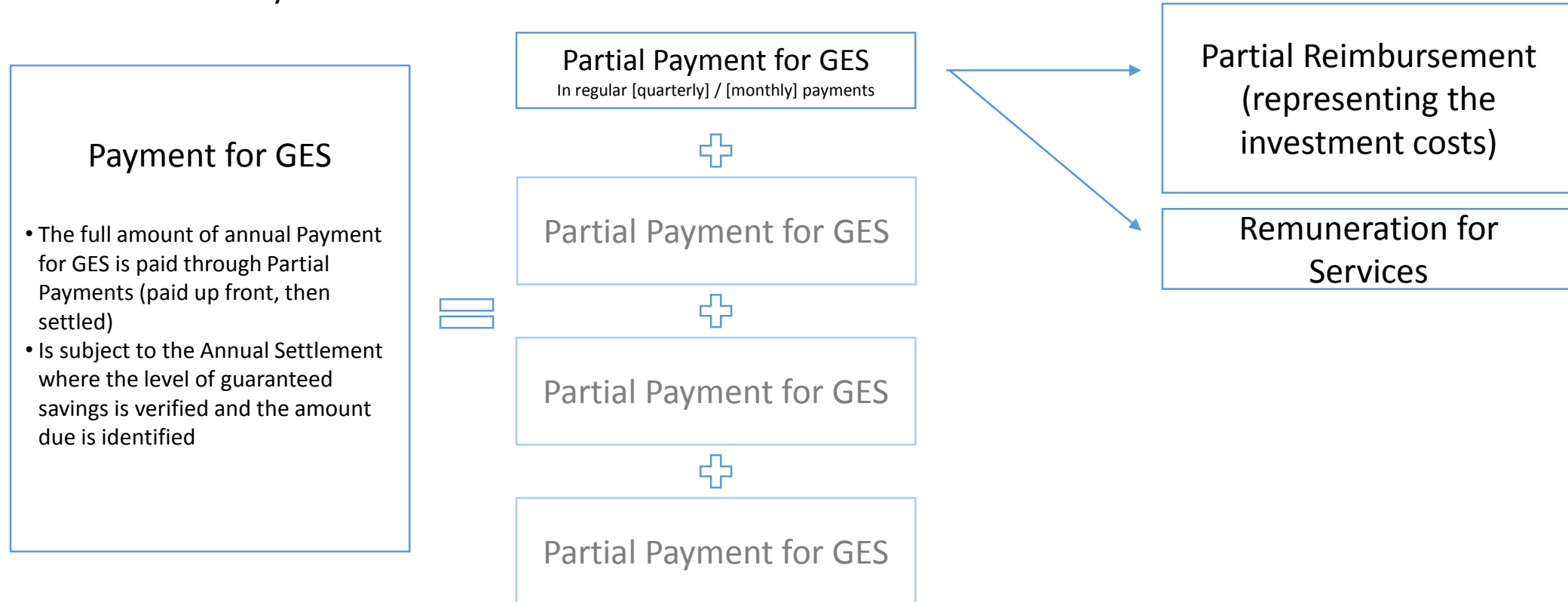
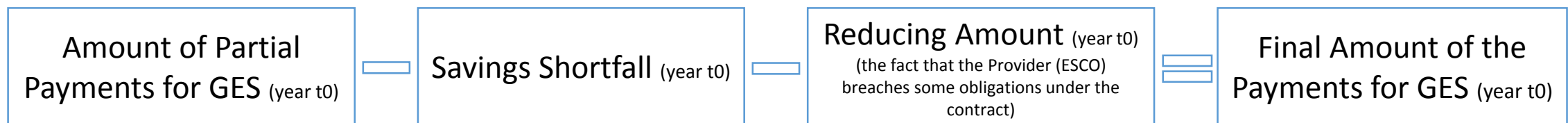


Payment mechanism
*based on the
SK (GES) EPC template
contract*

Definition of basic Payment mechanism elements:



