**PAYMENT GUARANTEE AGREEMENT**

**BETWEEN:**

**THE REPUBLIC OF SERBIA** represented by the Government of the Republic of Serbia, by and through the Minister of Finance, Mr. Siniša Mali, duly authorised to sign this agreement,

(the “**Guarantor**”);

**AND**

**AGENCE FRANCAISE DE DEVELOPPEMENT**, a French public entity governed by French law, with its registered office at 5, Rue Roland Barthes, 75598 Paris Cedex 12, France, registered with the Trade and Companies Register of Paris under number 775 665 599, represented by Mr. Remy Rioux, in his capacity as Chief Executive Officer, duly authorised to sign this agreement,

(the "**Beneficiary**")

The Guarantor and the Beneficiary together the "**Parties**" and each a "**Party**".

**Preamble**

By the credit facility agreement n° CRS1018 01 Fdated August 29, 2024 ("**Credit Facility Agreement**") between Joint stock company Elektromreža Srbije Belgrade ("**Borrower**") and the Beneficiary, the Beneficiary agreed to make a facility available to the Borrower up to a maximum amount of EUR 12,000,000 ("**Facility**") on the terms and subject to the conditions contained in the Credit Facility Agreement.

The execution and delivery of this Guarantee is a condition precedent for any disbursement under the Credit Facility Agreement.

The terms and conditions of the Credit Facility Agreement are known to the Guarantor and the Guarantor has been provided with a copy of the executed Credit Facility Agreement.

This being premised, the Parties hereby agree the Payment Guarantee Agreement ("**Guarantee**") as follows:

**Article 1**

1.1 The Guarantor hereby irrevocably and unconditionally guarantees to the Beneficiary the due performance of all of the Borrower’s payment obligations under the Credit Facility Agreement.

1.2 Upon the Beneficiary’s first written demand stating that the Borrower has not performed its payment obligations under or in connection with the Credit Facility Agreement as and when due, the Guarantor shall remit promptly the requested amounts without any set-off, reservation, deduction, counterclaim or other objection or defense exclusively in Euro, to the following bank account opened by the Beneficiary at the *Banque de France* (head office/main branch):

SWIFT-BIC: BDFEFRPPCCT

IBAN: FR76 3000 1000 6400 0000 4023 503

or any other account notified by the Beneficiary to the Guarantor.

1.3 The payment obligations of the Guarantor shall be valid and binding, independent from the obligations of the Borrower and of the validity of the Credit Facility Agreement, of any prior advice or request for payment from the Beneficiary to the Borrower, of any legal proceedings or other action instituted by the Beneficiary against the Borrower, or of any evidence of the Borrower’s default to be furnished by the Beneficiary.

**Article 2**

Modifications of or amendments to the Credit Facility Agreement shall not require the consent of the Guarantor. However, the Guarantor shall assume liability for additional payment obligations only if the Guarantor shall have consented to the respective modifications or amendments.

**Article 3**

Without prejudice to the Guarantor's other obligations under this Guarantee, the Guarantor, by taking all necessary or appropriate measures, shall, within its competence and in conformity with sound engineering and financial practices, assist the Borrower in the performance of the Borrower's obligations under the Credit Facility Agreement to the extent permitted by law.

**Article 4**

So long as the Guarantor is under any actual or contingent liability hereunder, it shall not have any right of subrogation in respect of any amount paid by it hereunder.

**Article 5**

5.1 If any payment by the Borrower or any release from the Beneficiary is challenged or reduced by reason of any insolvency or similar event, then:

(a) the liability of the Guarantor shall continue as if such payment, release, challenge or reduction had not occurred; and

(b) the Beneficiary shall be entitled to receive the payment from the Guarantor as if such payment, release, challenge or reduction had not been made.

5.2. The Guarantor's obligations under this Guarantee shall not be affected in their existence by any act, omission or other circumstance relating to the Borrower's obligation which would reduce or impair any of its obligations under this Guarantee or relieve it thereof. This shall also apply to any defences of the Borrower as principal debtor or rights of avoidance or set-off of the Borrower.

**Article 6**

6.1 Prior to the first disbursement under the Credit Facility Agreement, the Guarantor shall prove in form and substance satisfactory to the Beneficiary that the Beneficiary is exempt from all taxes, fees, charges and similar costs in the Republic of Serbia on all payments to be made by the Guarantor under this Guarantee.

6.2 In any case, all payments to be made by the Guarantor under this Guarantee shall be made without any deduction or withholding. If the Guarantor is required by law or otherwise to make any deduction or withholding from any sum payable to the Beneficiary, then the Guarantor shall pay such additional amounts as to ensure that the Beneficiary receives a net sum equal to the sum it would have received had no such deduction or withholding been made.

