



**ΕΠΙΣΗΜΗ ΕΦΗΜΕΡΙΔΑ
ΤΗΣ ΚΥΠΡΙΑΚΗΣ ΔΗΜΟΚΡΑΤΙΑΣ
ΠΑΡΑΡΤΗΜΑ ΕΒΔΟΜΟ
ΔΙΕΘΝΕΙΣ ΣΥΜΦΩΝΙΕΣ**

Αριθμός 4169	Παρασκευή, 28 Ιουνίου 2013	367
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Αριθμός 10

Η πιο κάτω Συμφωνία Δανείου που σύμφωνα με το Άρθρο 169(1) του Συντάγματος συνομολογήθηκε ύστερα από σχετική απόφαση του Υπουργικού Συμβουλίου με αρ. 75.121 και ημερομηνία 24 Μαΐου, 2013, δημοσιεύεται στην Επίσημη Εφημερίδα της Δημοκρατίας σύμφωνα με τις διατάξεις του Άρθρου 169(3) του Συντάγματος.

FI N° 82.469 (CY)

Serapis N° 2013-0004

Cyprus NSRF II

Finance Contract

between the

Republic of Cyprus

and the

European Investment Bank

Nicosia, 30 May 2013

THIS CONTRACT IS MADE BETWEEN:

The Republic of Cyprus, acting through the Ministry of Finance under powers conferred by the Decision of the Council of Ministers of the Republic of Cyprus dated 24 May 2013, represented by the Minister of Finance, Mr Harris Georgiades

(the "Borrower")

of the first part, and

The European Investment Bank having its seat at 100 boulevard Konrad Adenauer, L-2950 Luxembourg, Luxembourg, represented by the President, Mr Werner Hoyer

(the "Bank")

of the second part.

WHEREAS:

- (1) The Republic of Cyprus has stated that it is undertaking a project consisting of the co-financing together with, *inter alia*, EU Structural and Cohesion Funds and implementation of multi-sector investment Schemes (each a "Scheme" and together the "Schemes") under the Operational Programmes of the Cypriot National Strategic Reference Framework (the "NSRF") 2007-2013 (the "Operational Programmes") notably in the fields of sustainable development, competitiveness and employment, human capital and social cohesion as more particularly described in the technical description (the "Technical Description") set out in Schedule A (the "Project").
- (2) The total cost of the Project, as estimated by the Bank, is EUR 1,177,000,000.00 (one billion one hundred and seventy seven million euros) and the Borrower has stated that it intends to finance the Project as follows:

Source	Amount (EUR m)
National Contribution	409
(Including Credit from the Bank:	100)
(and)	
(Other loans from the Bank:	200)
EU Structural and Cohesion Funds	515
Other public and private resources	253
TOTAL	1,177.00

- (3) The Bank and the Borrower have entered into a finance contract on 25 July 2012 titled "Cyprus NSRF" for a credit in an amount of EUR 200,000,000.00 (two hundred million euros) which has been fully disbursed ("NSRF I Loan") for the co-financing (together with EU Structural and Cohesion Funds) and implementation of similar multi-sector investment schemes under the Operational Programmes of the NSRF for the period 2007-2013 ("NSRF I Finance Contract").
- (4) In order to fulfil the financing plan set out in Recital (2), the Borrower has requested from the Bank a credit of EUR 100,000,000.00 (one hundred million euros).
- (5) 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 credit in an amount of EUR 100,000,000.00 (one hundred million euros) under this Finance Contract (the "Contract"); provided that the aggregate amount of (a) this Bank loan and (b) the NSRF I Loan shall not, in any case, exceed (i) 50% (fifty per cent.) of the total cost of the Project set out in Recital (2), or (ii) 90% (ninety per cent.) of the total cost of the Project set out in Recital (2) when considered in aggregate with EU Structural and Cohesion funds and any other EU funds financing the Project.
- (6) The selection, preparation, procurement, implementation and monitoring of the Schemes is to be determined within the framework of the European Commission and Council regulations applicable to the Cohesion Fund, the European Regional Development Fund and the European Social Fund covering the programming period 2007-2013.
- (7) The Schemes are benefiting from structural and cohesion funds and are based on the provisions of the Cypriot NSRF, which, according to the provisions of EU Structural and Cohesion Funds Regulations, sets out the European Union's framework for cohesion/structural grant assistance for the period 2007-2013 (the "EU Grants").

- (8) The Borrower shall ensure that the funds made available by the Bank pursuant to this Contract shall be made available to final beneficiaries (each a "**Beneficiary**") comprising local governments and other public and private entities of the concerned sectors receiving support from the relevant programmes.
- (9) The Government of the Republic of Cyprus, by way of the Council of Ministers decision of 24 May 2013 of the Borrower has authorised the borrowing of the sum of EUR 100,000,000.00 (one hundred million euros) represented by this credit on the terms and conditions set out in this Contract.
- (10) The Borrower acknowledges, recognises and confirms the Bank's preferred creditor status as an international financial institution.
- (11) 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.
- (12) The financing of the Project includes EU Grants, certain state subsidies or contributions or other public and private funding and the provision of such funds has been duly authorised (or will in any case be duly authorised prior to the utilisation of such funds) and will be provided in compliance with all relevant legislation of the European Union.
- (13) 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 EIB Group towards its stakeholders and the citizens of the European Union in general.
- (14) 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 European Union institutions and bodies and on the free movement of such data.

NOW THEREFORE it is hereby agreed as follows:

INTERPRETATION AND DEFINITIONS

(a) Interpretation

In this Contract:

- (i) References to Articles, Recitals, Schedules and Annexes are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals, schedules and annexes to this Contract.
- (ii) References to a provision of law are references to that provision as amended or re-enacted.
- (iii) References to any other agreement or instrument are references to that other agreement or instrument as amended, novated, supplemented, extended or restated.

(b) Definitions

In this Contract:

"Acceptance Deadline" for a notice means:

- (a) 16h00 Luxembourg time on the day of delivery, if the notice is delivered by 14h00 Luxembourg time on a Business Day; or
- (b) 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.

"Allocation Letter" has the meaning given to it in Article 1.09A.

"Allocation Procedure" means the procedure established in accordance with Article 1.09A.

"Allocation Report" has the meaning given to it in Article 1.09B(b).

"Allocation Request" is the request submitted to the Bank pursuant to Article 1.09A.

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

"Beneficiary" has the meaning given to it in Recital (8).

"Birds Directive" means directive 2009/147/EC of the European Parliament and Council on the conservation of wild birds as amended, supplemented and consolidated from time to time.

"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.

"Change-of-Law Event" has the meaning given to it in Article 4.03A(3).

"Contract" has the meaning given to it in Recital (5).

"Credit" has the meaning given to it in Article 1.01.

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

"Debt Instrument" has the meaning given to it in Article 7.

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

- the interest rate that would have been applicable to such amount had it been disbursed to the Borrower on the Scheduled Disbursement Date exceeds
- EURIBOR (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 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 1.02C.

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

"Disruption Event" means either or both of:

- (a) 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
- (b) 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:
 - (i) from performing its payment obligations under this Contract; or
 - (ii) 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:

- (a) fauna and flora;
- (b) soil, water, air, climate and the landscape; and

(c) 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 Impact Assessment" or **"EIA"** means each environmental impact assessment required to be performed in connection with the Project pursuant to EU law, and in particular the Environmental Impact Assessment Directive, and its implementing legislation or instruments in the Republic of Cyprus, each as amended from time to time.

"Environmental Impact Assessment Directive" means Council Directive No.85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment, as amended by directives 97/11/EC, 2003/35/EC, 2009/31/EC and in particular by directive 2011/92/EU and as further amended, supplemented and consolidated from time to time.

"Environmental Law" means:

- (a) European Union law, including principles and standards;
- (b) Cypriot laws and regulations; and
- (c) applicable international treaties,

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

"EU Grants" has the meaning given to it in Recital (7).

"EU Structural and Cohesion Funds" means the European Regional Development Fund ("ERDF"), the European Social Fund ("ESF") and the Cohesion Fund ("CF") as defined under Regulations (EC) No. 1080/2006, No. 1081/2006 of the European Parliament and the Council, and Council Regulation (EC) No. 1084/2006.

"EU Structural and Cohesion Funds Regulations" means primarily Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No. 1260/1999, Regulation (EC) No. 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund, Regulation (EC) No. 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund, Council Regulation (EC) No. 1084/2006 of 11 July 2006 establishing a Cohesion Fund and Commission Regulation (EC) No. 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 as well as any amendments thereto and any other EU legislation from time to time applicable to the EU Structural and Cohesion Funds.

"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 10.01.

"Final Availability Date" means 31 July 2015.

"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 EURIBOR 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.

"Forms A/B" means any of Form A or Form B according to the EU Habitats Directive and Birds Directive and attached to this Contract in Schedule F.

"Habitats Directive" means directive 92/43/EEC of the European council on the conservation of natural habitats and of wild fauna and flora, as amended, supplemented and consolidated from time to time.

