

AGREEMENT
on lease of business premises

PARTIES HERETO:

LESSOR: City of Sarajevo, seated in Sarajevo, Hamdije Kresevljakovica 3 (*hereinafter referred to as: City of Sarajevo*), represented by the Major of City of Sarajevo - Mr Abdulah Skaka

LESSEE: Delegation of the European Union to Bosnia and Herzegovina (*hereinafter referred to as: the EU Delegation*), seated in Sarajevo, Skenderija 3, represented by the Head of Delegation - Ambassador Johann Sattler

Whereas the parties mutually acknowledge and hereby confirm and agree:

- that the business premises in Sarajevo - Centre located in Marsala Tita street no. 62, covering a total area of 4.319,47 m², entered into the land register under entry no. 1101 (Cadastre IV, cadastre particle 2002,) has been granted to City of Sarajevo and Cantonal Ministry of Finance for use in line with the FBiH Government Decision no. 1210/2019, dated 24 October 2019, published in the FBiH Official Gazette no. 97/19, dated 25 December 2019;
- that in line with the said FBiH Government Decision ground floor of the subject building, covering the total area of 751,63 m² is given for use to the City of Sarajevo;
- that the City of Sarajevo is willing to lease the part of ground floor of the subject building in the total area of 669.02m² to the EU Delegation for the purpose of opening the EU Information Centre in Sarajevo;
- EU Delegation commits to cover the cost of reconstruction of the façade, joinery and the roof of the entire subject building in the amount to be determined under additional agreement concluded between the parties and on the basis of Bill of Quantities from the main Project that will be under works Contract.
- that the City of Sarajevo declares and guarantees that it is duly authorized and able to enter into this Agreement and perform its obligations and that there are no legal claims by third parties which could interfere with peaceful use and enjoyment of the subject property by the EU Delegation;
- that the EU Delegation enjoys diplomatic privileges and immunities as granted by the Vienna Convention on Diplomatic Relations of 18 April 1961 and Establishment Agreement signed between the Bosnia and Herzegovina authorities and EEAS in 1996.

Article 1: Subject of the Agreement

The City of Sarajevo hereby grants the EU Delegation that hereby accepts, a lease of the business premises located on the ground floor of the building located in Marsala Tita street no. 62 in the total area of 669,02m².

Business premises leased to the EU Delegation shall consist of rooms designated as 1, 1A, 1B, 1C, 2, 2A, 6, 7, 7A, 7B, 8, 9, 10, 10A, 11, treasury room, toilet 1, toilet 2, counter hall, 2/3 hall, 1/3 hall, H1, P4 fully in line with the attached layout forming an integral part hereof.

The EU Delegation shall use the leased business premises for the purpose of opening/operating the EU Information Centre.

Article 2: Duration of the Agreement

This Agreement shall be valid for a term of 20 years and renewable for the same term through a rider to this Lease Agreement to be signed by both parties no later than three months before the date of expiry of this Lease Agreement.

This Lease Agreement shall enter into force on the day of its signing by both parties, by which date the leased business premises shall be available for peaceful use and enjoyment by the EU Delegation under the terms of this Agreement.

The EU Delegation shall confirm the acceptance of the premises before taking possession through a "*report of acceptance*" signed by both parties. The premises may be accepted "*with reservations*" in the event of minor defects and/or non-conformities which do not prevent the EU Delegation from using the premises in full capacity, should the EU Delegation so agree and provided that the City of Sarajevo commits to remedying these defects within a deadline to be fixed in the "*report of acceptance*".

The EU Delegation's acceptance of premises shall be on the basis of '*as seen*' and shall not prejudice the EU Delegation's right to require further action at the City of Sarajevo cost should the building and/or its installations and/or its systems not be sufficient for the purposes of opening/operating EU Information Centre as stipulated by this Lease Agreement.

The EU Delegation reserves the right to terminate this Lease Agreement unilaterally and without any obligation to compensate the City of Sarajevo, if the premises are not available for peaceful enjoyment under the terms of this Agreement one month after the date on which the lease has taken effect. The City of Sarajevo shall be notified of such termination by registered or recorded-delivery letter eight calendar days (*as postmarked*) after expiry of the said term at the latest.

Article 3: Extension of the Agreement

This Lease Agreement can be extended upon expiry of the term for which it is concluded, under the same conditions and provided that the EU Delegation sends a request for extension and that neither party opposes the extension hereof minimum three months before its expiry date.

In case the Lease Agreement is not extended upon expiry of the term for which it has been concluded, the EU Delegation shall be bound to a recorded handing over of the leased business premises to the City of Sarajevo, with the transfer of any modification of the premises performed for the purpose of improving functionality of the premises.

Article 4: Rent and payment of the rent

The rent shall be fixed at 1,00 BAM per month, payable in BAM, by the 15th day of the month for the current month.

Rent and all other payments under this Lease Agreement shall be paid to the City of Sarajevo bank account (BAM) opened in one of the banks in Bosnia and Herzegovina.

A Financial Identification Form with bank account details, verified by both the City of Sarajevo and the bank shall be submitted to the EU Delegation prior to the first payment.

The City of Sarajevo shall provide to the EU Delegation with an invoice at least 15 days prior to each payment of the rent.

Article 5: Utilities Costs

The EU Delegation shall be responsible for the following costs:

- Electricity usage
- Gas usage
- Telephone and internet connection bills
- Water consumption
- Garbage collection;

The City of Sarajevo shall be responsible for providing the following and costs for:

- Connection to electricity and water supply;
- Telephone cable in the building for connection of all necessary telephone lines.

