

Methodology of the real estate lease and granting the right of superficies

I. General provisions

1. Methodology of the real estate lease and granting the right of superficies (hereinafter - the Methodology) prescribes the procedure by which the Freeport of Riga Authority (hereinafter - the Freeport Authority):
 - 1.1. shall lease the land in its possession or ownership;
 - 1.2. shall lease engineering structures and premises in its possession or ownership;
 - 1.3. shall grant the right of superficies for the land in its possession or ownership;
 - 1.4. shall determine the real estate rental fee and the fee for the right of superficies.
2. In cases when it is planned to lease the port infrastructure, which consists of a leased plot of land together with the structures, closely connected to it, including berths and other infrastructure objects, for the construction of which the European Union funds have been allocated, the Freeport of Riga Authority may set the port infrastructure rental fee and term, applying other criteria.
3. Terms used in the methodology:
 - 3.1. **commercial activities related to port functions:**
 - 3.1.1. stevedoring services (loading/unloading of cargo from a vessel);
 - 3.1.2. warehousing (if cargo is imported/exported by vessels);
 - 3.1.3. shipbuilding and repair;
 - 3.1.4. hydro-technical works;
 - 3.1.5. tug services;
 - 3.1.6. ship bunkering;
 - 3.1.7. yacht and nautical tourism services;
 - 3.1.8. ship-generated waste management;
 - 3.1.9. fishing.
 - 3.2. **commercial activities related to manufacturing or warehousing** - commercial activities related to manufacturing or storage of goods and which do not provide for the movement of cargo by ships.
 - 3.3. **an applicant for the lease right** - a legal or natural person who wishes to rent real estate, possessed or owned by the Freeport Authority.
 - 3.4. **an applicant for the right of superficies** - a legal or natural person who wishes to enter into an agreement on the right of superficies in regards of the land possessed or owned by the Freeport Authority.
 - 3.5. **a lessee** - an applicant for the lease right who has entered into a real estate lease agreement.
 - 3.6. **a superfiary** – an applicant for the right of superficies who has entered into an agreement on the right of superficies.
 - 3.7. **a short-term lease** - a lease/rent relationship with a term of up to one year.
4. When concluding a lease agreement or an agreement on granting the right of superficies, the Freeport Authority shall apply the Law on Ports, the Freeport of Riga Law, the Civil Law of the Republic of Latvia, the Law on Prevention of Squandering the Financial Resources and Property of a Public Person, municipal spatial planning documents as well as other laws and regulations.
5. The process of leasing real estate (granting the right of superficies) shall be started by the Freeport Authority upon the initiative of the Freeport Authority or on the basis of an application of a legal or natural person and the documents attached thereto, drawn up in accordance with Annex 1 to the Methodology.

6. The decision related to the lease of real estate, in accordance with the competence, shall be made by the Freeport of Riga Board.

II. Terms and conditions for applicants for the real estate lease/ granting the right of superficies

7. When concluding a real estate lease agreement or an agreement on granting the right of superficies, the Freeport Authority shall observe the precondition that the applicant for the lease right and the right of superficies has to comply with the requirements specified in Section 18, Paragraph one of the Law on Ports, as well as that there are no restrictions for concluding an agreement stipulated by other external laws and regulations.

8. In order to assess the compliance of an applicant for the lease right or the right of superficies, the Freeport Authority shall review publicly available databases for checking the following information:

- 8.1. on the financial position and tax debts (including debts related to mandatory state social insurance contributions), which in total exceed 150 euros;
- 8.2. whether insolvency proceedings have been declared, the economic activity of the applicant has been suspended or the applicant's company has been liquidated;
- 8.3. whether international or national sanctions or sanctions imposed by a member state of the European Union or the North Atlantic Treaty Organization (NATO) affecting significant financial and capital market interests have been applied;
- 8.4. on the good reputation of the founders and shareholders of the commercial company.