"Indemnifiable Prepayment Event" means a Prepayment Event other than those specified in paragraphs 4.03A(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 1.02C 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:

- (a) Payment Dates chosen in accordance with the provisions of Article 3.01;
- (b) the preferred repayment schedule chosen in accordance with Article 4.01; and
- (c) any further Interest Revision/Conversion Date chosen in accordance with Article 3.01.

"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:

- (a) there are, in the reasonable opinion of the Bank, events or circumstances adversely affecting the Bank's access to its sources of funding;
- (b) 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;
- (c) in relation to a Tranche in respect of which interest is or would be payable at Floating Rate:
 - (A) 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 EURIBOR;

or

- (B) the Bank determines that adequate and fair means do not exist for ascertaining the applicable EURIBOR for the relevant currency of such Tranche or it is not possible to determine EURIBOR 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 reasonable opinion of the Bank:

- (a) materially impairs the ability of the Borrower to perform its obligations under this Contract; or
- (b) materially impairs the financial condition or prospects of the Borrower.

"Maturity Date" means the last repayment date of a Tranche specified pursuant to Article 4.01(b)(iv).

"Natura 2000 Site" means any area designated as (i) a special area of conservation pursuant to the Habitats Directive, and/or (ii) a special protection area pursuant to the Birds Directive.

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

"NSRF I Finance Contract" has the meaning given to it in Recital (3).

"NSRF I Loan" has the meaning given to it in Recital (3).

"Operational Programmes" (or **"OP"**) has the meaning given to it in Recital (1) and includes each, any and all (as the context may require) of the following regional operational programmes, as applicable (a) OP Sustainable Development and Competitiveness; (b) OP Employment, Human Capital and Cohesion.

"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:

- (a) for a Fixed Rate Tranche, the following Relevant Business Day, without adjustment to the interest due under Article 3.01; and
- (b) 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 3.01.

"Prepayment Amount" means the amount of a Tranche to be prepaid by the Borrower in accordance with Article 4.02A.

"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 4.03A.

"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:

- (a) 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
- (b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.15% (fifteen 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 4.02A.

"Prepayment Request" means a written request from the Borrower to the Bank to prepay all or part of the Loan, in accordance with Article 4.02A.

"Project" has the meaning given to it in Recital (1).

"Project Coordinator" has the meaning given to it in Article 1.04A.

"Promoter" means the Borrower, it being understood that the Planning Bureau of the Ministry of Finance acts as a single Managing Authority (MA) for both Operational Programmes covered by the Project.

"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 48 months (or 36 months in the absence of a repayment of principal during that period) the most closely corresponding money market rate equivalent will be used, that is EURIBOR minus 0.125% (12.5 basis points) for periods of up to 12 (twelve) months. For periods falling between 12 and 36/48 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 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.

"Scheduled Disbursement Date" means the date on which a Tranche is scheduled to be disbursed in accordance with Article 1.02C.

"Scheme(s)" has the meaning given to it in Recital (1).

"Security" and "Security Interest" means any mortgage, pledge, lien, charge, assignment, hypothecation, or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Spread" means the fixed spread to EURIBOR 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 (1).

"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 1.02B.

ARTICLE 1

Credit and Disbursements

1.01 Amount of Credit

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, a credit in an amount of EUR 100,000,000.00 (one hundred million euros) for the financing of the Project (the "Credit").

1.02 Disbursement procedure

1.02A Tranches

The Bank shall disburse the Credit in up to 5 Tranches. The amount of each Tranche, if not being the undrawn balance of the Credit, shall be in a minimum amount of EUR 20,000,000.00 (twenty million euros).

1.02B Disbursement Request

- (a) 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:
- (i) the amount and currency of the Tranche;
 - (ii) 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;
 - (iii) whether the Tranche is a Fixed Rate Tranche or a Floating Rate Tranche, each pursuant to the relevant provisions of Article 3.01;
 - (iv) the preferred interest payment periodicity for the Tranche, chosen in accordance with Article 3.01;
 - (v) the preferred terms for repayment of principal for the Tranche, chosen in accordance with Article 4.01;
 - (vi) the preferred first and last dates for repayment of principal for the Tranche;
 - (vii) the Borrower's choice of Interest Revision/Conversion Date, if any, for the Tranche; and
 - (viii) 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 1.02D.
- (b) 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:
- (i) in the case of a Fixed Rate Tranche, the aforementioned fixed interest rate previously quoted by the Bank; or
 - (ii) 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.
- (c) 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.
- (d) Subject to Article 1.02C(b), each Disbursement Request is irrevocable.

1.02C Disbursement Notice

- (a) 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 1.02, deliver to the Borrower a Disbursement Notice which shall specify:
- (i) the currency and amount of the Tranche;
 - (ii) the Scheduled Disbursement Date;
 - (iii) the interest rate basis for the Tranche, being: (i) a Fixed Rate Tranche; or (ii) a Floating Rate Tranche all pursuant to the relevant provisions of Article 3.01;

- (iv) the first interest Payment Date and the periodicity for the payment of interest for the Tranche;
 - (v) the terms for repayment of principal for the Tranche;
 - (vi) the first and last dates for repayment of principal for the Tranche;
 - (vii) the applicable Payment Dates for the Tranche;
 - (viii) the Interest Revision/Conversion Date, if requested by the Borrower, for the Tranche; and
 - (ix) 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.
- (b) 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.
- (c) 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 1.02B(b), the Borrower will be deemed to have agreed in advance to the Fixed Rate or Spread as subsequently specified in the Disbursement Notice.

1.02D **Disbursement Account**

Disbursement shall be made to the 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.

1.03 **Currency of disbursement**

The Bank shall disburse each Tranche in EUR.

1.04 **Conditions of disbursement**

1.04A **First Tranche**

The disbursement of the first Tranche under Article 1.02, the amount of which shall not exceed the amount corresponding to 30% of the Credit, is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date, of the following documents or evidence:

- (a) evidence 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;
- (b) evidence that the Borrower has obtained all necessary Authorisations required in connection with this Contract;
- (c) a favourable legal opinion on (i) the capacity and authorisation of the Borrower to enter into this Contract and the due execution of this Contract by the Borrower, and (ii) the legal, valid and binding nature of the obligations of the Borrower under the Finance Contract and the enforceability thereof in Cyprus;

- (d) evidence in writing that a project coordinator for the Project responsible for the Allocation Requests and progress reporting under this Contract (the "Project Coordinator") has been appointed; and
- (e) written evidence that an amount corresponding in aggregate to 75% (seventy five per cent.) of the NSRF I Loan has been allocated by the Borrower or by the Promoter on behalf of the Borrower to eligible schemes under and pursuant to the NSRF I Finance Contract.

1.04B Second and subsequent Tranches

- (a) The disbursement of the second and any subsequent Tranches is conditional upon receipt by the Bank in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date, of evidence in writing satisfactory to the Bank evidencing that:
 - (i) 80% of all previously disbursed sums have been allocated to the eligible Schemes included in the Allocation Letter(s); or
 - (ii) 50% of all previously disbursed sums have effectively been paid out to the Beneficiaries towards any expenditure incurred with respect to any allocated Scheme included in the Allocation Letter(s);
- (b) When the cumulative amount of disbursements under this Contract reaches the aggregate total of EUR 40,000,000.00 (forty million euros), the disbursement of any subsequent Tranche(s) which would cause the aggregate value of disbursements to exceed the amount mentioned in this Article 1.04B(b) will be conditional upon the receipt by the Bank of evidence in form and substance satisfactory to it of a sufficient project pipeline to justify such further disbursement.

1.04C All Tranches

The disbursement of each Tranche under Article 1.02, including the first, is subject to the following conditions:

- (a) that the Bank has received, in form and substance satisfactory to it, on or before the date falling 5 (five) Business Days before the Scheduled Disbursement Date for the proposed Tranche, of the following documents or evidence:
 - (i) a certificate from the Borrower in the form of Schedule C.2, signed by an authorised representative of the Borrower and dated no earlier than the date falling 15 (fifteen) days before the Scheduled Disbursement Date;
 - (ii) evidence of delivery to the Borrower or Promoter of an Allocation Letter confirming the approval by the Bank of the proposed allocations; and
 - (iii) 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;
- (b) that on the Disbursement Date for the proposed Tranche:
 - (i) the representations and warranties which are repeated pursuant to Article 6.09 are correct in all respects; and
 - (ii) no event or circumstance which constitutes or would with the passage of time or giving of notice under this Contract constitute:
 - (aa) an Event of Default; or
 - (bb) a Prepayment Event;
 has occurred and is continuing unremedied or unwaived or would result from the disbursement of the proposed Tranche.

1.05 Deferment of disbursement**1.05A 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 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 5 (five) Business Days before its Scheduled Disbursement Date.

If for a Notified Tranche any of the conditions referred to in Article 1.04 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 5 (five) 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 1.06B). In such case, the Borrower shall pay the Deferment Indemnity calculated on the amount of disbursement deferred.

1.05B 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 1.05A by more than 6 (six) months in aggregate. The cancelled amount shall remain available for disbursement under Article 1.02.

