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OFFICIAL DOCUMENTS

LOAN NUMBER 8387-UA

Project Agreement

(Ukraine District Heating Energy Efficiency Project)

between

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

and

PUBLIC POWER-GENERATING UTILITY
"CHERNIHIVSKA TEPLOELEKTROTCENTRAL"
OF LIMITED LIABILITY COMPANY FIRM "TEHNOVA"

Dated August 21, 2014
Kiev, Ukraine

LOAN NUMBER 8387-UA

PROJECT AGREEMENT

Agreement dated August 21, 2014, entered into between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and Public Power-generating Utility "Chernihivska Teploelektrotcentral" of Limited Liability Company Firm "TehNova" ("Project Implementing Entity") ("Project Agreement") in connection with the Loan Agreement ("Loan Agreement") dated May 26, 2014, between Ukraine ("Borrower") and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to the Loan Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out its Respective Part of the Project, namely its Investment Program's Energy Efficiency Investments falling within Part 1(a) of the Project, in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for its Respective Part of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out its Respective Part of the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity's Representative is the General Director.

3.02. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 64145(MCI)	1-202-477-6391

3.03. The Project Implementing Entity's Address is:

Ushynskogo Str. 23
Chernigiv
Ukraine
14014

AGREED at Kiev, Ukraine, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By Paolo Belli
Authorized Representative

Name: Paolo Carlo Belli

Title: Acting Country Director for Belarus, Moldova and Ukraine

PUBLIC POWER-GENERATING UTILITY
"CHERNIHIVSKA TEPLOELEKTROTCENTRAL"
OF LIMITED LIABILITY COMPANY FIRM
"TEHNOVA"

By
Authorized Representative

Name: Oleksandr Korchynsky

Title: General Director

SCHEDULE

Execution of the Project Implementing Entity's Respective Part of the Project

Section I.

A. Implementation Arrangements

1. The Project Implementing Entity shall be responsible for implementing its Energy Efficiency Investments in accordance with the POM, PLESA, including the RPF, and shall maintain its PIU throughout the duration of the Project for this purpose, in a form and with functions, staffing, (under terms of reference, qualifications and scope of responsibilities) and adequate resources, all satisfactory to the Bank and as further set forth in the POM. The Project Implementing Entity shall not amend, suspend, abrogate, repeal or waive any provision of the POM without prior approval of the Bank.

2. The Project Implementing Entity shall submit each year its annual Investment Program to such Borrower agency or agencies as required pursuant to the Borrower's applicable legislation, for approval by such agency or agencies.

3. The Project Implementing Entity shall obtain any necessary legal or administrative permissions, licenses, permits, usage rights, authorizations and any other consents as may be required for the implementation and maintenance of the Energy Efficiency Investments under the Borrower's legal framework.

4. The Project Implementing Entity shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Anti-Corruption

The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Safeguards

1. The Project Implementing Entity shall ensure that its Respective Part of the Project is carried out in accordance with the PLESA, including the RPF, and shall not amend, suspend, abrogate, repeal or waive any provision of the PLESA, including the RPF, without prior written approval of the Bank.

2. The Project Implementing Entity shall: (a) prior to the commencement of any works for Energy Efficiency Investments on each proposed site, submit to the Borrower, through Minregion, and the Bank for its approval (i) the proposed site for said measures and the related site-specific EMP or checklist and/ or, if required pursuant to the RPF, a RAP, said site-specific plan or checklist or RAP to be prepared in accordance with the

requirements of the PLESA (including the RPF) and in form and substance satisfactory to the Bank, and to be duly included in the proposed contracts for said measures; (ii) evidence that such EMP or checklist and/ or RAP, as applicable, has been disclosed locally and that adequate and meaningful consultations have been carried out on said EMP, checklist and/ or RAP, as applicable; and (b) ensure that such measures are carried out in accordance with the EMP and/ or RAP, as applicable.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of its Respective Part of the Project and prepare Project Reports for its Respective Part of the Project in accordance with the provisions of Section 5.08 (b) of the General Conditions and on the basis of indicators acceptable to the Bank. Each such Project Report shall cover the period of one calendar quarter, and shall be furnished to the Borrower, through Minregion, not later two (2) weeks after the end of the period covered by such report for incorporation and forwarding by the Borrower to the Bank of the overall Project Report.