Annual Settlement:



Underlying assumptions:

- In year t_0 , Partial Payments for GES were paid composed of 80% Partial Reimbursement and 20% Remuneration for Services
- At the same time, for simplification, the full amount of Partial Reimbursement (i.e. the amount of investment costs = 80% of the Payment for GES) was assigned to a financial institution through forfeiting

Portion of the Partial Payment for GES forfeited to financial institution
(80%)

Partial Reimbursement
(investment costs)

Clause 16.3: The part of the entitlement of the Provider (ESCO) to the Partial Payments for GES that will be assigned to financial institution (80% in our case) in accordance with the terms of the Contract may not be subject to any set-off with any entitlements of the Beneficiary

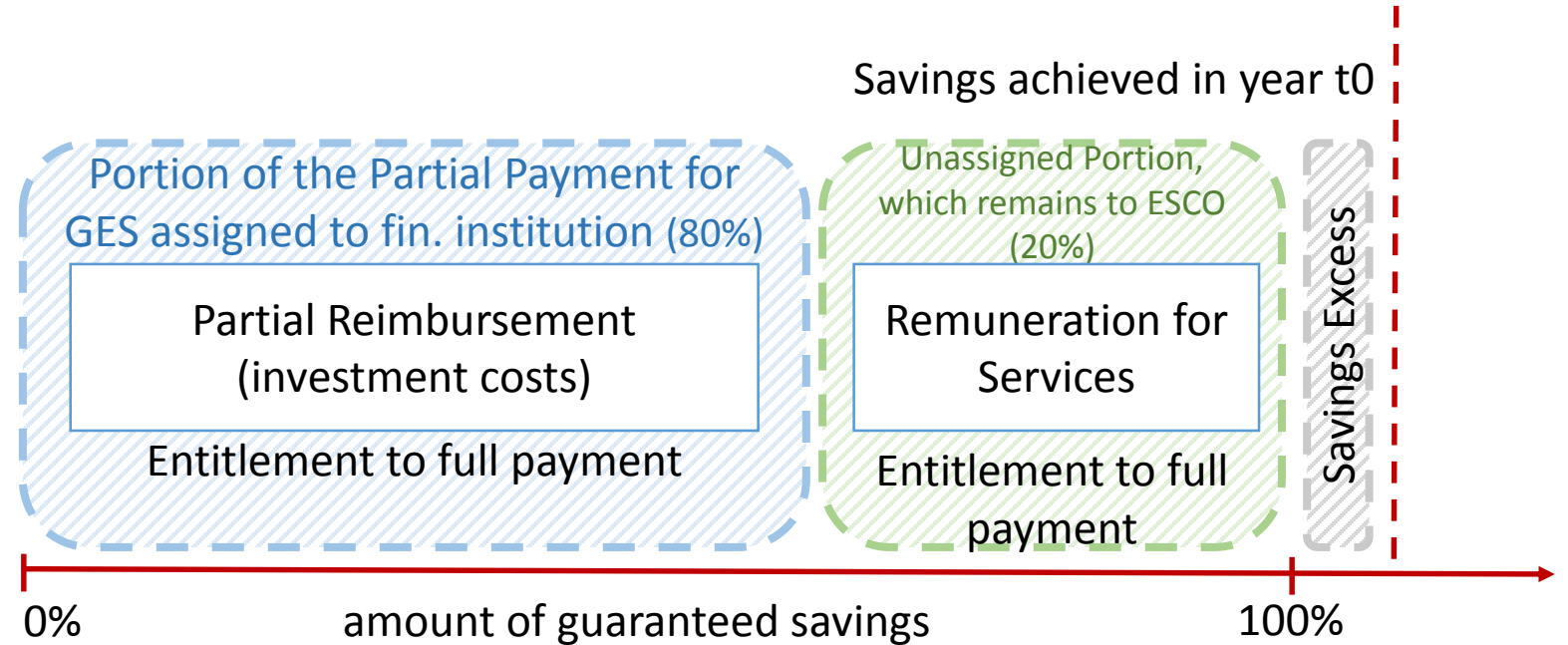
Unassigned Portion, which
remains to ESCO
(20%)