1.06 Cancellation and suspension**1.06A 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.

1.06B Bank's right to suspend and cancel

- (a) 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:
 - (i) 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
 - (ii) if a Material Adverse Change occurs.
- (b) The Bank may also suspend the portion of the Credit in respect of which it has not issued a Disbursement Notice with immediate effect in the case that a Market Disruption Event occurs.
- (c) Any suspension shall continue until the Bank ends the suspension or cancels the suspended amount.

1.06C Indemnity for suspension and cancellation of a Tranche**1.06C(1) SUSPENSION**

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

1.06C(2) CANCELLATION

If pursuant to Article 1.06A, the Borrower cancels:

- (a) a Fixed Rate Tranche which is a Notified Tranche, it shall indemnify the Bank under Article 4.02B;
- (b) a Floating Rate Tranche which is a Notified Tranche or any part of the Credit other than a Notified Tranche, no indemnity is payable.

If the Bank cancels:

- (i) a Fixed Rate Tranche which is a Notified Tranche upon an Indemnifiable Prepayment Event or pursuant to Article 1.05B, the Borrower shall pay to the Bank the Prepayment Indemnity; or
- (ii) a Notified Tranche upon an Event of Default, the Borrower shall indemnify the Bank under Article 10.03.

Save in these cases, 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.

1.07 Cancellation after expiry of the Credit

On the day following the Final Availability Date, and unless otherwise specifically agreed to in writing by the Bank, the part of the Credit in respect of which no Disbursement Request has been made in accordance with Article 1.02B 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.

1.08 Sums due under Article 1

Sums due under Articles 1.05 and 1.06 shall be payable in EUR. 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.

1.09 Allocation**1.09A Allocation Procedure**

The Borrower shall, or shall procure that the Promoter shall, submit to the Bank for approval requests for allocation (the "Allocation Request") by 31 December 2015.

The Credit shall only be allocated to Schemes identified as eligible for financing in the Technical Description and in accordance with the provisions set out in Article 6.06 below. In order to qualify for financing hereunder, each Scheme must meet the relevant criteria and parameters applied by the Bank to the type of Scheme concerned.

The Bank funds comprising the Loan shall be allocated as follows:

- (a) Without prejudice to 6.05(e)(iv) and (v), Schemes with an aggregate investment cost below EUR 25,000,000.00 (twenty five million euros) may be selected by the Borrower. The Borrower shall, or shall procure that the Promoter shall, provide an Allocation Request in the form of Schedule E.1 including the selected Schemes to the Bank. The Allocation Request shall be subsequently confirmed by the Bank;

- (b) Schemes with an investment cost between EUR 25,000,000.00 (twenty five million euros) and EUR 50,000,000.00 (fifty million euros) shall be submitted ex-ante to the Bank for approval. The Borrower shall, or shall procure that the Promoter shall, provide an Allocation Request in the form of Schedule E.2 including the Schemes proposed to the Bank. The Bank reserves the right to request additional information from the Borrower and/or the Promoter if deemed necessary, perform a partial or an in-depth appraisal, of the Schemes; and
- (c) Schemes with an investment cost above EUR 50,000,000.00 (fifty million euros) shall be submitted ex-ante to the Bank for appraisal and approval according to the Bank internal rules and procedures. The Borrower shall, or shall procure that the Promoter shall, present such Schemes to the Bank in compliance with the "major project application form" as required by the Commission Regulation (EC) No 1828/2006 of 8 December 2006 together with relevant studies.

The Borrower shall, or shall procure that the Promoter shall, provide the Bank with any additional information regarding the Schemes as the Bank, at its own discretion, may request.

If the Allocation Request or the Schemes under (c) above are confirmed/approved by the Bank, the Bank shall deliver to the Borrower and/or the Promoter a letter of allocation ("**Allocation Letter**"), informing the Borrower and/or the Promoter of its confirmation/approval and of the amount of the Credit allocated. If the Bank requires additional information regarding the Schemes included in the Allocation Request, the period to deliver the Allocation Letter will be suspended until such additional information is provided to the satisfaction of the Bank.

In the event the Bank does not approve fully or partially the Allocation Request, the Bank shall inform the Borrower and/or the Promoter thereof in writing within the same period.

The Bank reserves the right to review with the Borrower and/or the Promoter the allocation procedures in view of the development of the Project.

The Bank may by notice to the Borrower and/or the Promoter amend the Allocation Procedure as described in this Article 1.09A to bring it into line with the Bank's policy on framework loans or reflect the results of the review of the implementation capacity and performance. In such case, the Bank shall inform the Borrower and/or the Promoter thereof and the Borrower and/or the Promoter shall promptly adapt its internal allocation procedures accordingly.

1.09B Allocation Requirements

- (a) Each Allocation Request shall be accompanied by:
 - (i) for Schemes requiring an Environmental Impact Assessment (EIA), the Non-Technical Summary of the EIA or a link to a public version of the Non-Technical Summary of the EIA;
 - (ii) for Schemes subject to assessment and without significant environmental impact, potential or likely, on a conservation site (Natura 2000 or otherwise), either:
 - (1) a simplified declaration from the competent authority that the Schemes are in compliance with EU Habitats and Birds Directives; or
 - (2) Form A as set out in Schedule F or its equivalent,
 - (iii) for Schemes with a significant impact, potential or likely, on a conservation site, the Form B as set out in Schedule F, or its equivalent, signed by the competent authority together with the opinion of the European Commission (if required by the Article 6(4) of the Habitats Directive);

- (b) The Borrower shall, or shall procure that the Promoter shall, submit to the Bank an Allocation Report in the form of Schedule E.1 (the "**Allocation Report**") on the date falling 12 (twelve) months after disbursement of the last preceding Tranche, if no Allocation Request has been submitted within this period;
- (c) According to Article 8.01(a)(iv) the Borrower shall, or shall procure that the Promoter shall, provide the Bank with any additional information regarding the Schemes included in the Allocation Request as the Bank, in its own discretion, may request.

1.10 Reallocation Procedure

1.10A Reallocation at the request of the Borrower and/or Promoter

The Borrower or the Promoter may by notice in writing to the Bank propose to reallocate not later than 31 December 2015, any part of the Credit, which has been allocated.

The Borrower shall, or shall procure that the Promoter shall specify in writing which of the already allocated Schemes need to be removed and/or which of the allocated amounts need to be reduced. The request for allocation of new Schemes shall contain information as specified in article 1.09 and will be reviewed by the Bank in accordance with Article 1.09.

1.10B Reallocation at the request of the Bank

If in the opinion of the Bank any of the Schemes allocated or proposed in accordance with article 1.09A above is ineligible for financing by the Bank under the Bank's Statute, policies or guidelines or under Article 309 of the Treaty on the Functioning of the European Union, the Promoter shall upon request of the Bank replace such Schemes by other Schemes acceptable to the Bank. If within 60 (sixty) days from the date of the Bank's request the Borrower or Promoter has not replaced such Schemes satisfactorily to the Bank, the Bank may, by notice to the Promoter, cancel the Credit and/or demand prepayment of the relevant portion of the Loan.

ARTICLE 2

The Loan

2.01 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 2.03.

2.02 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.

2.03 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 4.01, if appropriate, showing the Disbursement Date, currency, the amount disbursed, the repayment terms and the interest rate of and for that Tranche.

ARTICLE 3**Interest****3.01 Rate of interest**

Fixed Rates and Spreads are available for periods of not less than 4 (four) years.

3.01A 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 5.01(a).

3.01B 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 1.05 and 1.06 disbursement of any Floating Rate Tranche takes place after the Scheduled Disbursement Date, EURIBOR 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 5.01(b). If the Floating Rate for any Floating Rate Reference Period is below zero, it will be set at zero.

3.01C 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.

3.02 Interest on overdue sums

Without prejudice to Article 10 and by way of exception to Article 3.01, if the Borrower fails to pay any amount payable by it under the Contract on its due date, interest shall accrue subject to mandatory provisions of the applicable laws on any overdue amount payable under the terms of this Contract from the due date to the date of actual payment at an annual rate equal to EURIBOR plus 2% (200 basis points) and shall be payable in accordance with the demand of the Bank. For the purpose of determining EURIBOR in relation to this Article 3.02, the relevant periods within the meaning of Schedule B shall be successive periods of one month commencing on the due date.

However, interest on any overdue sum under a Fixed Rate Tranche shall be charged at the annual rate that is the sum of the rate defined in Article 3.01A plus 0.25% (25 basis points) if that annual rate exceeds, for any given relevant period, the rate specified in the preceding paragraph.

If the overdue sum is in a currency other than the currency of the Loan, the following rate per annum shall apply, namely EURIBOR 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.

3.03 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 thirty (30) calendar days 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 rules set out below shall apply.

In the case of a Notified Tranche the rate of interest applicable to such Notified 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 1.02B. 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.

In any case the Spread or Fixed Rate previously notified by the Bank in the Disbursement Notice shall no longer be applicable.

ARTICLE 4

Repayment

4.01 Normal repayment

Repayment by instalments

- (a) 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 2.03.
- (b) Each amortisation table shall be drawn up on the basis that:
 - (i) 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;
 - (ii) 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;
 - (iii) the first repayment date of each Tranche shall be a Payment Date falling not earlier than 60 days from the Scheduled Disbursement Date and not later than the first Payment Date immediately following the seventh (7th) anniversary of the Scheduled Disbursement Date of the Tranche; and
 - (iv) 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.

