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PARLIAMENT OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 75, paragraphs 1 and 2 of the Constitution of the Republic of Macedonia, President of the Republic of Macedonia and President of the Parliament of the Republic of Macedonia shall issue the following

**DECREE
ON PROMULGATION OF THE LAW ON GUARANTEE OF THE REPUBLIC OF
MACEDONIA UNDER THE LOAN AGREEMENT FOR FINANCING THE PROJECT
“MODERNIZATION OF UNITS 2 AND 3 OF BOILERS IN TPP BITOLA”, TO BE
CONCLUDED BETWEEN DEUTSCHE BANK AND AD ELEM**

Law on Guarantee of the Republic of Macedonia under the Loan Agreement for financing the Project “Modernization of Units 2 and 3 of Boilers in TPP Bitola”, adopted by the Parliament of the Republic of Macedonia, at its session held on 22th August 2012, shall be promulgated.

No. 07-3633/1
22nd August 2012
Skopje

President
of the Republic of Macedonia
Gorge Ivanov, in his own hand

President
of the Parliament of the Republic
of Macedonia
Trajko Veljanoski, in his own hand

Law on Guarantee of the Republic of Macedonia under the Loan Agreement for financing the Project “Modernization of Units 2 and 3 of Boilers in TPP Bitola”, to be concluded between Deutsche Bank and AD ELEM

Article 1

Republic of Macedonia shall guarantee settlement of liabilities and adherence to the provisions from the Loan Agreement for the Project “Modernization of Units 2 and 3 of Boilers in TPP Bitola”, to be concluded between Deutsche Bank and AD ELEM, in the amount of EUR 49,232,018, in case AD ELEM fails to realize and service liabilities under the Loan Agreement.

To the end of regulating the rights and obligations arising from this guarantee, Republic of Macedonia and Deutsche Bank shall conclude Guarantee Agreement. Minister of Finance shall sign the Guarantee Agreement on behalf of the Republic of Macedonia.

Loan referred to in paragraph 1 of this Article is separated in two parts in the amount of EUR 24.864.362 and EUR 24.367.656.

EUR 24.367.656 referred to in paragraph 3 of this Article shall be intended for modernization of Unit 2 in TPP Bitola.

EUR 24.864.362 referred to in paragraph 3 of this Article shall be intended for modernization of Unit 3 in TPP Bitola.

Article 2

Terms and conditions and manner of using the loan referred to in Article 1 of this Law shall be determined in the Loan Agreement, to be concluded between Deutsche Bank and AD ELEM for the Project "Modernization of Units 2 and 3 of Boilers in TPP Bitola".

Article 3

All liabilities arising from the Loan Agreement referred to in Article 1 of this Law, as well servicing the loan, shall be settled by AD ELEM from its own revenues, within the deadline and the terms and conditions provided in the Loan Agreement.

Article 4

Loan under the Agreement referred to in paragraph 1 of Article 1 of this Law shall be repaid in 24 equal semi-annual instalments. Repayment shall start six months after the date of readiness for operation of each modernized Unit. First repayment for the loan part for Unit 3 shall start not later than 20th June 2013. First repayment for the loan part for Unit 2 shall start not later than 20th June 2014.

Interest rate shall be variable interest rate, i.e. six-month EURIBOR plus margin of 1.675% annually.

Article 5

Within 30 days from the date of concluding of the Loan Agreement referred to in Article 1, up – front fee shall be paid to Deutsche Bank amounting to 0.625% of the loan amount.

Within 30 days from the date of concluding the Loan Agreement referred to in Article 1 and on the same date every next year, agency fee shall be paid to the Deutsche Bank annually, amounting to EUR 9,500, until the Loan is fully repaid.

Commitment fee shall be paid to the Deutsche Bank annually, amounting to 0.625% of the loan amount.

Commitment fee referred to in paragraph 3 of this Article shall be paid quarterly from the date of concluding the Loan Agreement.

As regards liabilities related to repayment of the loan referred to in Article 1 of this Law, which shall not be paid within the envisaged deadline, default interest shall be paid amounting to the interest rate plus 2% p.a.

Settlement of loss amounting to the interest rate plus 2% p.a. shall be paid for other liabilities related to the loan referred to in Article 1 of this Law, which shall not be paid within the envisaged deadline.

Article 6

To the end of regulating the rights and obligations arising from the Loan Agreement and the Guarantee Agreement, Ministry of Finance and AD ELEM shall conclude separate agreement.

Article 7

This Law shall enter into force on the day it is published in the "Official Gazette of the Republic of Macedonia".