

BY COURIER

Statutární město Plzeň Nám. Republiky 1 306 32
Plzeň Česká republika

For the attention of Head of Finance Department

Европейска инвестиционна банка
Evropská investiční banka Den
Europäische Investitionsbank
Euroopa Investimispank EupujnctiKfi TpaneÇa
Erffvóúociov European Investment Bank
Banco Europeo de Inversiones Banque
européenne d'investissement An Banc
Eorpach Infheistiochta Eúropska
investicijska banka Banca europea per
gli investimenti

Eil opas Investíciú banka Europos
investicijų bankas Europai
Beruházási Bank Bank Ewropevv
tal Investimenl Europese Investei
ingšbank Europejski Bank
Investycyjny Banco Europeu de
Investmente Banca Europeaná de
Investitii Európska investičná
banka Evropská investicijska
banka Euroopan inveslointipankki
Europeiska investeringsbanken

EXP BEI - EIS
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Luxembourg, 18 August 2017

JU OPS/CE&ENCA/DC/rk/2017-1678

Reference: **PLZEN URBAN INFRASTRUCTURE II**

(Serapls N° 2008-0027, FI N° 25.300)

Finance Contract between the European Investment Bank and Statutární město Plzeň, signed on 7 December 2009 as amended by the Amendment No. 1 to the Finance Contract dated 23 October 2014 (the **"Finance Contract"**)

Amendment No. 2 to the Finance Contract

Dear Sirs,

Unless otherwise defined In this amendment letter (the **"Amendment Letter"**), terms defined in the Finance Contract have the same meaning when used herein.

We refer to the Finance Contract and to your letter to us dated 9 January 2017 and your request to amend the Finance Contract with respect to introduction of more specific conditions for asset disposals. By this Amendment Letter we propose to amend the Finance Contract, with effect from the Effectiveness Date, as follows.

1. New definition shall be Inserted Into Recital (11) of the Finance Contract and shall read as follows:
"Subsidiary" means VODÁRNA PLZEŇ a.s., a joint stock company, ID No. **252 05 625**, registered with the Regional Court in Pilsen under file number B **574**, **100%** shares of which are owned by the Borrower. "
2. Letter (b) "Project assets:" of Article 6,05 (*Continuing Project undertakings*) shall be deleted In its entirety and now reads as follows:

"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 insubstantially 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.

In addition to the above, the Borrower shall be entitled to transfer water management assets comprising the Project to the Subsidiary without a written consent of the Bank, subject to the following conditions:

- (i) *The meaning of the expression “water management assets”, as used for the purposes of this Article 6.05, shall always be determined by the Bank;*
 - (ii) *the total value of the transferred water management assets shall not exceed CZK 6,6 billion;*
 - (Hi) *upon the termination of the Subsidiary, all the water management assets transferred to the Subsidiary from the Borrower according to this Article 6.05 shall be transferred back to the Borrower without undue delay;*
 - (iv) *no disposal shall be made with respect to any shares in the Subsidiary;*
 - (v) *an agreement providing for pre-emption rights of the Borrower with respect to the transferred water management assets is concluded between the Borrower and the Subsidiary; and*
 - (vi) *such transfer of water management assets is not restricted by law or by contractual or other obligations of the Borrower (including rules pertaining to EU grants),*
- (the “Permitted Transfer”).**

In case of the Permitted Transfer, the Borrower shall ensure that the Subsidiary retains title to and possession of all or substantially all the water management assets comprising the Project or, as appropriate, replaces and renews such assets and maintain the Project in substantially continuous operation in accordance with its original purpose; unless consented by the Bank otherwise in writing (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). For the avoidance of doubt, the previous sentence does not preclude a transfer of the water management assets from the Subsidiary back to the Borrower. ”

3. Article 6.06 (Minimum level of fixed assets) shall be supplemented with additional new paragraph as follows:

“The value of water management assets transferred under the Permitted Transfer shall not count towards the minimum level of fixed assets as stated in the previous paragraph of this Article 6.06, provided that the financial investment section of the consolidated balance sheet of the Borrower shall increase by the value of water management assets transferred under the Permitted Transfer. ”

For the avoidance of doubt, all other provisions of the Finance Contract:

- (i) remain in full force and effect and valid; and
- (ii) apply, without any reservations, waivers or limitations despite the amendments set out herein.

By countersigning this Amendment Letter, you certify to the Bank that all representations and warranties to be made or repeated by the Borrower under Article 6 (*Borrower undertakings and representations*) of the Finance Contract are true in all respects as at the date of countersignature of this Amendment Letter.

Article 11 (*Law and jurisdiction*) of the Finance Contract shall apply also to this amendment letter, as references to “this Contract” therein were references to this amendment letter.

No amendment fees will be charged by the Bank for the aforementioned proposed changes.

Please indicate your agreement to the above by initialling, countersigning and dating each four originals of this Amendment Letter, and then please arrange for the return of the duly signed originals to the Bank by registered mail or courier for the attention of Mr. Dalibor Cerny at your earliest convenience, together with the authority of signature of the persons signing on your behalf. We will then send you two originals of this Amendment Letter for your files.

This Amendment Letter is conditional upon and shall become effective only after receipt by the Bank, in a form and substance acceptable to the Bank, of:

- (a) Duly counter-signed originals of this Amendment Letter and
- (b) the evidence that the Borrower has duly published this Amendment Letter in the Registry of Contracts (in Czech: **Registr smluv**), as required by the applicable Czech law, within 15 (fifteen) calendar days after the Borrower received this Amendment Letter signed by all parties hereto.

This Amendment Letter shall not become effective until the Bank sends to the Borrower a letter confirming fulfilment of each of the above mentioned conditions of effectiveness and providing the date that this Amendment Letter becomes effective (the “**Effectiveness Date**”), and such letter shall be conclusive evidence that this Amendment Letter has become effective.

For the avoidance of doubt, until such time as such letter has been issued by the Bank, neither the Borrower nor the Bank shall have any claims against each other or have any liability whatsoever under or in connection with this Amendment Letter.

In case the above mentioned conditions of effectiveness are not fulfilled within 15 (fifteen) calendar days after the Borrower received this Amendment Letter signed by all parties hereto, this Amendment Letter shall not enter into force without any further action being necessary or required.

Yours faithfully,

EUROPEAN INVESTMENT BANK

M. Dueñas
Head of Division

G. Grisbrook
Head of Unit

Agreed to and accepted, for and on behalf of:

STATUTÁRNÍ MĚSTO PLZEŇ, as the Borrower

Name: Martin Zrzavecký

Title:

Date: 7.9.2017