4.02 Voluntary prepayment**4.02A Prepayment option**

Subject to Articles 4.02B, 4.02C and 4.04, 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 5.05C(i) and (iv) the contract number ("FI N^o") mentioned on the cover page of this Contract.

Subject to Article 4.02C the Prepayment Request shall be binding and irrevocable.

4.02B Prepayment indemnity**4.02B(1) FIXED RATE TRANCHE**

Subject to Article 4.02B(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.

4.02B(2) FLOATING RATE TRANCHE

Subject to Article 4.02B(3) below, the Borrower may prepay a Floating Rate Tranche without indemnity on any relevant Payment Date.

4.02B(3) 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 1.02C(a)(viii), or in accordance with Schedule C1 or D, as the case may be, may be effected without indemnity.

4.02C 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 4.02B 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.

4.03 Compulsory prepayment**4.03A Prepayment Events****4.03A(1) PROJECT COST REDUCTION**

If:

- (a) the total cost of the Project at any time after the end of the Allocation Period falls below the figure stated in Recital (2) to a level at which the aggregate amount of (i) the NSRF I Loan, and (ii) the Credit exceeds 50% (fifty per cent) of the total cost of the Project, or
- (b) the aggregate amount of (i) the NSRF I Loan, and (ii) the Credit and the amount of all EU Grants and EU Structural and Cohesion Funds obtained from the European Union with respect to any and all Scheme(s) forming part of the Project exceeds 90% (ninety per cent) of the total cost of the Project,

the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan. 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.

4.03A(2) FAILURE TO ALLOCATE AND INELIGIBILITY

If on the date immediately following the date specified in Article 1.10A (being 31 December 2015):

- (a) (i) the aggregate of all the allocated amounts on such date is less than (ii) the sums disbursed up to such date under this Contract; or
- (b) any Scheme ceases to be eligible under EU Structural and Cohesion Funds Regulations or to receive cohesion funds and amounts allocated thereto cannot be reallocated to other eligible Schemes in accordance with the Reallocation procedure established under Article 1.10 by such date; or
- (c) any reallocation to other eligible Schemes does not occur by such date,

the Bank may, by notice to the Borrower, demand prepayment of the Loan. In the case of Article 4.03A(2)(a), the amount for which prepayment may be demanded will be the amount equal to the amount by which the sum calculated in paragraph (a)(ii) above exceeds the sum calculated in paragraph (a)(i), together with accrued interest and all other amounts accrued and outstanding under this Contract. In the case of Article 4.03A(2)(b) and 4.03A(2)(c), the amount for which prepayment may be demanded will be the corresponding amount to the amount financed by the Bank of the Schemes which cease to be eligible or for which reallocation does not occur, together with accrued interest and all other amounts accrued and outstanding under this Contract. The Borrower shall effect payment of the amount demanded on the date specified by the Bank, which date shall fall not less than 30 (thirty) days from the date of the Bank's notice of demand.

4.03A(3) 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 reasonable 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 EU or national law, rule, directive or regulation (or in the application or official interpretation of any EU or national law, rule, directive or regulation) that occurs after the date of this Contract and which, in the reasonable opinion of the Bank, would materially impair the Borrower's ability to perform its obligations under this Contract.

4.03A(4) ILLEGALITY

If it becomes unlawful in any applicable jurisdiction for the Bank to perform any of its obligations as contemplated in this Contract or to fund or maintain the Loan, the Bank shall promptly notify the Borrower and may immediately (i) suspend or cancel the undisbursed portion of the Credit and/or (ii) demand prepayment of the Loan, together with accrued interest and all other amounts accrued or outstanding under this Contract on the date indicated by the Bank in its notice to the Borrower.

4.03B Prepayment mechanics

Any sum demanded by the Bank pursuant to Article 4.03A, together with any interest or other amounts accrued or outstanding under this Contract including, without limitation, any indemnity due under Article 4.03C and Article 4.04, shall be paid on the date indicated by the Bank in its notice of demand.

4.03C Prepayment indemnity

In the case of an Indemnifiable Prepayment Event, the indemnity, if any, shall be determined in accordance with Article 4.02B.

4.04 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.

ARTICLE 5**Payments****5.01 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:

- (a) 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;
- (b) in respect of interest and indemnities due under a Floating Rate Tranche, a year of 360 (three hundred and sixty) days and the number of days elapsed; and
- (c) in respect of fees, a year of 360 (three hundred and sixty) days and the number of days elapsed.

5.02 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 ("FI N°") 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 authorised financial institution in the jurisdiction where the Borrower is incorporated or where the Project is undertaken is deemed acceptable to the Bank.

5.03 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.

5.04 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:

- (a) 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 the Contract as the Bank may deem necessary in the circumstances;
- (b) 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
- (c) 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 5.04.

5.05 Application of sums received

5.05A General

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

5.05B 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:

- (a) first, in or towards payment pro rata of any unpaid fees, costs, indemnities and expenses due under this Contract;
- (b) secondly, in or towards payment of any accrued interest due but unpaid under this Contract;
- (c) thirdly, in or towards payment of any principal due but unpaid under this Contract; and
- (d) fourthly, in or towards payment of any other sum due but unpaid under this Contract.

5.05C Allocation of sums related to Tranches

- (a) In case of:
 - (i) 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,

- (ii) 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.
- (b) Sums received by the Bank following a demand under Article 10.01 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.
- (c) 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.

ARTICLE 6.

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

6.01 Use of Loan and availability of other funds

- 6.01A The Borrower shall, and shall ensure that the Promoter shall, use all amounts borrowed by it under the Loan for the execution of the Project.
- 6.02B The Borrower shall ensure that it has available to it the other funds listed in Recital (2) and that such funds are expended, to the extent required, on the financing of the Project.

6.02 Completion of Project

The Borrower shall, and shall ensure that the Promoter and the Beneficiaries 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.

6.03 Increased cost of Project

If the total cost of the Project exceeds the estimated figure set out in Recital (2), 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.

6.04 Procurement procedure

The Borrower shall, and shall ensure that the Promoter and the Beneficiaries 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.

6.05 Continuing Project undertakings

The Borrower shall, and shall ensure that the Promoter and the Beneficiaries (as the context may require) shall:

- (a) **Maintenance:** maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order;
- (b) **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;
- (c) **Insurance:** ensure that all works and property forming part of any Scheme are adequately insured as required under the laws and regulations applicable in the Republic of Cyprus, including EU Law;
- (d) **Rights and Permits:** maintain in force all rights of way or use and all Authorisations necessary for the execution and operation of the Project;
- (e) **Environment:**
 - (i) implement and operate the Project in compliance with Environmental Law;
 - (ii) obtain and maintain requisite Environmental Approvals for the Project;
 - (iii) comply with any such Environmental Approvals;
 - (iv) not use the Bank's funding to the Schemes that require an EIA or biodiversity assessment according to EU and national 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 and provided to the Bank; and
 - (v) obtain Form A and B (or its equivalent) before using the Bank's funding to the Schemes;
- (f) **EU law:** execute and operate the Project in accordance with the relevant standards of EU law, in particular in the fields of environment, state aid and procurement, save for any general derogation made by the European Union;
- (g) **Project Coordinator:** appoint and maintain for the entire duration of the Project the Project Coordinator who is responsible for the Allocation Requests and regular reporting and monitoring under this Contract;
- (h) **Integrity:** take, within a reasonable timeframe, appropriate measures in respect of any member, officer or official 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;
- (i) **Integrity Audit Rights:** ensure that all contracts under the Project to be procured after the date of signature of this Contract in accordance with European Union Directives on procurement provide for:
 - (i) 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;
 - (ii) the requirement that the relevant contractor keeps books and records of all financial transactions and expenditures in connection with the Project; and

- (iii) 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.

6.06 Other undertakings

The Borrower shall, and shall ensure that Promoter shall, procure that:

- (a) the Bank is promptly informed, and in any case no later than three months after the occurrence thereof, of (i) any changes in the Operational Programmes or (ii) any suspension in the implementation of any allocated Scheme or (iii) any cancellation of any allocated Scheme;
- (b) the Promoter shall verify the compliance of the Beneficiaries with the relevant and applicable rules of the European Union legislation, in particular in the fields of environment, state aid and public procurement;
- (c) the Promoter shall not commit any of the Bank's funds against Schemes that require an EIA or biodiversity assessment according to EU and national 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;
- (d) the relevant documents are stored and maintained updated (including environmental studies related to EIA, the Non-Technical Summaries of EIAs, and Nature/Biodiversity Assessments or equivalent documentation evidencing compliance with the Habitats Directive and Birds Directives) and shall provide them to the Bank upon request. In case the Bank requires such documentation, the Borrower and/or Promoter shall provide all documents requested promptly (within 10 Business Days with reference to the commitment in the Bank's public disclosure policy on responses to external inquiries) from receipt of the request from the Bank;
- (e) there is no double-financing of the Schemes with other Bank loans to the Borrower;
- (f) representatives of the Bank shall be invited to participate as observers in the meetings of the relevant monitoring committees;
- (g) Non-Technical Summaries of the EIAs, if EIA is required for any Scheme, are made available to the public;
- (h) an EIA for all Schemes that are expected to have a significant impact on the environment is carried out, according to the definitions and criteria contained in the relevant EU Directives;
- (i) in the case that the Bank reasonably suspects of any irregularity in the implementation of a Scheme or a group of Schemes, a rigorous monitoring procedure is established in charge of an independent consultant upon the Bank's request to ensure the proper management of the funds. In case of confirmation of the irregularity, the Promoter will reallocate the affected part of the Credit to other Schemes previously agreed by the Bank, the Borrower being responsible for all relevant incurred costs;
- (j) the Bank is promptly informed of any proposed or envisaged change in or substitution of the Project Coordinator prior to such change or substitution; and
- (k) the Bank reserves its right to review and the Borrower accepts that the Bank may review with the Promoter the allocation procedures in view of the development of the Project which shall be at all times satisfactory to the Bank.

