

STEP-IN AGREEMENT

This Step-in Agreement (the “**Agreement**”) is entered into in [place] on [date]:

1. [name of the Purchaser], [address], tax identification number [●], company ID No. [●], represented by [●], on one hand (“PURCHASER“),
2. [name of the Seller], [address], tax identification number [●], company ID No. [●], represented by [●], on one hand (“SELLER”)
3. [name of the Lender’s Agent], [address], company ID No. [●], represented by [●], (“Agent”)

OR

[name of the Lender], [address], company ID No. [●], represented by [●], (“LENDER”),]

each of them also referred to individually as the “Party” and jointly as the “Parties”.

PREAMBLE

(A) The SELLER and the PURCHASER entered into the power purchase agreement, [insert number and date of the Agreement], (the “PPA”), in respect of the [insert type of the power plant and its name], total installed capacity of [insert installed capacity] on the territory of [insert municipality, cadastral parcel] (the “Power Plant”).

(B) Pursuant to the facility agreement [insert the date and the number of the agreement] and other finance documents with [insert Agent or LENDER], financing has been made available to the SELLER in respect of the Power Plant, (the “Finance Documents”).

(V) Under the Finance Documents, the lenders have jointly appointed the Agent to act on their behalf in respect of the realization of their rights under this Agreement.

Terms and expressions used in this Agreement shall have the meaning assigned to such terms and expressions in the Energy Law (“Official Gazette of the RoS” No. 145/14), acts issued on the basis of Article 74 and Article 80 of the respective law and the PPA.

Article 1

This Agreement regulates the rights of [insert the AGENT OR LENDER] in respect of the PPA if [insert the AGENT OR LENDER] wishes to appoint another party (a “Representative” or a “Substitute”) in place of the SELLER in the following cases:

- 1) following the notification of the occurrence of an event of breach or default under any of the Finance Documents (“Enforcement Event”) by the [insert Agent or LENDER] to the PURCHASER (“Enforcement Event Notice”);
- 2) if the SELLER loses the status of the privileged power producer or the status of the preliminary privileged power producer,
- 3) if an event occurs which save for this Agreement would give the PURCHASER the right to suspend or terminate the PPA (“Termination Event”).

Article 2

The [insert Agent or LENDER] may (but is not obliged to) notify the PURCHASER that an Enforcement Event has occurred.

If [insert the Agent or LENDER] notifies the PURCHASER that an Enforcement Event has occurred, the PURCHASER is obliged to deliver to the [insert Agent or LENDER]

within seven business days after the receipt of the notice the list of the existing or outstanding obligations of the SELLER under the PPA (including any amount owed by the SELLER to the PURCHASER) of which the PURCHASER is aware.

Article 3

The PURCHASER is obliged to inform the [insert Agent or LENDER] about the occurrence of the Termination Event, specifying the reasons which save for this Agreement would give the right to the suspension or the termination of the PPA (the “Termination Notice”) or the SELLER losing the status of the privileged power producer or the status of the preliminary privileged power producer (the “Status Notice”).

The PURCHASER may not terminate the PPA and in case of the Status Notice the PPA shall not cease in accordance with Article 39 of the PPA during the required period (“Required Period”).

The Required Period referred to in paragraph 2 of this Article shall last from the day on which the PURCHASER delivered to [insert Agent or the LENDER] the Termination Notice or the Status Notice until the expiry of 360 days from the day of the receipt of the Termination Notice or the Status Notice.

If before the expiry of the deadline referred to in paragraph 3 of this Article [insert Agent or LENDER] notifies the Purchaser that it does not plan to appoint a Representative or a Substitute, the Required Period shall expire on the day on which the PURCHASER receives the notification from [insert Agent or LENDER] that it does not plan to appoint a Representative or a Substitute.

The notice from paragraph 1 of this Article shall also contain a list of obligations from Article 2 paragraph 2 this Agreement.