9. The financial position of the applicant for the lease right or the right of superficies shall comply with the implementation of the investments defined in the business plan. The Freeport Authority shall be entitled to request the applicant for the lease right or the right of superficies to submit a certificate to finance the specific project, issued by a bank or other financial institution, an account statement or other equivalent document certifying the fulfillment of this requirement.

10. The Freeport Authority shall be entitled to request the competent state institutions, as well as the applicant for the lease right or the right of superficies, to provide additional information and documents with the aim to ascertain the compliance of the applicant for the lease right or the right of superficies with the requirements specified in Paragraphs 7 and 8 of the Methodology.

11. The requirements referred to in Section II of the Methodology shall not apply to the lease of allotments, compulsory lease, lease of premises for up to 1 year, as well as to cases where the applicant for the lease right and the right of superficies is a public person or its institution or its capital company.

III. Procedures applicable to the lease of land plots

3.1. Procedure for calculating the land plot rent

12. For legal and natural persons who perform commercial activities related to port functions or commercial activities related to manufacturing or warehousing activities, the land rent shall be calculated on the basis of:

- 12.1. the current cadastral assessment of a land plot - Zcad (EUR / year). The cadastral assessment of a land plot is reviewed once in five years after the date of entry into force of the Methodology, based on the information of the State Land Service regarding the cadastral assessment of the land plot on the day of its review;

- 12.2. the specified rate of return on the lease of a land plot - Z% (%). The rate of return is reviewed every five years after the date of entry into force of the Methodology, using the official information of the Ministry of Finance on the numerical values of macroeconomic assumptions and forecasts;
- 12.3. land lease term – n (years).
13. The annual land plot rent (Z_{rent}) shall be calculated according to the following formula:
- $$Z_{rent} = Z_{cad} * (1 + Z\%)^n / (((1 + Z\%)^n - 1) / Z\%) \text{ (EUR/year)}$$
14. In addition to the rent, the lessee of the land plot shall pay the taxes specified in laws and regulations.
15. The rate of return on the lease of a land plot, on which the lessee starts to perform commercial activities related to port functions on the day of concluding the agreement (its entry into force) in compliance with the business plan, shall be set at 4%.
16. The rent (rental fee) for a land plot on which the lessee intends to perform commercial activities related to port functions in compliance with the business plan shall be determined:
- 16.1. in the amount of 50% of the calculated rent in accordance with Paragraphs 12-15 of the Methodology - until the day of commencement of planned commercial activities related to port functions;
- 16.2. in the amount of 100% of the calculated rent in accordance with Paragraphs 12-15 of the Methodology - from the day when the commercial activities related to the port functions have been started on the leased land plot.
17. The rate of return on the lease of a land plot on which the lessee intends to perform commercial activities related to manufacturing or warehousing in compliance with the business plan shall be set at 8%.
18. The rate of return on the lease of a land plot on which a public person or its institution performs or will perform public functions shall be determined at 2%, unless the parties agree otherwise in compliance with laws and regulations.
19. The rate of return on the lease of a land plot, which has been leased to a natural or legal person who does not carry out commercial activities (associations, foundations, etc.), shall be set at 2%.
20. The rate of return on the lease of a plot of land on which immovable property (structures, buildings) belonging to another legal or natural person is located, and the said immovable property is considered to be an independent property object in compliance with the Section 14 of the “Law On Time and Procedures for Coming into Force of Introduction, Inheritance Law and Property Law Part of the Renewed Civil Law of the Republic of Latvia of 1937”, the rate of return on the lease of the said land plot shall be determined:
- 20.1. at 2% – if the purpose of use of the land plot is the maintenance and management of one's own real estate;
- 20.2. at 4% – if the purpose of use of the built-up land plot is to perform commercial activities related to port functions;
- 20.3. at 8% – if the purpose of use of the built-up land plot is the performance of a commercial activity related to manufacturing or warehousing.
21. The rent for a land plot on which the lessee does not intend to perform the commercial activity referred to in Paragraph 3.1 or Paragraph 3.2 of the Methodology shall be determined in accordance with the assessment of the market rent provided by an independent certified appraiser, but it should not be lower than the rent regarding commercial activity related to manufacturing or warehousing.