B. General undertakings

6.07 Compliance with laws

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

6.08 Integrity Commitment

6.08A The Borrower warrants and undertakes that no person to its present knowledge has committed, any of the following acts and that no person, with its 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 a 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.

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

6.08B 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) 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.

6.09 General Representations and Warranties

The Borrower represents and warrants to the Bank that:

- (a) it has the power to execute, deliver and perform its obligations under this Contract and all necessary actions have been taken to authorise the execution, delivery and performance of the same by it;
- (b) this Contract constitutes its legally valid, binding and enforceable obligations;
- (c) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Contract do not and will not:
 - (i) contravene or conflict with any provision of its constitution, any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject;
 - (ii) contravene or conflict with 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;
- (d) there has been no Material Adverse Change since 23 April 2013;
- (e) no event or circumstance which constitutes an Event of Default has occurred and is continuing unremedied or unwaived;
- (f) 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 any unsatisfied judgement or award;
- (g) 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;
- (h) 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;

- (i) it is in compliance with Article 6.05(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 or the Promoter;
- (j) it is in compliance with all undertakings under this Article 6; and
- (k) to the best of its knowledge, no funds invested in the Project are of illicit origin, including products of money laundering or linked to the financing of terrorism. The Borrower shall promptly inform the Bank if at any time it becomes aware of the illicit origin of any such funds.

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 the date of delivery of each Disbursement Request, on each Disbursement Date and on each Payment Date.

ARTICLE 7

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.

7.01 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 Debt Instruments.

In particular, if the Bank makes a demand under Article 10.01 or if an event or potential event of default under any unsecured and unsubordinated 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 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 Debt Instrument bears to the total debt outstanding under that Instrument. For this purpose, any payment of a 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 Debt Instrument have subscribed, shall be disregarded.

In this Contract, "**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.

7.02 Additional security

Should the Borrower grant to a third party any security for the performance of any 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.

Nothing in this Article 7.02 shall apply to (i) any vendor's lien or other encumbrance on land or other assets, where such encumbrance secures only the purchase price or any credit, having a term of not more than twelve months, obtained to finance it or (ii) to any pledge over shares created to secure any short-term credit.

7.03 Clauses by inclusion

If the Borrower concludes (i) with any other medium or long term financial creditor a financing agreement, or (ii) in the context of any debt issue by the Borrower on capital markets (including any issue of bonds or treasury bills) any documentation that includes a loss-of-rating clause, a financial covenants clause, a cross-default clause and/or a *pari passu* clause which are either not included or stricter than the equivalent provision(s) 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.

ARTICLE 8**Information and Visits****8.01 Information concerning the Project**

The Borrower shall:

- (a) deliver to the Bank:
 - (i) 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
 - (ii) if necessary according to Article 1.09(b), the Allocation Report;
 - (iii) any such information concerning the Schemes included in the Allocation Request as the Bank may reasonably require within a reasonable time; and
 - (iv) 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;
- (b) 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;
- (c) promptly inform the Bank of:
 - (i) 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;
 - (ii) any fact or event known to the Borrower, which may substantially prejudice or affect the conditions of execution or operation of the Project;
 - (iii) an allegation, complaint or information which is not manifestly unfounded with regard to Criminal Offences related to the Project;
 - (iv) any non-compliance by it with any applicable Environmental Law; and
 - (v) any suspension, revocation or modification of any Environmental Approval;

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

8.02 Information concerning the Borrower and the Promoter

- 8.02A The Borrower shall deliver, and shall procure that the Promoter delivers, to the Bank from time to time, such further information on the general financial situation of the Borrower or of the Promoter as the Bank may reasonably require including, the records detailing and reflecting in full the operations relating to the financing, execution and operation of the Project and the auditing of the related accounts or any further general information relating thereto.
- 8.02B The Borrower shall, or shall procure that the Promoter shall, inform the Bank immediately of:
- (a) any fact which obliges it to prepay any financial indebtedness or any European Union funding;
 - (b) any event or decision that constitutes or may result in a Prepayment Event;
 - (c) any intention on its part to grant any security over any of its assets in favour of a third party;
 - (d) any intention on its part to relinquish ownership of any material component of the Project;
 - (e) any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract;
 - (f) any event listed in Article 10.01 having occurred or being threatened or anticipated;
 - (g) any investigations concerning the integrity of any official of the Borrower or the Promoter of which the Borrower or the Promoter are respectively aware immediately upon becoming aware thereof;
 - (h) 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 against the Borrower or its controlling entities or members of the Borrower's management bodies in connection with Criminal Offences related to the Loan or the Project;
 - (i) any measure taken by the Borrower pursuant to Article 6.05(h) of this Contract; or
 - (j) 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.

8.03 Visits by the Bank

The Borrower shall, and shall ensure that the Promoter and the Beneficiaries 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:

- (a) to visit the sites, installations and works comprising the Project;
- (b) to interview representatives of the Borrower, Promoter and/or the Beneficiaries, and not obstruct contacts with any other person involved in or affected by the Project; and
- (c) to review the Promoter's or the Beneficiaries' 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.

ARTICLE 9

Charges and expenses

9.01 Taxes, duties and fees

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 applicable.

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.

9.02 Other charges

The Borrower shall bear all charges and expenses, including professional, banking or exchange charges incurred in connection with the implementation, enforcement and termination of this Contract or any related document, any amendment, supplement or waiver in respect of this Contract or any related document, and in the amendment, creation, registration, management, enforcement and realisation of any security for the Loan.

9.03 Increased costs, indemnity and set-off

- (a) 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.
- (b) 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.
- (c) 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 (whether or not matured) 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. If either obligation is unliquidated or unascertained, the Bank may set off in an amount estimated by it in good faith to be the amount of that obligation.

ARTICLE 10
Events of Default

10.01 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.

10.01A Immediate demand

The Bank may make such demand immediately:

- (a) if the Borrower does not pay on the due date any amount payable pursuant to this Contract at the place and in the currency in which it is expressed to be payable, unless (i) its failure to pay is caused by an administrative or technical error or a Disruption Event and (ii) payment is made within three (3) Business Days of its due date;
- (b) 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;
- (c) 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,
 - (i) 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
 - (ii) any financial commitment for such other loan or obligation is cancelled or suspended;
- (d) if the Borrower is unable to pay its debts as they fall due, or suspends its debts, or makes or, without prior written notice to the Bank, seeks to make a composition with its creditors including a moratorium, or commences negotiations with one or more of its creditors with a view to rescheduling any of its financial indebtedness;
- (e) if an encumbrancer takes possession of, or a receiver, liquidator, administrator, administrative receiver or similar officer is appointed, whether by a court of competent jurisdiction or by any competent administrative authority of or over any property forming part of the Project;
- (f) if the Borrower defaults in the performance of any obligation in respect of any other loan or grant (including EU Grants) granted by the Bank or made to it from the resources of the EU or financial instrument entered into with the Bank;
- (g) 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;
- (h) if a Material Adverse Change occurs, as compared with the Borrower's condition at the date of this Contract; or
- (i) 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.

10.01B Demand after notice to remedy

The Bank may also make such demand:

- (a) if the Borrower or the Promoter fails to comply with any obligation under this Contract not being an obligation mentioned in Article 10.01A; or
- (b) 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.

10.02 Other rights at law

Article 10.01 shall not restrict any other right of the Bank at law to require prepayment of the Loan.

10.03 Indemnity**10.03A Fixed Rate Tranches**

In case of demand under Article 10.01 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.

10.03B Floating Rate Tranches

In case of demand under Article 10.01 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% (fifteen 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.

10.03C General

Amounts due by the Borrower pursuant to this Article 10.03 shall be payable on the date of prepayment specified in the Bank's demand.

10.04 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.