Article 6: Adaptation works and safety of the premises

The City of Sarajevo shall assist EU Delegation with obtaining any permits and other documents necessary for execution of works on adaptation and equipping of the leased premises. The City of Sarajevo shall allow EU Delegation to adapt the leased premises to all needs of EU Information Centre and as necessary for conduct of its operations. The EU Delegation shall bear the related costs

The City of Sarajevo shall ensure that the structure and all technical and other installations in leased premises are safe and in a good conditions and in full compliance with health and safety legislation applicable in Bosnia and Herzegovina. The City of Sarajevo shall also ensure that all installations and systems are of sufficient capacity and quality to provide the necessary services to the building to sufficient standards as reasonably required by the EU Delegation for the purposes of opening/operating EU Information Centre as stipulated by this Lease Agreement.

Article 7: Instalment of Equipment

The City of Sarajevo shall grant the EU Delegation the right to install in the leased premises, at the EU Delegation's own expenses and in conformity with the technical specifications of the equipment and the technical capacities of the premises, any security and telecommunications and other equipment considered necessary by the EU Delegation.

Article 8: Repairs and maintenance by the City of Sarajevo

The City of Sarajevo shall ensure that the premises subject to this Agreement are fit for use in accordance with the working conditions and minimum comfort required by the EU Delegation. The City of Sarajevo shall keep the premises and the equipment in a safe and good technical conditions.

The City of Sarajevo shall be responsible throughout the term of the lease for the satisfactory operation, maintenance and repair of the structure of the building (*walls, roof, ceiling*), of any common areas, for its technical installations (*such as plumbing, sanitary, heating, ventilating, air conditioning, electrical systems and household technical appliances, except for specific equipment installed by the EU Delegation*) and as necessary replace them should they not provide sufficient services or where deterioration or lack of proper functionality is due to defective items or normal wear and tear or causes over which the EU Delegation has no control.

The City of Sarajevo shall adequately insure the building against fire and including but not necessarily limited to other risks, and will provide copy of the insurance policy to the EU Delegation. Insurance of EU Delegation's assets shall not be the responsibility of the City of Sarajevo.

Article 9: Repairs and maintenance by the Lessee

The EU Delegation shall be responsible for the regular maintenance, care and cleanliness of the premises leased.

The EU Delegation undertakes to occupy the premises leased with due care and shall be liable for all damages to the same where such damage is caused by the EU Delegation's gross negligence.

Article 10: Damages caused by Natural Disasters and Human Action

The EU Delegation shall not be responsible for any damage to premises leased caused by natural disaster (*e.g. flood, fire, earthquake*) and/or caused by human action (*e.g. public demonstration*) and other actions and events which are beyond the control of the EU Delegation.

Article 11: Inspection of the Premises

The EU Delegation shall authorize the City of Sarajevo to inspect the premises leased in the company of an official of the EU Delegation whenever the City of Sarajevo requests and duly justifies such a request to the EU Delegation at least forty-eight hours beforehand.

Article 12: Sub-letting

The EU Delegation may not sublease the business premises leased or any part thereof to a third party without explicit consent of the City of Sarajevo.

Article 13: Termination of the Agreement

This Lease Agreement shall be terminated upon expiry of the period for which it has been concluded. The Agreement may also be terminated earlier by way of an agreement entered into by the Parties.

Each party may also terminate this Lease Agreement by giving a written 3 months' notice on termination by registered or recorded-delivery letter.

Article 14: Removal of Equipment

The City of Sarajevo shall allow EU Delegation to, upon termination of the Lease Agreement, dispose freely of any equipment that the EU Delegation may have installed.

Article 15: Return of keys

On the date on which the lease expires, the EU Delegation shall return to the City of Sarajevo the keys to the premises.

Article 16: Applicable law and settlement of disputes

Notwithstanding the diplomatic status of the EU Delegation in BiH, this Agreement shall be governed by the laws of Bosnia Herzegovina.

Any dispute concerning the interpretation or performance of this Agreement shall be settled amicably. In the absence of an amicable settlement, the City of Sarajevo and EU Delegation shall each appoint an arbitrator, who shall together appoint a third arbitrator chosen among the local lawyers, public notaries or estate agents. Together, the three shall decide on the issue by majority vote. The arbitral award shall be in writing and shall state the reasons on which it is based. The parties shall be irrevocably bound by that decision.

A party wishing to initiate arbitration procedure shall notify the other party by registered or recorded-delivery letter indicating the arbitrator they have selected. The other party shall nominate their arbitrator within 30 days from reception of such notice.

Each party shall pay the costs of the arbitrator it has nominated. The arbitral award shall fix the reasonable fees of the third arbitrator and decide which of the parties shall bear these costs or in what proportion they shall be borne by the parties.

The language of the arbitration shall be English.

Article 17: Address for Service

For the performance of these provisions, the address for service of the parties shall be as follows:

- City of Sarajevo, Hamdije Kresevljakovica 3, 71000 Sarajevo, BiH
- EU Delegation to BiH, Skenderija 3, 71000 Sarajevo, BiH.

Article 18: Authentic text

The original of this Lease Agreement in the English language, to which a translation to local language is annexed, constitutes the only authentic text of the Agreement.

Article 19: Copies of the Agreement

This Lease Agreement is made in 6 (six) identical copies in English language, 3 (three) of which shall be kept by the City of Sarajevo and 3 (three) by the EU Delegation.

Done in Sarajevo in good faith on xx July 2020.

For the EU Delegation

Johann Sattler

For the City of Sarajevo

Abdulah Skaka