Remuneration for
Services

Unassigned Portion (20%), which
remains to ESCO shall be set off against
the Provider's (ESCO) entitlement(s) in
year t_0

Situation n. 1 - ideal scenario

In year t0, 100% of guaranteed annual savings have been achieved, moreover, Savings Excess has occurred



Provider's (ESCO) entitlement (upon the Annual Settlement):

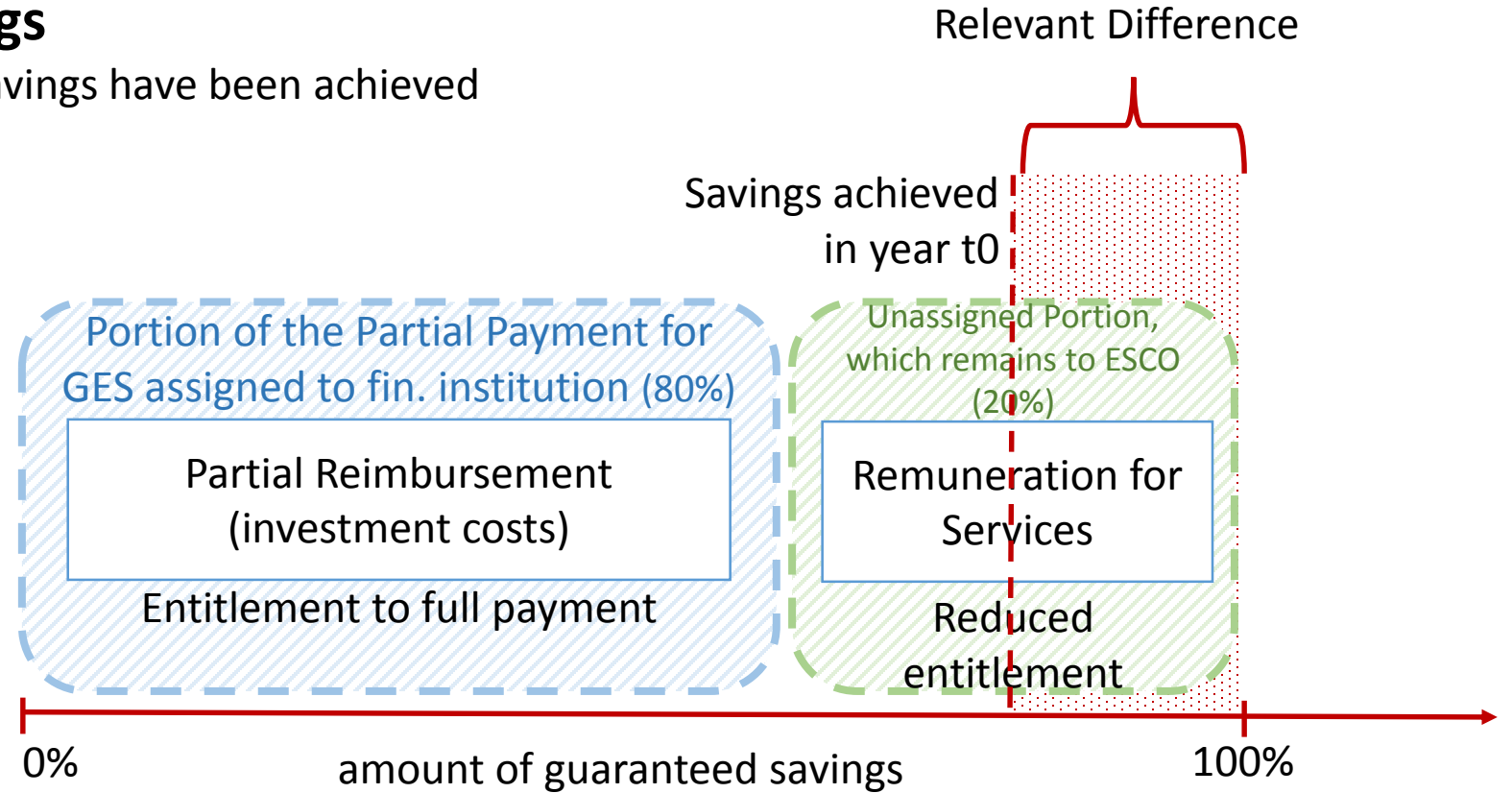
- Provider shall be entitled to the payment of the Partial Reimbursement for the year t0 in full amount
- Provider shall be entitled to the payment of the Remuneration for Services for the year t0 in full amount