ARTICLE 11**Law and jurisdiction, miscellaneous****11.01 Governing Law**

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

11.02 Jurisdiction

- (a) The Court of Justice of the European Union has exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with this Contract (including a dispute regarding the existence, validity or termination of this Contract or the consequences of its nullity) or any non-contractual obligation arising out of or in connection with this Contract.
- (b) The parties agree that the Court of Justice of the European Union is the most appropriate and convenient court to settle Disputes between them and, accordingly, that they will not argue to the contrary. In particular, 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.
- (c) This Article 11.02 is for the benefit of the Bank only. As a result and notwithstanding Article 11.02(a), it does not prevent the Bank from taking proceedings relating to a dispute (including a dispute relating to the existence, validity or termination hereof or any non-contractual obligation arising out of or in connection with this Deed) in any other courts with jurisdiction. To the extent allowed by law, the Bank may take concurrent proceedings in any number of jurisdictions.

11.03 Place of performance

Unless otherwise specifically agreed by the Bank in writing, the place of performance under this Contract, shall be the seat of the Bank.

11.04 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.

11.05 Third party rights

A person who is not a party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Contract.

11.06 Entire Agreement

This Contract constitutes the entire agreement between the Bank and the Borrower in relation to the provision of the Credit hereunder, and supersedes any previous agreement, whether express or implied, on the same matter.

11.07 Partial Invalidity

If at any time any term of this Contract is or becomes illegal, invalid or unenforceable in any respect, or this Contract is or becomes ineffective in any respect, under the laws of any jurisdiction, such illegality, invalidity, unenforceability or ineffectiveness shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Contract or the effectiveness in any other respect of this Contract in that jurisdiction; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Contract or the effectiveness of this Contract under the laws of such other jurisdictions.

11.08 Amendments

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

11.09 Counterparts

This Contract may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

ARTICLE 12**Final clauses****12.01 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 Bank

Attention: Ops A/SEE/2-BG-RO-CY

100 boulevard Konrad Adenauer
L-2950 Luxembourg

Facsimile no: +352 4379 67290

For the Borrower

Attention: Ministry of Finance

Mr. K. Kakouris
Senior Economic Officer, Finance and Investment
Division

CY-1439, Republic of Cyprus

Facsimile no.: +357 2260 2748

12.02 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.

12.03 Changes to parties

The Borrower may not assign or transfer any of its rights or obligations under this Contract without the prior written consent of the Bank.

The Bank may assign all or part of its rights and benefits or transfer (by way of novation, sub-participation or otherwise) all or part of its rights, benefits and obligations under this Contract.

12.04 Recitals and Schedules

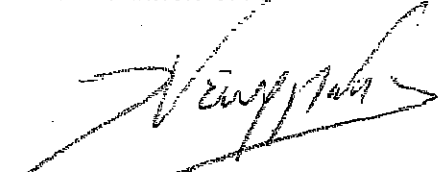
The Recitals and following Schedules form part of this Contract:

Schedule A	Project Specification, Technical Description and Reporting
Schedule B	Definition of EURIBOR
Schedule C	Forms for Borrower
Schedule D	Interest Rate Revision and Conversion
Schedule E	Form of Allocation Request and Project Fiche
Schedule F	Forms A and B


IN WITNESS WHEREOF the parties hereto have caused this Contract to be executed in three (3) originals in the English language and initialled on each page of this Contract on their behalf.

Nicosia, 30 May 2013

Signed for and on behalf of the
REPUBLIC OF CYPRUS
The Minister of Finance


Harris GEORGIADES

Signed for and on behalf of the
EUROPEAN INVESTMENT BANK
The President


Werner HOYER

Project Specification and ReportingA.1 Technical Description (Article 6.02)**A.1.1 Purpose, Location**

The programme primarily focuses on enhancing the competitiveness of the Cypriot economy and improving its human capital and social cohesion. It has also a strong sustainability component aiming at bringing solid waste management sector to the compliance with the EU directive.

The investments will therefore address long-term objectives in the sectors of solid waste management, port infrastructure, renewable energy, knowledge economy, human capital, SMEs, and sustainable urban development.

The Schemes will be located in Cyprus on the territories where the government exercises its control.

A.1.2. Description

A.1.2.1. The Schemes implemented under the following Operational Programmes and axes/priorities, in compliance with the eligibility criteria presented below, will be eligible under this operation.

Operational Programme (OP)	Axes/priorities
1. OP Sustainable Development and Competitiveness 2007CY16UPO001	<p>Axis: Basic Environment and Energy Infrastructure</p> <p>1.1 Contribution to the Harmonization of Cyprus with the Acquis Communautaire in the area of waste management</p> <p>1.3 Increase of the contribution of the renewable and alternative energy sources to the energy balance</p> <p>Axis: Basic Transport Infrastructure</p> <p>2.1 Expansion/Upgrading of Port Infrastructure</p> <p>Axis: Knowledge Based Society and Innovation</p> <p>3.1 Strengthening Research and Technological Development and Facilitating Innovation</p> <p>3.2 Diffusion of the use of Information and Communication Technology</p> <p>3.3 Strengthening the Knowledge Production Infrastructure</p> <p>Axis: Productive Environment</p> <p>4.1 Enhance Competitiveness of the Manufacturing and Services Sectors</p> <p>4.2 Supporting SMEs</p>

	<p>Axis: Revitalisation of Urban and Rural Areas</p> <p>5.1 Urban Revitalization and Support of Entrepreneurship</p> <p>5.2 Promotion of Cultural Resources and Creation of Cultural Infrastructure</p> <p>5.3 The Creation of a Sustainable Transport System</p> <p>5.4 Diversification of the Economic Base</p> <p>5.5 Development of Mountainous Areas and Enhancing Accessibility</p> <p>Axes: Technical Assistance</p> <p>6. and 7. Technical Assistance</p>
<p>2. OP Employment, Human Capital and Social Cohesion</p> <p>2007CY052PO001</p>	<p>1. Development of Human Capital and Adaptability</p> <p>2. Expansion of the Labour Market and Social Cohesion</p> <p>3. Technical Assistance</p>

A.1.2.2. General provisions

The loan amount does not exceed 50% of the project investment costs and 100% of the eligible investment costs. Combined EIB and Community funding is limited to 90% of the project investment cost.

The following costs are not eligible for the Bank: VAT and other taxes and duties, land acquisition, purchase of buildings, maintenance and other operating costs, acquisition of second-hand assets, interest during construction, purchase of licences for the use of non-generated public resources (e.g. telecom licences), patents, brands and trademarks. Purely financial transactions are also not eligible.

The Bank does not finance the following activities:

- ammunition and weapons, military/police equipment or infrastructure,
- projects which result in limiting people's individual rights and freedom, or violation of human rights,
- ethically or morally controversial projects,
- activities prohibited by national legislation (only where such legislation exists),
- projects for political and religious organisations, trade unions, etc.

All Schemes must comply with EU environmental, procurement and state aid legislation as well as comply with the principles and standards of the Bank's Environmental Policy Statement.

A.1.3. Calendar

The Schemes will be implemented by the end of 2015. For large Schemes the individual calendar will be defined at their appraisal stage.

A.1.4. Eligibility criteria for renewable energy and energy efficiency

¹ http://www.eib.org/attachments/strategies/eib_statement_esps_en.pdf

Renewable energy and energy efficiency Schemes have to comply with the following criteria in order to be eligible.

SUB-SECTOR	CRITERIA APPLIED	ECONOMIC CRITERIA
RENEWABLE ENERGY SOURCES		
<u>Note:</u> All renewable energy investments should be based on resource modelling (e.g. wind, solar radiation, geothermal etc.) and technical feasibility studies conducted by qualified specialists with proven experience.		
Solar Energy (thermal and PV)	For PV Schemes > 0.5 MWp: a site specific solar irradiation yield assessment. Proven solutions.	No cost targets for new and innovative technologies, e.g. solar electricity /photovoltaics. However, costs should not exceed most recent PV costs in the EU market. Proper guarantees should be ensured that the expected energy to be produced is achieved in practice.
	For Solar Water Heaters, certified technology/suppliers in line with acceptable standards	Solar water heating Schemes should demonstrate competitiveness with fossil fuel alternatives.

A.1.5. Allocation procedure

The Bank's funds will be allocated to the eligible Schemes in the axes of the Operational Programmes enlisted in the technical description with procedures modulated according to the scheme size and in line with applicable framework loan procedures:

- a) Eligible Schemes with an investment cost below EUR 25m are selected by the Borrower. The choices are subject to ex-post confirmation of eligibility by the Bank's services. The Borrower is to submit an allocation request in a form required by the Bank (as defined in Schedule E.1).
- b) Eligible Schemes with a cost between EUR 25m and EUR 50m are submitted ex-ante to the Bank for approval before funding, using template as defined in Schedule E.2. The Bank keeps the right to ask for additional information, partial or in-depth appraisal of the scheme will be undertaken, if judged necessary.
- c) Eligible Schemes with a cost above EUR 50m are to be treated, in principle, like separate loans and appraised separately by the Bank's services. Schemes will be subject to approval before disbursement of the Bank's funds to the Borrower. The Promoter shall provide documentation requested by the Bank, at its discretion, as individually indicated by the Bank to the Promoter.
- d) The Promoter should provide, before the funds are allocated by the Bank to the Schemes concerned:
 - for Schemes requiring an EIA, either the Non-Technical Summary of the EIA or a link to a public version of the Non-Technical Summary of the EIA.
 - for Schemes, subject to assessment and without significant impact, potential or likely, on a conservation site (Natura 2000 or otherwise), a simplified declaration (a list of Schemes signed by the Competent Authority certifying that none of the Schemes have any significant impact on any protected site. Information should be equivalent to the information normally required in Form A.) from the Competent Authority that the Schemes are in compliance with EU Habitats and Birds Directives. If such declaration is not given, Form A should be used.