Article 4

During the Required Period or within 360 days from the date on which the PURCHASER received the Enforcement Event Notice, the [insert Agent or LENDER] may, but is not obliged to, give notice to the PURCHASER that, with the effect from the date specified in such notice (the “Step-In Date”), a Representative shall be appointed to assume, jointly and severally with the SELLER the rights and obligations under the PPA, to the extent the Representative is able to do so in accordance with the laws of the Republic of Serbia or the Grid Code during the step-in period (the “Step-in Period”):

The Step-in Period referred to in paragraph 1 of this Article lasts from the Step-In Date until the day of occurrence of one of the following events:

- 1) the expiry of a notice given by the Representative or [insert the AGENT or LENDER] to the PURCHASER, provided that such notice shall not be less than 20 days, that the Representative wishes to step-out (the “Step-Out Date”),
- 2) the date of appointment of a Substitute pursuant to Article 5 of this Agreement,
- 3) the date of termination of the PPA by the PURCHASER in accordance with paragraph 4 of this Article,
- 4) the expiry of the PPA,
- 5) the expiry of the Required Period.

The Representative shall have the same rights under the PPA as if it had at all times been party to a contract on the same terms as the PPA, in place of the Seller, to the extent the Representative may be entitled to such rights in accordance with the laws of the Republic of Serbia or the Grid Code.

During the Step-In Period the PURCHASER shall be entitled to terminate the PPA only if any of the grounds for termination due to non-payment set out in the PPA apply to the Representative during the Step-In Period.

The PURCHASER may not terminate the PPA during the Step-In Period:

- 1) on the grounds of an Enforcement Event,
- 2) on the grounds arising solely in relation to the SELLER, and not to the Representative,
- 3) on the grounds that the SELLER or the Representative does not have the status of the privileged power producer or the status of the temporary privileged power producer.

From the Step-Out Date the Representative shall be released from all obligations and liabilities of the SELLER under the PPA.

In case of the Representative stepping out, the SELLER shall continue to be bound by the terms of the PPA notwithstanding the occurrence of the Step-Out Date.

Article 5

[insert Agent or LENDER] may, but is not obliged to, during the Required Period, Step-in Period or within 360 days from the date on which the PURCHASER received the Enforcement Event Notice, request the transfer of rights and obligations of the SELLER under the PPA to the Substitute.

If [insert AGENT or the LENDER] decides to transfer rights and obligations of the SELLER under the PPA to a Substitute, the transfer of such rights and obligations under the PPA to the Substitute shall be done:

1) in case of the occurrence of the Enforcement Event or the Termination Event on the basis of the amending the resolution on acquiring the status of a (temporary) privileged power producer of the SELLER to the name of the Substitute appointed by the [insert AGENT or the LENDER] before the competent authority in accordance with the regulations regulating the transfer of the status of the (temporary) privileged power producer or

2) in case of the receipt of the Status Notice, on the basis of the resolution on acquiring the status of the (temporary) privileged power producer in the name of the Substitute appointed by the [insert AGENT or the LENDER] before the competent authority in accordance with the regulations regulating the transfer of the status of the (temporary) privileged producer.

The power of the [insert AGENT or the LENDER] to appoint a Substitute does not affect the obligations of the Substitute to obtain all the necessary documents in its name which are required for the transfer and obtaining the status of the (temporary) privileged power producer in accordance with the regulations regulating the transfer of the status of the (temporary) privileged power producer.

Article 6

The day of the transfer of rights and obligations of the SELLER to the Substitute is the day when the resolution on the amendment of the resolution on obtaining the status of the (temporary) privileged power producer in the name of the Substitute, or the resolution on obtaining the status of the (temporary) privileged power producer in the name of the Substitute is delivered to the PURCHASER, in accordance with Article 36 of the PPA ("Transfer Date").

The effects of the PPA are not suspended during the Required Period except for the instance where the SELLER's status of the privileged power producer or the temporary privileged power producer is lost or revoked (the "Status Loss").

In case of the Status Loss, the effects of the PPA, with the exception of Articles 1, 24 paragraph 3, 26, 36, 38, 39, 41 and 42 of the PPA shall be suspended until the earlier of the following events:

- 1) the Transfer Date,
- 2) expiry of the Required Period.

If the Transfer Date occurs, the term of the PPA shall be extended for the duration of the period from paragraph 2 of this Article during which the legal effects of the PPA were suspended.