Settlement - year t0:

- Provider shall be entitled to the remuneration in the amount of $[\frac{2}{3}]$ of the financial amount of the Savings Excess
- The Beneficiary shall be obliged to pay such remuneration to the Provider on the basis of the invoice issued by the Provider within a due date of sixty (60) days after the approval of the Annual Settlement

Situation n. 2 - insufficient savings

In year t0, 80-100% of guaranteed annual savings have been achieved



Provider's (ESCO) entitlement (upon the Annual Settlement):

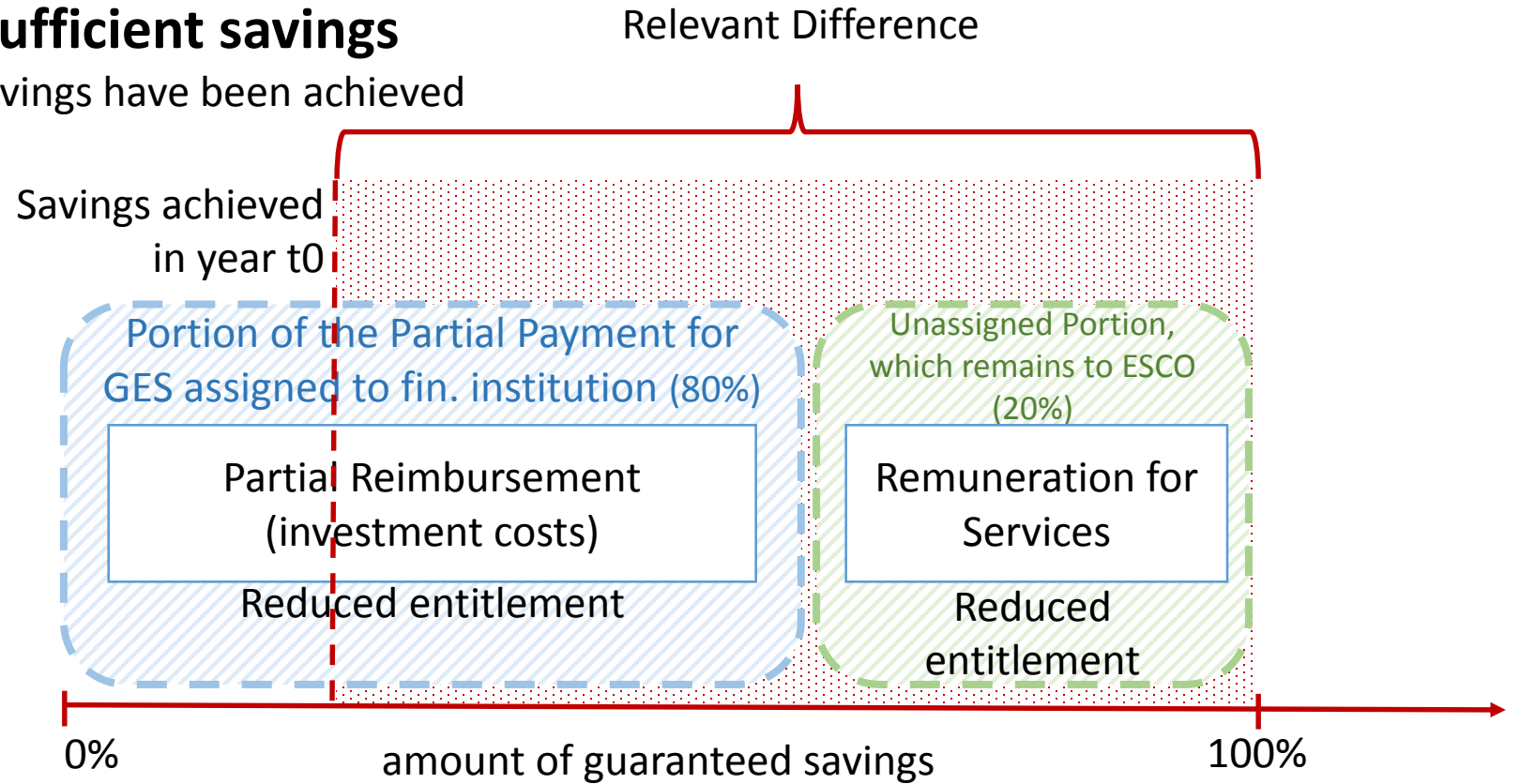
- Provider shall be entitled to the payment of the Partial Reimbursement for the year t0 in full amount
- Provider shall be entitled to the payment of the Remuneration for Services for the year t0 in an amount reduced for the Relevant Difference