- for Schemes with a significant impact, potential or likely, on a conservation site, Form B - or its equivalent - has to be signed by the Competent Authority and submitted to the Bank, together with the opinion of the European Commission (if required by the Article 6(4) of the Habitats Directive).

A.2 Information Duties under Article 8.01(a)**1. Dispatch of information: designation of the person responsible**

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

Company	Planning Bureau
Contact person	Anthoula Charalambous Savvides
Title	Senior Coordination Officer
Function / Department	Directorate of Structural Funds and Cohesion Fund - Managing Authority
Address	29, Byron Avenue, 1096 Nicosia
Phone	+357-22602856,
Fax	+357-22666810
Email	asavvides@planning.gov.cy

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.

2. 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
Information on the initiation by the Commission of an infringement procedure or of legal proceedings before the Court of Justice of the EC for non-compliance of Community law regarding a project or scheme to be financed or financed under this Loan	<i>in every case without delay but not later than 5 calendar days after the Promoter becomes aware of the Commission action</i>
The Bank should be kept informed about changes in the Operational Programmes.	<i>not later than 10 calendar days after such changes have been approved</i>
Decisions on financing of Cyprus Cultural Centre project	<i>not later than 10 calendar days after such decision has been taken</i>

3. 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
- annual implementation report(s) on the implementation of the operational programme (as defined in Article 67 of Regulation (EC) No. 1083/2006) additionally including: - description of any major issue with impact on the environment; - 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.	by 30 June each year from 2013 to 2016	Annually
- annual control report and opinion (as defined in Article 62 of Regulation (EC) No. 1083/2006)	by 30 June each year from 2013 to 2016	Annually

- list of projects in electronic format, based on information collected in IT systems according to the requirements of the Annex III of the COMMISSION REGULATION (EC) No 1828/2006 (as defined in point A.2.5)	together with allocation request	
- information on the progress of the implementation of the allocated financial engineering instruments (in a tabular format, including the data on the number and amount of contracts signed by the financial intermediaries or funds)	31 July 2013 31 July 2015	
- list of projects supported by the allocated financial engineering instruments (including name of the project/SME supported and amount of loan/capital/guarantee)	31 July 2016	
- copies of other relevant documents, including ad hoc reports, provided to the EU Commission in connection with the Operational Programmes included within this operation.	as to the European Commission	When available
- all documents and information necessary to enable the Bank to monitor the physical and financial progress of the Project and the schemes financed thereunder.	upon request	

4. 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
- final report(s) on the implementation of the operational programme (as defined in Article 67 of Regulation (EC) No. 1083/2006) additionally including: - description of any major issue with impact on the environment; - 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 - list of projects in electronic format, based on information collected in IT systems according to the requirements of the Annex III of the COMMISSION REGULATION (EC) No 1828/2006 (as defined in point A.2.5).	by 31 March 2017
- closure declaration (as defined in Article 62 of Regulation (EC) No. 1083/2006) together with the final control report	by 31 March 2017
Language of reports	<i>English, or if not available, Greek</i>

5. Information to be provided on the individual schemes

1. Detailed information on the individual schemes
List of schemes with the following fields:
a) Technical description
- Identification code,
- Operational Programme and axis

- Name of the scheme,
 - Location (NUTS code),
 - Implementing body,
 - Final beneficiary
 - Start date of works (dd/mm/yyyy)
 - Expected end date of works (dd/mm/yyyy)
 - Is the scheme completed (Yes/No),
 - Key physical monitoring indicator and its base and target values,
- b) Financial description (EUR)
- Total cost of the scheme
 - State budget contribution
 - EIB funds
 - EU funds
 - Other
 - Total expenditures made to date,
- c) Environmental compliance
- Is the scheme subject to EIA (Yes/No)

Schedule BDefinitions of EURIBOR

A. EURIBOR

"EURIBOR" means:

- (a) in respect of a relevant period of less than one month, the rate of interest for deposits in EUR for a term of one month;
- (b) in respect of a relevant period of one or more whole months, the rate of interest for deposits in EUR for a term for the corresponding number of whole months; and
- (c) in respect of a relevant period of more than one month (but not whole months), the rate resulting from a linear interpolation by reference to two rates for deposits in EUR, one of which is applicable for a period of whole months next shorter and the other for a period of whole months 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**"),

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 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.

B. General

For the purposes of the foregoing definitions:

- (a) 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.
- (b) The Bank shall inform the Borrower without delay of the quotations received by the Bank.
- (c) If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EURIBOR FBE and EURIBOR ACI, the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

Forms for the Borrower

C.1 Form of Disbursement Request (Article 1.02B)

Cyprus – Cyprus NSRF II

Date:

Please proceed with the following disbursement:

Loan Name (*):

Signature Date (*): Contract FI number:

Currency & amount requested	
Currency	Amount
EUR	<input type="text"/>

Proposed disbursement date:

INTEREST	Int. rate basis (Art. 3.01)	<input type="text"/>
	Rate (% or Spread)	<input type="text"/>
	OR (please indicate only ONE)	<input type="text"/>
	Maximum Rate (% or Maximum Spread) ³	<input type="text"/>
	Frequency (Art. 3.01)	Annual <input type="checkbox"/> Semi-annual <input type="checkbox"/> Quarterly <input type="checkbox"/>
	Payment Dates (Art. 5)	<input type="text"/>
CAPITAL	Interest Revision/Conversion date (if any)	<input type="text"/>
	Repayment frequency	Annual <input type="checkbox"/> Semi-annual <input type="checkbox"/> Quarterly <input type="checkbox"/>
	Repayment methodology (Art. 4.01)	Equal instalments <input type="checkbox"/> Constant annuities <input type="checkbox"/> Single instalment <input type="checkbox"/>
	First repayment date	<input type="text"/>
	Maturity Date:	<input type="text"/>

Reserved for the Bank	(contract currency)
Total Credit Amount:	<input type="text" value="100,000,000"/>
Disbursed to date:	<input type="text"/>
Balance <u>for</u> disbursement:	<input type="text"/>
Current disbursement:	<input type="text"/>
Balance <u>after</u> disbursement:	<input type="text"/>
Disbursement deadline:	<input type="text"/>
Max. number of disbursements:	<input type="text" value="5"/>
Minimum Tranche size:	<input type="text" value="20,000,000"/>
Total allocations to date:	<input type="text"/>
Conditions precedent:	<input type="text" value="Yes / No"/>

Borrower's account to be credited:

² To be provided on paper bearing the Borrower's letterhead.

³ NOTE: If the Borrower does not specify an interest rate or Spread here, the Borrower will be deemed to have agreed to the interest rate or Spread subsequently provided by the Bank in the Disbursement Notice, in accordance with Article 1.02C(c).

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):

C.2 Form of Certificate from Borrower (Article 1.04B)

To: European Investment Bank
 From: The Ministry of Finance of the Republic of Cyprus
 Date:
 Subject: Finance Contract between European Investment Bank and the Republic of Cyprus dated 30 May 2013 and titled "Cyprus NSRF II" (the "Finance Contract")
 FI number 82.469 Serapis number 2013-0004

Dear Sirs,

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

For the purposes of Article 1.04 of the Finance Contract we hereby certify to you as follows:

- (a) no Prepayment Event has occurred and is continuing unremedied;
- (b) insurances in accordance with the requirements of Article 6.05(c) are in place;
- (c) no security of the type foreseen under Article 7.02 has been created or is in existence;
- (d) there has been no material change to any aspect of the Project or in respect of which we are obliged to report under Article 8.01, save as previously communicated by us;
- (e) we have sufficient funds available to ensure the timely completion and implementation of the Project in accordance with Schedule A.1;
- (f) 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 has occurred and is continuing unremedied or unwaived;
- (g) 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 any unsatisfied judgement or award;
- (h) the representations and warranties to be made or repeated by us under Article 6.09 are true in all respects; and
- (i) no Material Adverse Change has occurred, as compared with the situation at the date of the Finance Contract.

Yours faithfully,

For and on behalf of the Republic of Cyprus, the Ministry of Finance

Date:

Schedule DInterest 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.

A. 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:

- (a) 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 3.01; and
- (b) 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 the 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.