If the [insert AGENT or LENDER] does not exercise its right of appointment within the deadlines set out in Article 4 of this Agreement, the PPA shall cease to be valid if the SELLER has lost its status of the privileged power producer or the status of the temporary privileged power producer.

Article 7

If the [insert AGENT OR LENDER] appoints a Substitute pursuant to this Agreement, the PURCHASER shall, at the SELLER's expense:

1) take all actions that the [insert AGENT OR LENDER] may request in order to enable the transfer to the Substitute of the rights and obligations of the SELLER under the PPA arising on or after the Transfer Date,

2) enter into a new step-in agreement with the [insert AGENT OR LENDER] (or its replacement) on substantially the same terms as this Agreement, if necessary.

Article 8.

From the Transfer Date:

1) the SELLER shall be released from any obligations arising under or in connection with the PPA on or after the Transfer Date,

2) the Substitute shall assume the rights, as well as the liabilities of the SELLER arising under or in connection with the PPA on or after the Transfer Date.

From the Transfer Date or the date on which the [insert AGENT OR LENDER] has enforced its pledge rights over shares in the SELLER, the PURCHASER shall withdraw the Termination Notice if such breach or the grounds for the Termination Notice are remedied within 60 days of the Transfer Date or the date on which the [insert AGENT OR LENDER] has enforced its pledge rights over shares in the SELLER.

NO LIQUIDATION OR BANKRUPTCY PROCEEDINGS

Article 9

The PURCHASER states that it shall not take any action to initiate bankruptcy or any other bankruptcy proceedings in relation to the SELLER.

NO AMENDMENT

Article 10

The PURCHASER undertakes to comply with its obligations under the PPA.

The PURCHASER shall not agree to or make any amendments to the PPA, or agree to any release or waiver of any term or provision of the PPA, without sending the prior written notice to the [insert AGENT OR LENDER] at least 30 days in advance.

NOTICES

Article 11

All communications between the Parties under this Agreement shall be made in writing and shall be sent to the address or fax number and marked for the attention of the persons appointed for mutual communication, or as otherwise notified by a Party to the other Parties by a notice given pursuant to this Article.

Each Party shall, within 10 business days of this Agreement entering into effect, determine the person responsible for the mutual exchange of information regarding the implementation of this Agreement, including also the notice on termination, and submit the data on the same to the other Party, including first name and surname, address and office number, telephone number, fax number and email address.

The Parties may for the duration of this agreement change the person in charge of mutual exchange of information, whereby they shall, without any delay, inform the other Party thereof along with the submission of the relevant data stated in Paragraph 2 of this Article.

All communications given under this Agreement shall be delivered personally by hand, sent by fax, sent by courier service, or mailed by registered or certified mail, postage prepaid.

Communications delivered personally by hand, sent by fax or courier service shall be deemed delivered and effective on the day of being so delivered or sent, or, if received after or on a day that is not a business day in the place of receipt, on the first business day following the date the notice is delivered or sent.

Communications sent by mail shall be deemed delivered on the date when the other Party receives them.

Notwithstanding paragraph 5 of this Article, any communication or document to be made or delivered to the [AGENT OR LENDER] under this Agreement shall be effective only when actually received.

Any reference in this Agreement to the date of a notice shall be interpreted as the date when such notice became effective.

Any Party may by notice to the other Parties, given in accordance with this Article, change the address, fax number or person to which communications are to be made under this Agreement.

TERM OF THE AGREEMENT

Article 12

This Agreement shall become effective upon the date of signing by all Parties and shall continue to be in effect until the date of settling all liabilities under the Finance Documents, but no longer then the term of the PPA.

GOVERNING LAW

Article 13

This Agreement and any non-contractual obligation that arises from or in connection with this Agreement shall be governed by and construed in accordance with the substantive laws of the Republic of Serbia, without reference to the provisions on conflict of laws.

DISPUTE RESOLUTION

Article 14

Any dispute arising out of or in connection with this Agreement, including any issue regarding its interpretation, existence, validity or termination (“Dispute”) shall be resolved by negotiations between the Parties.

If the Parties are unable to resolve the Dispute by negotiations within 15 days of such Dispute arising, then any of the Parties may refer the Dispute for settlement in accordance with Article 15 of this Agreement.