Settlement - year t0:

1. The payment of the amount of the Relevant Difference (or its relevant portion) shall be set off against the Provider's entitlement to the payment of the Remuneration for Services in year t1. This means that Partial Payment for GES in year t1 will be lower.
2. Provider shall pay the Beneficiary the amount of the Relevant Difference which was not settled through the set-off mechanism within 30 days after the end of the Annual Savings Period of t1 (end of year t1 + 30 days)

Situation n. 3 - significantly insufficient savings

In year t0, 0-80% of guaranteed annual savings have been achieved



Provider's (ESCO) entitlement (upon the Annual Settlement):

- Provider shall be entitled to the payment of the Partial Reimbursement for the year t0 in reduced amount (taking into account of Relevant Difference)
- Provider shall not be entitled to the payment of the Remuneration for Services, not even partially

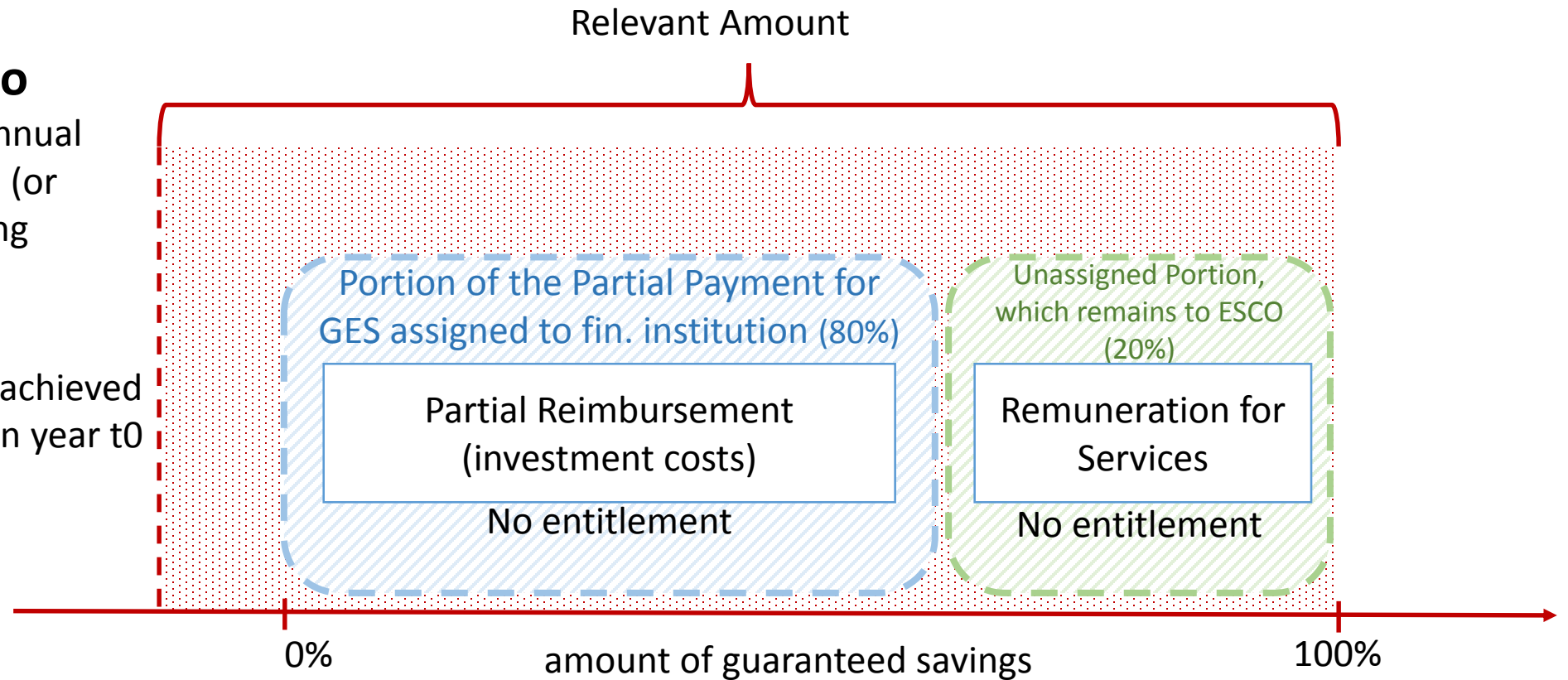
Settlement - year t0:

1. The payment of the amount of the Relevant Difference shall be set off against the Provider's entitlement to the payment of the Remuneration for Services (Unassigned Portion) in year t1. This means that Partial Payment for GES in year t1 will be lower by the entire amount of Remuneration for Services.
2. Provider shall pay the Beneficiary the amount of the Relevant Difference which was not settled through the set-off mechanism (*also the Portion of the Partial Payment for GES assigned to fin. institution (just the relevant difference) needs to be counted – but according to clause 16.3 