



## PRE-FINANCING AGREEMENT

### Re: UKRAINE: RLF - Cherkasy Trolleybus Project

This Pre-financing Agreement (the “**Agreement**”) is made on 25 October 2024, by and between:

- (1) Cherkasy City Council, a body of local self-governance that represents the territorial community of the City of Cherkasy, Ukraine (the “**City**”), having its legal address at 36 Baidy Vyshnevets'koho Street, Cherkasy, Cherkaska Oblast, 18000, Ukraine;
- (2) Communal Enterprise “Cherkasyelektrotrans” (the “**Company**”), having its legal address at 82 Khimikiv Avenue, Cherkasy, Cherkaska Oblast, 18036, Ukraine; and
- (3) European Bank for Reconstruction and Development (the “**Bank**”), having its headquarters at 5 Bank Street, London, E14 4BG, United Kingdom.

Collectively, the “**Parties**”.

### WHEREAS:

- A. The Company is considering a project to invest in (i) the acquisition of up to 45 new modern trolleybuses, and (ii) modernisation of the catenary network (the “**Project**”). The scope of the Project will be confirmed following the due diligence.
- B. The Bank is considering participation in the Project through the provision of a senior loan to the Company in the amount of **up to EUR 15,000,000 (fifteen million)** (the “**Loan**”) with a guarantee from the City, to be issued by the City in accordance with the legislation of Ukraine. The Loan amount and conditions will be defined in the course of the Project due diligence.
- C. The Parties wish to set forth in this Agreement the basis on which they will work together in preparing the proposed financing for the Project.
- D. The Bank, the City and the Company are planning to seek grant co-financing for the Project from interested bilateral and multilateral donors. The final grant financing amount to be confirmed after due diligence.
- E. It is understood that neither this Agreement nor the contents of this Agreement shall constitute a legal obligation nor represent any commitment on the part of the Bank to provide any financial support, including grant co-financing, to the Company. Any such obligation or commitment on the part of the Bank will be subject, among other things, to the signing of appropriate legal documentation.



**NOW, THEREFORE, THE PARTIES HAVE AGREED AS FOLLOWS:**

1. The Bank confirms its interest in considering participating in the Project (subject to Section 9 below) through the provision of long-term financing in the form of the Loan to the Company that would benefit from a guarantee by the City to be issued in accordance with the legislation of Ukraine. The terms and conditions of any financing by the Bank will be negotiated after appraisal. However, the following indicative terms and conditions for the Loan are anticipated:
  - (i) **Currency:** EUR.
  - (ii) **Maturity:** up to 13 years (consisting of up to 3 years grace and 10 years for principal repayment, for the avoidance of doubt, no grace period will be offered for interest payments).
  - (iii) **Loan Amount:** up to EUR 15.0 million.
  - (iv) **Interest rate:** The margin will be determined after due diligence, depending on the Bank's assessment of the overall Project risk, and subject to prevailing market conditions at the time.
  - (v) **Front-end commission:** 1.0% of the principal amount of the Loan. The amount of the Appraisal Fee received by the Bank pursuant to Section 5 of this Agreement shall be deducted from the amount of the Front-end commission payable by the Company to the Bank under the loan agreement.
  - (vi) **Commitment Charge:** 0.5% p.a. on any undisbursed amount of the Loan.
  - (vii) **Guarantee:** guarantee of the City governed by English law to be issued in accordance with the legislation of Ukraine.
  - (viii) **Procurement rules:** in accordance with EBRD *Procurement Policies and Rules* as permitted by the current Ukrainian legislation (Agreement between the Government of Ukraine and the European Bank for Reconstruction and Development dated 12.06.2007 (ratified on 04.06.2008) regarding Cooperation and the Activities of the Resident Office of the EBRD in Ukraine", Article 12, Section 12.02).
  - (ix) **Effectiveness:** Certain provisions of the loan agreement and the other financing agreements will come into force and effect and become binding on the Parties upon satisfaction of certain conditions, including (without limitation) the Bank being satisfied, in its sole discretion, with the creditworthiness of the Company and the City. The front-end commission will become payable and the commitment charge will start to accrue after such effectiveness or as will otherwise be provided in the financing agreements.
  
2. The Bank confirms its willingness to co-operate with the other Parties hereto to advance the preparation of the contemplated financing, including by mobilising staff and external consultants, as long as the Project shall be supported by the Bank's management.



3. Upon the Company's or the City's request, the Bank will seek to mobilise technical cooperation grant funds administered by the Bank ("**TC Funds**"), subject to the approval of the Bank's management, for the purposes of the Project preparation and implementation.
4. The Company will be obliged to reimburse the Bank for its out-of-pocket expenses (the "**Expenses**") in relation to fees and expenses for outside legal counsel retained by the Bank in connection with the preparation of the Bank's financing and the preparation, drafting, negotiation and review of the financing documentation and any other documents relating to the financing documentation, up to a cap of a total amount of **EUR 40,000** (forty thousand), as they are incurred by the Bank and invoiced by the Bank to the Company. Any invoice in relation to the Expenses incurred by the Bank and issued by the Bank to the Company shall be payable within 30 days from the date thereof.
5. The Company will be obliged to pay to the Bank an appraisal fee (the "**Appraisal Fee**") in the amount of **EUR 30,000** (thirty thousand) for the appraisal of the Project. The appraisal fee shall be payable within 30 days of the Project receiving final approval from the Bank's operations committee or small business investment committee, as applicable. The Appraisal Fee shall be credited towards the Front-end commission referred to in Section 1 (v) above if same becomes payable. If the Bank discontinues processing of the Project or the Bank's Board of Directors decide not to approve the financing, the Appraisal Fee will be reimbursed by the Bank.
6. If the City or the Company at any time and for whatever reason elects not to pursue further processing of the proposed financing with the Bank, the Company will be obliged to pay, and the City shall procure that the Company pays or the City shall itself pay, to the Bank, promptly upon receipt of an invoice from the Bank, any accrued and unpaid Expenses and Appraisal Fee in accordance with Sections 4 and 5 of this Agreement.
7. The contribution of the City and the Company to the preparation of the Project shall include the following:
  - (a) The City and the Company shall pay for their own internal costs relating to the preparation and appraisal of the Project.
  - (b) Upon execution of this Agreement, the Company shall retain at its own cost a firm of reputable auditors, satisfactory to the Bank, to perform an audit of its financial statements in accordance with International Financial Reporting Standards for financial year 2023.
  - (c) The City and the Company shall co-operate with each other and the Bank in the preparation of the loan agreement, the grant agreement, the guarantee, indemnity and project support agreement and any other agreement to be executed in connection with the Project.



- (d) The Company and/or the City shall provide, without charge, to any consultants engaged to assist in matters relating to the Project or the operations of the Company and/or the City all facilities and support necessary for the carrying out of their functions, including office space, photocopying equipment and supplies, secretarial services and transportation within the City boundaries, as well as all documents, materials and other information that may be relevant to their work.
8. The City and the Company shall not disclose or make any public statement regarding the Bank's interest in considering participation in the Project without the Bank's prior written approval.
9. Sections 1, 2 and 3 of this Agreement reflect only the expectations and current intentions of the Parties in relation to the Project and do not impose or constitute any legally binding obligations on the Parties to provide, or to accept, financing, as the case may be. In particular, any financing will be conditional on the findings of the Project appraisal and shall be subject to negotiation of an overall financing plan and Project arrangements satisfactory to the Bank, approval by the Bank's management and Board of Directors, negotiation and execution of appropriate financing documentation and fulfillment of applicable conditions precedent. Except as otherwise provided in this Section 9, this Agreement provides for legally binding obligations of the Parties, which will become immediately effective upon approval of this Agreement in accordance with Section 18 of this Agreement.
10. Any amendment to, or waiver by the Bank of any terms or conditions of, or consent given by the Bank under, this Agreement (including under this Section 10) shall be in writing, signed by the Bank and, in the case of an amendment, by the City and the Company.
11. Any notice, application or other communication to be given or made under this Agreement to any Party to this Agreement shall be in writing. Except as otherwise provided in this Agreement, such notice, application or communication shall be deemed to have been duly given or made when it is delivered by hand, airmail, telex or facsimile transmission to the party to which it is required or permitted to be given or made at such party's address herein firstly mentioned or at such other address as such party designates by notice to the party giving or making such notice, application or other communication.
12. This Agreement shall be governed by the laws of England. Each of the loan agreement to be executed between the Bank and the Company, the grant agreement and the guarantee, indemnity and project support agreement to be executed between the Bank and the City will be governed by the laws of England. All the financing agreements to which the Bank will be a party will contain an international arbitration clause consistent with the Bank's standards.

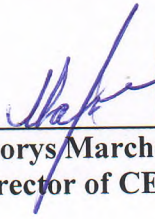


13. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity hereof or the Bank's involvement with the Project (if any), shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. There shall be one arbitrator and the appointing authority shall be LCIA (London Court of International Arbitration). The seat and place of arbitration shall be London, England and the English language shall be used. The parties waive any rights under the Arbitration Act 1996 or otherwise to appeal any arbitration award to, or to seek determination of a preliminary point of law by, the courts of England. Notwithstanding the UNCITRAL Arbitration Rules, the arbitral tribunal shall not be authorised to grant, and the City and the Company agree that they shall not seek from any judicial authority, any interim measures or pre-award relief against the Bank. Notwithstanding the foregoing, this Agreement may, at the option of the Bank, be enforced by the Bank in any courts having jurisdiction.
14. Nothing in this letter agreement shall be construed as a waiver, renunciation or other modification of any immunities, privileges or exemptions of the Bank accorded under the Agreement Establishing the European Bank for Reconstruction and Development, international convention or any applicable law.
15. The the City and the Company represent and warrant that this Agreement is a commercial rather than a public or governmental act and that the City and the Company are not entitled to claim immunity from legal proceedings with respect to itself or any of their assets on the grounds of sovereignty or otherwise under any law or under any jurisdiction where an action may be brought for the enforcement of any of the obligations arising under or relating to this Agreement.
16. The Bank is sometimes the recipient of communications, including complaints, from civil society on environmental, safety, social, and other aspects of projects, both before Board approval and during project implementation. The Bank will share this external communication and its responses with the City and the Company and any potential and existing co-financiers, insofar as any of this information is not covered by any confidentiality agreement, in order to ensure consistency in approach and messages to the public. The Bank encourages the City and the Company and any co-financiers to likewise share external communication, including complaints, and their responses with the Bank.
17. This Agreement is drafted in 10 (ten) counterparts, 5 (five) in English and 5 (five) in Ukrainian, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. The English version shall be the governing version.
18. [In accordance with Clause 43, Article 26 of the Law of Ukraine "On Local Self-Governance in Ukraine", this Agreement will take effect on the date of its approval by the City Council at its Plenary Session. The City shall promptly notify the Bank of such approval in writing.]



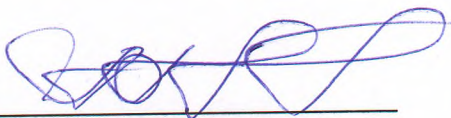
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names as of the date first above written.

For COMMUNAL ENTERPRISE "CHERKASYELEKTROTRANS"

  
Name: Borys Marchenko  
Title: Director of CE "Cherkasyelektrotrans"

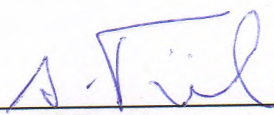


For CHERKASY CITY COUNCIL

  
Name: Anatolii Bondarenko  
Title: Mayor of the City of Cherkasy



For EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

  
Name: Arvid Tuerkner  
Title: Managing Director, Head of Ukraine and Moldova

