

**Berth lease charge determination methodology in regards of berths,
owned/possessed by the Freeport of Riga Authority**

1. The present methodology sets out the procedure for calculating rent charges for the use of berths, which are owned/possessed by the FPRA.
2. The annual rent shall be calculated for each berth separately, on the basis of its technical conditions, which are specified in the annual berth inspection act.
3. The rent payment shall be determined so as to completely cover the Freeport of Riga costs associated with the berth maintenance and management as well as other costs, related to berths' lease. These costs shall include:
 - 3.1. Depreciation costs as defined by the Freeport of Riga Ordinance No. 98 "On the fixed assets' and intangible assets' categories, components, and use time" of 22.05.2008;
 - 3.2. Operating costs, which are set at 4% of the berth book value. These operating expenses shall include the following costs:
 - Berth inspection;
 - Berth insurance;
 - Measures to be taken to ensure compliance with the environment protection requirements;
 - Measures to be taken to ensure safety and security;
 - Administrative expenses (incl. statutory social insurance contributions).
 - 3.3. Planned additions in the amount of 5% of the rental charge calculated in accordance with p.3.1. and p3.2. of the present methodology.
4. The annual berth rent in regards of berths, at which the port dues and charges apply only to cruise ships, shall be determined in proportion to the duration of the cruise season (May-September) on the basis of the estimated annual berth rental charge, which is calculated according to the present methodology.

(With amendments, that are made in compliance with the Freeport of Riga Board Resolution Nr.124 of 09.10.2014 to come into effect on 01.01.2015)

 - 4.1. If a lessee is an educational institution that is engaged in the training of specialists in the maritime sector, the rental charge, which is calculated in accordance with the p.3 of the present methodology, shall be reduced by 50% under the following conditions:
 - 1) The subject of the lease contract – apart of a berth;
 - 2) The intended use of the berth's part - implementation of workshops, related to maritime industry, in the framework of the training programs;
 - 3) The lease of a berth part shall not affect use of other parts of berths for ship mooring or cargo operations purposes.

(With amendments, that are made in compliance with the Freeport of Riga Board Resolution Nr.3 of 15.01.2015 to come into effect on 15.01.2015)

4.2. If a lessee uses the berth for the port fleet vessels, the rental fee, which is calculated in accordance with the p.3 of the present methodology, shall be reduced by 50%.

(With amendments, that are made in compliance with the Freeport of Riga Board Resolution Nr.3 of 15.01.2015 to come into effect on 15.01.2015)

5. If the Freeport of Riga Authority has carried out a capital repair of a berth, the berth rent amount might be revised on the basis of the increase in the berth value.

6. If a lessee intends to carry out any berth renovation (overhaul) or reconstruction at its own expense, before starting the renovation/reconstruction design development the scope and costs of the renovation/reconstruction work shall be approved by the Freeport of Riga Board, hereinafter - the Board. Based on the decision of the Board, an agreement on berth renovation/reconstruction project implementation and cost and liability distribution was signed. After the renovation/reconstruction is completed, the berth value in the Freeport of Riga Authority accounting books will not be increased by the tenant's share of the investment and the tenant's investment will not affect the rent, unless provisions of clause 9 of this methodology apply.

(With amendments, that are made in compliance with the Freeport of Riga Board Resolution Nr.45 of 31.03.2016 to come into effect on 31.03.2016)

7. In addition to the calculated rental charge the real estate tax shall apply in compliance with the procedure and amount, stipulated by Latvian Republic law.

8. In addition to the calculated berth rental charge the value added tax shall apply in compliance with the procedure and amount, stipulated by Latvian Republic law.

9. The rental charge shall be revised provided the funds, laid down in p. 5 of the present methodology, have been invested, in other cases - provided the laws and regulations, governing the berth rental charge calculation procedure, have been issued.

(With amendments, that are made in compliance with the Freeport of Riga Board Resolution Nr.3 of 15.01.2015 to come into effect on 15.01.2015)

10. If the port infrastructure consisting of a rented plot of land with its integral structures, including berths and other infrastructure objects that have been constructed using financing from the European funds, is expected to be used, the Freeport of Riga Authority can set forth port infrastructure rent and term applying other criteria.

(With amendments, that are made in compliance with the Freeport of Riga Board Resolution Nr.1 of 26.01.2018 to come into effect on 26.01.2018)