During the Dispute resolution process, both Parties are obliged to continue with fulfilment of their obligations in accordance with the provisions of this Agreement.

Article 15

In the event the SELLER has direct or indirect foreign shareholding or it is financed by foreign financial institutions (regardless of whether the power plant is connected to the distribution or transmission system) and wishes to refer disputes to the international arbitration court of the International Chamber of Commerce (ICC) in Paris, Article 15 shall read as follows:

Any and all disputes arising from or in connection with this Agreement shall be finally settled in accordance with the Rules of Arbitration of the International Chamber of Commerce (ICC) in Paris by one or more arbitrators appointed in accordance with the said rules. The provisions about temporary (urgent) arbitrator shall not be applicable. The seat (or legal place) of arbitration will be Paris, France.

The governing law for the settlement of disputes under paragraph 1 of this Article shall be the law of the Republic of Serbia.

The arbitration award shall be final and binding for the Parties, and the Parties will be required to implement it without delay.

All arbitration costs, including legal representation costs shall be borne by the unsuccessful Party, unless otherwise determined by the arbitrators.

The provisions of this article shall in no way impair either Party's right to file the request to the competent court in order to obtain interim measures for the protection of its rights pending the rendering of the arbitration award.

In the event the SELLER has direct or indirect foreign shareholding or it is financed by foreign financial institutions (regardless of whether the power plant is connected to the distribution or transmission system) and wishes to refer disputes to an international arbitration court of the International Arbitral Centre of the Austrian Federal Economic Chamber in Vienna (VIAC) in Vienna, Article 15 shall read as follows:

Any and all disputes and claims arising from or in connection with this Agreement, including the disputes regarding its validity, breach, termination or nullity shall be finally settled in accordance with the Arbitration Rules of the International Arbitral Centre of the Austrian Federal Economic Chamber in Vienna (Vienna Rules) by one or three arbitrators appointed in accordance with the said rules.

The seat (or legal place) of arbitration will be Paris, France.

The governing law for the settlement of disputes under paragraph 1 of this Article shall be the law of the Republic of Serbia.

The arbitration award shall be final and binding for the Parties, and the Parties will be required to implement it without delay.

All arbitration costs, including legal representation costs shall be borne by the unsuccessful Party, unless otherwise determined by the arbitrators.

The provisions of this article shall in no way impair either Party's right to file the request to the competent court in order to obtain interim measures for the protection of its rights pending the rendering of the arbitration award.

ASSIGNMENT

Article 16

No Party may assign or transfer its rights and/or obligations under this Agreement without the prior written consent of the other Parties, except that the [insert AGENT OR LENDER] may assign or transfer its rights and obligations under this Agreement to a

successor of [insert AGENT OR LENDER] in accordance with the Finance Documents without the consent of the other Parties.

If paragraph 1 of this Article applies, then the assignor [insert AGENT OR LENDER] shall give notice to the other Parties, who shall enter into a step-in agreement with the successor [insert AGENT OR LENDER] under substantially the same terms as this Agreement.

The provisions of this Article do not refer to the event of the change of the PURCHASER in accordance with the special regulations of the Energy Law which regulate the obtaining, amendment and cessation of the status of the guaranteed supplier which function is performed by the PURCHASER on the date of this Agreement.

AMENDMENTS

Article 17

This Agreement may be amended only by an agreement in writing signed by duly authorized representatives of each of the Parties.

CONFLICT

Article 18

In the event of any conflict between the terms of the PPA and the terms of this Agreement, the terms of this Agreement shall prevail.

Article 19

The Agreement is executed in Serbian and in English language.

In case of inconsistency between the Serbian and English versions, the English version shall prevail.

FINAL PROVISIONS

Article 20

This Agreement constitutes the entire agreement between the Parties regarding its subject matter and supersedes all previous written or oral agreements, statements, negotiations and arrangements between the Parties on or related to the subject matter of this Agreement.

Article 21

The rights and legal remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by the law.

Article 22

This Agreement is executed in six identical copies, two copies to be retained by each of the Parties to the Agreement.

SELLER LENDER OR THE AGENT OF THE LENDER PURCHASER”