of the contract, this portion is not subject to any set off with any entitlements of the Beneficiary to fin. institution, which means that this needs to be entitled with Provider*) within 30 days after the end of the Annual Savings Period t1 (end of year t1 + 30 days).

Situation n. 4 – Catastrophic scenario

In year t0, no guaranteed annual savings have been achieved (or negative savings, or Reducing Amount has been applied)

Savings achieved
in year t0



Provider's (ESCO) entitlement (upon the Annual Settlement):

- Provider shall not be entitled to the payment of the Partial Reimbursement, not even partially
- Provider shall not be entitled to the payment of the Remuneration for Services, not even partially

Settlement - year t0:

1. The payment of the amount of the Relevant Amount shall be set off against the Provider's entitlement to the payment of the Remuneration for Services (Unassigned Portion) in year t1. This means that Partial Payment for GES in year t1 will be lower by the entire amount of Remuneration for Services.
2. Provider shall pay the Beneficiary the amount of the Relevant Amount which was not settled through the set-off mechanism (*also the Portion of the Partial Payment for GES assigned to fin. institution (just the relevant amount) needs to be counted – but according to clause 16.3 of the contract, this portion is not subject to any set off with any entitlements of the Beneficiary to fin. institution, which means that this needs to be entitled with Provider*) within 30 days after the end of the Annual Savings Period t1 (end of year t1 + 30 days).