B. 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 the 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.

C. 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.

E1. Template for Allocation Request (Article 1.09A)

ALLOCATION REQUEST/REPORT

ALLOCATION NO.
DATE:

X
DD/MM/YYYY

Name of Operation:
Number of Operation:

CYPRUS NSRF II
2013-0004

Currency: EUR

SUMMARY TABLE FOR ALL OPERATIONAL PROGRAMMES INCLUDED IN EIB OPERATION DISBURSEMENTS (cumulative up to DD/MM/YYYY)

EIB Tranche date (DD/MM/YYYY)	Amount	Percent of EIB Tranche(s) allocated to projects	Percent of EIB Tranche(s) Disbursed to Final Beneficiaries
date dd/mm/yyyy			
Total:			

ALLOCATIONS (cumulative up to DD/MM/YYYY)

Operational Programmes, axes / large projects	Total costs (EUR '000)	EU contribution (EUR '000)	Central Government (EUR '000)	Other resources (EUR '000)	Number of schemes	Range of schemes total cost	
						Lowest (EUR '000)	Highest (EUR '000)
OP Sustainable Development and Competitiveness							
1.1 Contribution to the Harmonization of Cyprus with the Acquis Communautaire in the area of waste management							
1.3 Increase of the contribution of the renewable and alternative energy sources to the energy balance							
2.1 Expansion/Upgrading of Port Infrastructure							
3.1 Strengthening Research and Technological Development and Facilitating Innovation							
3.2 Diffusion of the use of Information and Communication Technology							
3.3 Strengthening the Knowledge Production Infrastructure							
4.1 Enhance Competitiveness of the Manufacturing and Services Sectors							
4.2 Supporting SMEs							
5.1 Urban Revitalization and Support of Entrepreneurship							
5.2 Promotion of Cultural Resources and Creation of Cultural Infrastructure							
5.3 The Creation of a Sustainable Transport System							
5.4 Diversification of the Economic Base							
5.5 Development of Mountainous Areas and Enhancing Accessibility							
6. and 7. Technical Assistance							
OP Employment, Human Capital and Social Cohesion							
1. Development of Human Capital and Adaptability of the Private and Public Sector							
2. Attracting and Maintaining More People in the Labour Market and Reinforcement of Social Inclusion							
3. Technical Assistance							
OVERALL TOTAL:							
of which EIB funds allocated (EUR '000)							
Total EIB Funds disbursed to Final Beneficiaries (EUR '000)							

<Name and surname>
<Function>
<Department>
<Institution>

Signature:
Date:
Place:

DD/MM/YYYY

E.2 Project Fiche

PROJECT FICHE
(for schemes with total costs between EUR 25m-50m)

CYPRUS NSRF II

2013-0004

<u>Scheme Name:</u> <u>Scheme reference number:</u> <u>Implementing body:</u> <u>Contact Person:</u> <u>Contact (e-mail, telephone):</u>	<u>Scheme promoter:</u> <u>Location:</u> <u>Sector:</u> <u>Type:</u> new project/ extension/ rehabilitation <u>Date:</u> <u>Signature:</u>
--	---

1. Scheme**1.1 Background****1.2 Reasons for undertaking the Project and key objectives**

(Please refer to the strategic plans to which project is integrated)

1.3 Technical description of the project including relevant key dimensions and capacities

(including demand forecast and design criteria of the sewerage and wastewater treatment plants; technologies and demand/capacity of waste treatment projects)

1.4 Entity(ies) responsible for project design, construction and supervision**1.5 Investment cost (total)**

in EUR

Engineering and supervision	-
Land	-
Civil works (Building work)	-
Equipment	-
Miscellaneous	-
Technical contingencies	-
Price contingencies (...% escalation p.a.), if applicable	-
Interest during construction	-
Total	-

1.5.1 Financial plan and requested allocation

Sources of financing	in EUR
EU funds	
State budget	
Other	
Total	
of which requested EIB loan	

1.6 Real and expected expenditure schedule (in EUR)

year	2007	n	Total
EUR					

1.7 Expected technical/ economical life-span (years)**1.8 Implementation period (dates: month, year)**

- a) Start:
b) Completion:

1.9 Authorisation required to implement/operate the project

Please provide the name(s) of the authority(ies) issuing the relevant permit(s) and whether or not the authorisation(s) has (have) been issued. If permits are not issued, please indicate the expected date.

1.10 Jobs affected by the investment

Number of jobs that will be created, secured or lost as a consequence of the project

a) during construction:	
b) post construction (operation and maintenance) – secured:	

1.11 Physical indicators

Please indicate (quantify) planned physical output/result of the project.

Indicator name and definition	Baseline (year)	Target value (year)
a) ...		
b)		
c)		

1.12 Procurement

Number of contracts, their value and types of tender procedures, timetable

1.13 Environmental impacts

a) Please explain briefly the effects of the project on the environment.

b) Does the Project have any particular environmental risks or benefits?

c) Compliance with environmental requirements (local, national, EU) and a summary description of mitigating measures adopted, if any; indicate if an EIA is required and if the project is located within/impacts a Natura 2000 sites or any other nature conservation site- in the affirmative cases, please provide information on the relevant assessment and administrative decisions for such projects, the Bank services may require further information. Please enclose the Non-Technical Summary of the EIA, and Form A or Form B signed by the environmental competent authority (if appropriate).

1.14 Operation and maintenance of the facilities:

- a) Organisation in charge of the operation and maintenance of the Scheme:
- b) Operating and maintenance costs and available budget for operation and maintenance:

1.15 Economic and financial aspects

- a) Population served by the Scheme, or other pertinent demand analysis. In the case of road scheme actual and forecast traffic flows have to be included.
- b) If applicable, a summary of cost-benefit or economic feasibility analysis
- c) If applicable, cost recovery mechanism (Will users be required to contribute to the cost of the Scheme? Tariff policy?)
- d)

2. Overall conclusions and recommendations

Where appropriate please provide JASPERS completion note, if available.

Place:

Date:

Promoter:

Responsible person:

Forms A and B

Form A - No risk of significant effect

DECLARATION BY THE AUTHORITY RESPONSIBLE FOR MONITORING SITES OF NATURE CONSERVATION IMPORTANCE⁴

Responsible Authority.....

Having examined⁵ the project application

(title).....

which is to be located at

we declare that (tick the appropriate box):

- The project is not likely to have significant effects on a site of nature conservation importance¹ on the following grounds:

.....

.....

Therefore an appropriate assessment required by Article 6 (3) of Directive 92/43/EEC was not deemed necessary.

- Following an appropriate assessment, according to Art. 6(3) of Directive 92/43/EEC, the project will not have significant negative effects on a site of nature conservation importance¹.

A map at scale of 1:100.000 (or the nearest possible scale) is attached, indicating the location of the project as well as the site of nature conservation importance¹ concerned, if any.

Signed: Date

(Authority responsible for monitoring sites of nature conservation importance)

Official Seal:

⁴ This includes sites protected as part of the Natura 2000 network (including Special Areas of Conservation and Special Protection Areas), potential Natura 2000 sites, Ramsar sites, International Bird Areas, sites of the Emerald Network, or others as relevant.

⁵ Taking into account the requirements of Art. 6(3) of Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora.

Form B - Risk of significant effect

**INFORMATION FROM THE AUTHORITY RESPONSIBLE FOR MONITORING
SITES OF NATURE CONSERVATION IMPORTANCE⁶**

Responsible Authority.....

Having examined⁷ the project application

(title).....

which is to be located at

provides the following information:

Country:
Competent national Authority:
Address:
Contact person:
Tel., fax, e-mail:
Date:

⁶ This includes sites protected as part of the Natura 2000 network (including Special Areas of Conservation and Special Protection Areas), potential Natura 2000 sites, Ramsar sites, International Bird Areas, sites of the Emerald Network, or others as relevant.

⁷ Taking into account the requirements of Art. 6(4) of Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora.

1. PROJECT

Name of the site affected:

This site is (please tick):

- a site identified by the national Competent Authority as qualifying under Art. 4(1) and (2) of the **Birds** directive (79/409/EEC) (Special Protection Area equivalent to Natura 2000)
- a site identified by the national Competent Authority as qualifying under Art. 4 (1) of the Habitats directive (92/43/EEC) (Special Area of Conservation equivalent to Natura 2000)

For European Union Member States only, does the site concern a priority habitat or species?

yes no

- a site listed in the latest inventory on **Important Bird Areas** (IBA 2000) or (if available) in an equivalent more detailed scientific inventories endorsed by national Authorities
- a wetland of international importance designated under the **Ramsar** Convention or qualifying for such protection
- a site to which the Bern convention on the conservation of European Wildlife and Natural Habitats (Art. 4) applies, in particular a site meeting the criteria of the **Emerald network**
- areas protected under national nature conservation legislation

Summary of the project having an effect on the site :

2. NEGATIVE EFFECTS

Summary of the assessment of the negative effects on the site:

N.B.: this summary should focus on the adverse effect expected on the conservation value of the site (habitats and species), include the appropriate maps and describe the already decided mitigation measures.

3. ALTERNATIVE SOLUTIONS

Summary of alternative solutions studied:

Reasons why the Competent national Authorities have concluded that there is absence of alternative solutions:

4. IMPERATIVE REASONS

Reason to nevertheless carry out this plan or project:

Imperative reasons of overriding public interest, including those of a social or economic nature (in the absence of priority habitat/species)

human health

public safety

beneficial consequences of primary importance for the environment

other imperative reasons of overriding public interest⁸

Short description of the reason :

⁸ If the project is in the EU, obtain the opinion of the Commission (see Article 6(4).2 of the Habitats Directive).

5. COMPENSATION MEASURES

Foreseen compensatory measures and timetable: