudice to any rights which the Bank may have at any time in relation to any other circumstance or matter other than as specifically referred to in this Letter or in relation to any such information not being true, complete and accurate, which rights shall remain in full force and effect.

5.5. The Borrower shall, at the request of the Bank and at its own expense, do all such acts and things necessary or desirable to give effect to the amendments effected or to be effected pursuant to this Letter.

5.6. The parties to this Letter acknowledge and agree that any breach of this Letter, including (without limitation) any breach of an undertaking contained in this Letter or any representation in this Letter being or becoming incorrect, incomplete or misleading in any material respect, shall constitute an Event of Default under the Finance Contract.

5.7. The provisions of Articles 10.4 (*Non-Waiver*), 11.2 (*Jurisdiction*), 11.3 (*Place of performance*), 11.6 (*Invalidity*), 11.7 (*Amendments*), 11.8 (*Counterparts*) and 12.1 (*Notices*) of the Finance Contract shall be incorporated into this Letter as if set out in full in this Letter and as if references in those clauses to "this Contract" are references to this Letter.

6. GOVERNING LAW

This Letter and any non-contractual obligations arising out of or in connection with it shall be governed by the laws of Luxembourg.

7. EXCHANGE OF DOCUMENTS SIGNED WITH QES

7.1. Each party confirms that it is its intention for this Letter to be executed upon signing by each party of this Letter in the format of non-editable PDF and signed by each party's authorised signatories with QES.

7.2. The electronic signing by each party of a PDF file of this Letter with QES in the PDF format (PAdES) will constitute representation, confirmation, authorisation and undertaking by one party to the other party that the relevant party approves, and is bound by, the document (in the form attached to the e-mail sent to the Borrower by the Bank).

7.3. This Letter shall be deemed received by the other party when it is actually received in readable form by the intended recipient at the following e-mail addresses:

for the Bank:	xxx
for the Borrower:	xxx

Yours faithfully,

EUROPEAN INVESTMENT BANK

[QES placeholder] [QES placeholder]

Agreed and accepted for and on behalf of
Teplárny Brno, a.s.

as the Borrower

[QES placeholder]

[QES placeholder]

Schedule A

Project Specification and Reporting

A.1 Technical Description

A.1.1 Purpose, Location

The Project is an investment programme concerning district heating system in Brno, the Czech Republic. The main objective of the investment is to maintain and increase the quality of DH services, increase biomass-based generation capacity, to decrease losses and extend the network to connect new customers. The Project will contribute to reduction of greenhouse gas emissions, ensure security of heat supply and improve the overall efficiency of heating services in Brno.

A.1.2 Description

The Project consists of a retrofit and extension of the district heating (DH) network and construction of a biomass CHP unit.

Table A.1 - Breakdown of Project costs and phasing of expenditure in MEUR[1]

Programme Costs (MEUR)	***2023***	***2024***	***2025***	***2026 and beyond***	***Total***	***%***
CHP unit - Construction of a new biomass CHP unit	15	35	35	20	105	62
DH networks	4	13	12	35	64	38
Modernization of existing pipelines	4	12	6	3	25	15
Construction of new pipelines	0	1	6	32	39	23
Total programme cost	**19**	**48**	**41**	**55**	**169**	**100**
	10%	30%	28%	32%	100%	

Table A.2 - Deliverables

Deliverables		***2023***	***2024***	***2025***	***2026***	***Total***
Modernization of existing pipelines	**km**	**3.2**	**3.9**	**1.6**	**0.7**	**9.4**
New pipelines	**km**	**0.0**	**0.0**	**2.7**	**4.4**	**7.1**
Wood chips/ Biomass CHP unit	**MWth**				**32.0**	**32.0**
Wood chips/ Biomass CHP unit	**Mwe**				**9.5**	**9.5**

A.1.3 Calendar

The Project will be implemented from 2023 to 31 December 2026.

[1] Consistent with the reporting standards and the data provided by the Promoter, estimates relate to financial years (e.g. year 2024 represents the period between October 2023 and September 2024).

A.2 Project information to be sent to the Bank and method of transmission

A.2.1 Dispatch of information: designation of the person responsible

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

	Financial Contact
Company	Teplárny Brno, a.s.
Contact person	xxx
Function / Department financial and technical	Chief Financial Officer
Email	xxx

The above-mentioned contact person is the responsible contact for the time being.

The Borrower shall inform the Bank without delay in case of any change.

A.2.2 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 (Tables A.1 and A.2) 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 variations vs. initial budgeted cost;* - *A description of any major issue with impact on the environment and/or social impact;* - *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 on-going.*	*31 May 2025*	*Annual*

A.2.3 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 final Technical Description of the Project as completed, explaining the reasons for any significant change compared to the Technical Description in Schedule A.1 (Tables A.1 and A.2);* - *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 variations vs. initial budgeted cost;*	*31 December 2026*

- *Employment effects of the Project: person-days required during implementation as well as permanent new jobs created;* - *A description of any major issue with impact on the environment or social impacts;* - *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 on-going;* - *An update on the following Monitoring Indicators:* o *Electricity produced by biomass CHP unit;* o *Useful heat produced by biomass CHP unit;* o *Quantity of heat transported;* o *Heat losses in the network [%].*	

Language of reports	*English*

Schedule B

Definitions of Relevant Interbank Rates

A. EURIBOR

"**EURIBOR**" means:

(a) in respect of a relevant period of less than 1 (one) month, the Screen Rate (as defined below) for a term of 1 (one) month;

(b) in respect of a relevant period of 1 (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

(c) in respect of a relevant period of more than 1 (one) month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to 2 (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 (a) to (c) above:

(i) "**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), or any successor to that function of EMMI, as determined by the Bank; and

(ii) "**Screen Rate**" means the rate of interest for deposits in EUR for the relevant period as published at 11:00 a.m., 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 offices of 4 (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 11:00 a.m., 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 no sufficient 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 11:00 a.m., 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. The Bank shall inform the Borrower without delay of the quotations received by the Bank.

All percentages resulting from any calculations referred to in this Section A of this Schedule B will be rounded, if necessary, to the nearest one thousandth of a percentage point, with halves being rounded up.

If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EMMI (or any successor to that function of EMMI as determined by the Bank) in respect of EURIBOR, the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

If the Screen Rate becomes permanently unavailable, the EURIBOR replacement rate will be the rate (inclusive of any spreads or adjustments) formally recommended by (i) the working group on euro risk-free rates established by the European Central Bank (ECB), the Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA) and the European Commission, or (ii) the European Money Market Institute, as the administrator of EURIBOR, or (iii) the competent authority responsible under Regulation (EU) 2016/1011 for supervising the European Money Market Institute, as the administrator of the EURIBOR, or (iv) the national competent authorities designated under Regulation (EU) 2016/1011, or (v) the European Central Bank.

If the Screen Rate becomes permanently unavailable and no EURIBOR replacement rate is formally recommended 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.

B. PRIBOR

"**PRIBOR**" means, in respect of CZK:

(a) in respect of a relevant period of less than 1 (one) month, the Screen Rate (as defined below) for a term of 1 (one) month;

(b) in respect of a relevant period of 1 (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

(c) in respect of a relevant period of more than 1 (one) month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to 2 (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 of interest that are commonly quoted for the relevant maturity.

"**Screen Rate**" means the rate of interest for deposits in CZK for the relevant period as published at 11:00 a.m., Prague time, or at a later time acceptable to the Bank on the day (the "**Reset Date**") which falls 2 (two) Prague Business Days prior to the first day of the relevant period, on Reuters page PRIBOR= 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 Prague offices of 4 (four) major banks in the Czech crown interbank market, selected by the Bank, to quote the rate at which CZK deposits in a comparable amount are offered by each of them as at approximately 11:00 a.m., Prague time, on the Reset Date to prime banks in the Czech crown 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 Czech crown interbank market, selected by the Bank, at approximately 11:00 a.m., Prague time, on the day which falls 2 (two) Prague Business Days after the Reset Date, for loans in CZK in a comparable amount to leading European Banks for a period equal to the Representative Period.

If no rate is available as provided above, PRIBOR 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.

For the purposes of the foregoing definitions:

(i) "**Prague Business Day**" means a day on which banks are open for normal business in Prague.

(ii) All percentages resulting from any calculations referred to in this Section B of this Schedule B will be rounded, if necessary, to the nearest one hundredth of a percentage point, with halves being rounded up.

(iii) The Bank shall inform the Borrower without delay of the quotations received by the Bank.

(iv) If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of Czech Financial Benchmark Facility (CFBF) (or any successor to that function as determined by the Bank), the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.