2. The Project Implementing Entity shall provide to the Borrower, through Minregion, not later than three (3) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B. Financial Management, Financial Reports and Audits; Financial Covenants

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to its Respective Part of the Project.

2. Without limitation on the provisions of Part A of this Section, the Project Implementing Entity shall prepare for its Respective Part of the Project interim unaudited financial reports for the Project covering each calendar quarter, in form and substance satisfactory to the Bank; such reports shall be furnished to the Borrower, through Minregion, no later than thirty (30) days after the quarter for incorporation and forwarding by the Borrower to the Bank of the overall Project interim unaudited financial reports.

3. The Project Implementing Entity shall prepare for each fiscal year of the Borrower financial statements for its Respective Part of the Project, in form and substance satisfactory to the Bank; such financial statements shall be furnished to the Borrower, through Minregion, no later than thirty (30) days after such period, for incorporation by the Borrower, through Minregion, in the overall Project Financial Statements.

4. The Project Implementing Entity shall have its entity financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall

cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Borrower, through Minregion, and the Bank not later than six (6) months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the Bank.

5. (a) Except as the Bank shall otherwise agree, the Project Implementing Entity shall produce for each of its fiscal years after its fiscal year ending on December 31, 2016, total revenues equivalent to not less than the sum of its (i) total operating expenses; and (ii) the amount by which debt service requirements exceed the provision for depreciation.

(b) Before March 1 in each of its fiscal years commencing January 1, 2017 the Project Implementing Entity shall, on the basis of forecasts prepared by the Project Implementing Entity and satisfactory to the Bank, review whether it would meet the requirements set forth in paragraph (a) in respect of such year and the next following fiscal year and shall furnish to the Bank the results of such review upon its completion.

(c) If any such review shows that the Project Implementing Entity would not meet the requirements set forth in paragraph (a) for the Project Implementing Entity's fiscal years covered by such review, the Project Implementing Entity shall promptly take all necessary measures in order to meet such requirements.

(d) For purposes of this Section:

(i) The term "total revenues" means the sum of total operating revenues and net non-operating income.

(ii) The term "total operating revenues" means revenues from all sources related to operations.

(iii) The term "net non-operating income" means the difference between:

(A) revenues from all sources other than those related to operations; and

(B) expenses, including taxes and payments in lieu of taxes, incurred in the generation of revenues in (A) above.

(iv) The term "total operating expenses" means all expenses related to operations, including administration, adequate maintenance, taxes and payments in lieu of taxes, and provision for depreciation on a straight-line basis at the rates, which are set in the Project Implementing Entity's

accounting rules and approved by the relevant Borrower agency or agencies pursuant to the Borrower's applicable legislation, of the average current gross value of the Project Implementing Entity's fixed assets in operation, or other basis acceptable to the Bank, but excluding interest and other charges on debt.

(v) The average current gross value of the Project Implementing Entity's fixed assets in operation shall be calculated as one half of the sum of the gross value of the Project Implementing Entity's fixed assets in operation at the beginning and at the end of the fiscal year, as valued from time to time in accordance with sound and consistently maintained methods of valuation satisfactory to the Bank.

(vi) The term "debt service requirements" means the aggregate amount of repayments (including sinking fund payments, if any) of, and interest and other charges on, debt.

(vii) Whenever for the purposes of this Section it shall be necessary to value, in terms of the currency of the Borrower, debt payable in another currency, such valuation shall be made on the basis of the prevailing lawful rate of exchange at which such other currency is, at the time of such valuation, obtainable for the purposes of servicing such debt, or, in the absence of such rate, on the basis of a rate of exchange acceptable to the Bank.

Section III. Procurement

All goods, works and services required for the Project Implementing Entity's Respective Part of the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Section III of Schedule 2 to the Loan Agreement.