6.3 All taxes, fees, charges, stamp duties and similar costs accruing in connection with the conclusion and implementation of this Guarantee outside France shall be borne by the Guarantor. Any such cost accruing in France shall be borne by the Guarantor if caused by it. If any such cost to be borne by the Guarantor are paid by the Beneficiary, the Guarantor shall promptly on demand reimburse the Beneficiary.

6.4 All costs and expenses, including legal expenses, arising out of or in connection with the preparation, negotiation, execution, registration, implementation, modification, pre­servation or enforcement of this Guarantee, the rights hereunder, or any security or document pertaining hereto shall be borne by the Guarantor if not paid by the Borrower. If any such cost or expense is paid by the Beneficiary, the Guarantor shall promptly on demand reimburse for the full amount of such cost or expense, including such part thereof as represents VAT.

**Article 7**

7.1 The Guarantor hereby confirms that all authorizations required in the Republic of Serbia for the conclusion and implementation of this Guarantee and of the Credit Facility Agreement have been duly granted and continue to be in full force and effect.

7.2 The Guarantor shall notify the Beneficiary without delay of any events that may impede or endanger the due implementation of the Credit Facility Agreement or of this Guarantee.

**Article 8**

8.1 This Guarantee shall be governed by and construed in accordance with the laws of the Federal Republic of Germany.

8.2 Place of performance shall be Paris.

8.3 All claims under this Guarantee expire after five years from the end of the year in which any such claim has accrued and in which the relevant Party has become aware of the circumstances constituting such claim or could have become aware of them without gross negligence.

8.4 Any dispute arising out of or in connection with this Payment Guarantee Agreement shall be referred to and finally settled by arbitration under the Rules of Conciliation and Arbitration of the International Chamber of Commerce applicable on the date of commencement of arbitration proceedings, by one or more arbitrators to be appointed in accordance with such Rules. The seat of arbitration shall be Paris and the language of arbitration shall be English.

This arbitration clause shall remain in full force and effect if the Guarantee is declared void or is terminated or cancelled.

8.5 No payment to the Beneficiary hereunder, be it pursuant to any award or judgement or order of any court or otherwise shall operate to discharge the obligation of the Guarantor in respect of which it was made unless and until payment in full shall have been received in the currency of account of such obligation. To the extent that the amount of any such payment shall on any necessary conversion into the currency of account in which the payment fell due, fall short of the amount of the relevant obligation expressed in such currency of account, the Guarantor shall remain indebted to the Beneficiary in such sum as shall upon conversion into the currency of the account in which the payment fell due equal the amount of the shortfall.

8.6 To the extent that the Guarantor may now or in future in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment or other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity, the Guarantor hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction. Foregoing waiver of immunity shall not apply to property which is (i) used by diplomatic, consular, special missions and missions of international organizations or of international conferences of the Guarantor's Country or (ii) of a military character and under the control of a military authority.

8.7 The provisions of the Credit Facility Agreement relating to computation and payments in general shall apply *mutatis mutandis* in any payment to be made hereunder.

8.8 Any statements or notices and communications in respect of this Guarantee shall be dispatched by airmail letter or by teletransmission to the following addresses:

For the Beneficiary: Agence Française de Développement

5, rue Roland Barthes

75598 Paris Cedex 12

France

For the Guarantor: Republic of Serbia  
Ministry of Finance

20 Kneza Milosa Street

11000 Belgrade

Republic of Serbia

Fax: + 381 11 3618-961

Any such statement, notice or communication shall be deemed to have been received:

(a) if made by airmail letter, seven days after the relevant letter has been dispatched by registered airmail, postage prepaid; or

(b) if made by teletransmission, when transmission has been completed.

8.9 Should any of the provisions of this Guarantee be legally invalid, such invalidity shall not affect the validity of the remaining provisions. Any gap resulting in consequence shall be filled by a provision consistent with the spirit and the purpose of this Guarantee.

8.10 This Guarantee is drawn up in the English language in 2 (two) originals. The Beneficiary shall have one original.

8.11 This Guarantee will enter into force on the eighth day following the day the guarantee law relating to this guarantee is published in the Official Gazette of the Republic of Serbia.

8.12 The Beneficiary shall return this guarantee to the Guarantor as soon as all payment obligations of the Borrower under the Credit Facility Agreement shall have been fulfilled.

Executed in two (2) originals, in Belgrade, on August 29, 2024.

**GUARANTOR**

**REPUBLIC OF SERBIA**

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**Represented by:**

Name: **Siniša Mali**

Capacity: **First Deputy Prime Minister and Minister of Finance**

**BENEFICIARY**

**AGENCE FRANÇAISE DE DEVELOPPEMENT**

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**Represented by:**

Name: **Remy Rioux**

Capacity: **Chief Executive Officer**