22. If buildings possessed or owned by the Freeport Authority are leased together with the land plot, the fee for the structures' rent shall be calculated in addition to the fee for the land plot rent in compliance with the procedures specified in the Methodology.

23. If the lessee ceases to carry out commercial activities related to port functions on the leased land plot and notifies the Freeport Authority in writing thereof or the Freeport Authority establishes this fact, the lessee shall be subject to a rate of return of 8% on the leased land upon taking the decision by the Freeport of Riga Board and notifying the lessee thereof.

24. If the Freeport Authority leases a plot of land for allotment management, then in accordance with the Riga City Council Decision No. 2255 of April 10, 2007 "On the transfer of vacant land plots being owned, under jurisdiction and at the disposal (management) of the Riga City Municipality in the territories of allotments to the actual possession of the Riga City Municipality Executive Directorates and the procedure for concluding land lease agreements", sub-paragraph 5.12.4, the rent shall be set at EUR 0.04 per square meter of land per year.

25. A land plot may be transferred for use free of charge in cases specified in laws and regulations. If the user of the land plot loses the right to use the land plot free of charge, the land plot rent shall be calculated from the day when such right has been lost in compliance with the Methodology provisions.

3.2. Term of the land lease agreement

26. If a built-up or vacant land plot is leased to a natural or legal person for the performance of commercial activities, the term of the lease agreement shall be determined in compliance with the criteria included in Annex 2 to the Methodology.

27. If a built-up land plot is leased to a natural or legal person who owns immovable property (structures, buildings) on this land plot, which shall be considered an independent property object for the purpose of the "Law On Time and Procedures for Coming into Force of Introduction, Inheritance Law and Property Law Part of the Renewed Civil Law of the Republic of Latvia of 1937", a land lease agreement shall be entered into for the period during which a natural or legal person has the ownership rights to immovable property (buildings, structures), but not exceeding the term specified in laws and regulations.

28. If a built-up land plot is leased to a public person or its institution, the land lease agreement shall be entered into in accordance with the term of the public function performance, but not exceeding the term specified in laws and regulations.

IV. Procedures applicable to granting the right of superficies

4.1. Procedure for calculating a fee for the right of superficies

29. For legal and natural persons who perform commercial activities related to port functions or commercial activities related to manufacturing or warehousing activities, the fee for the right of superficies shall be calculated on the basis of:

29.1. the current cadastral assessment of the land plot - Zcad (EUR / year). The cadastral assessment of a land plot is reviewed once in five years after the date of entry into force of the Methodology, based on the information of the State Land Service regarding the cadastral assessment of the land plot on the day of its review;

29.2. the specified rate of return on the granting the right of superficies for a land plot - Z% (%). The rate of return shall be reviewed every five years after the date of entry into force of the Methodology, using the official information of the Ministry of Finance on the numerical values of macroeconomic assumptions and forecasts;

29.3. land lease term – n (years).

30. The annual fee for the right of superficies (Z_{super}) shall be calculated according to the following formula:

$$Z_{\text{super}} = Z_{\text{cad}} * (1+Z\%)^n / (((1+Z\%)^n - 1) / Z\%) \text{ (EUR/year)}$$

31. In addition to the rent, the superfiary shall pay the taxes specified in laws and regulations.
32. The rate of return on granting the right of superficies for a land plot, on which the superfiary intends to perform commercial activities related to port functions in compliance with the business plan, shall be set at 4%.
33. The fee for granting the right of superficies for a land plot on which the superfiary intends to perform commercial activities related to port functions in compliance with the business plan shall be determined:
- 33.1. in the amount of 50% of the calculated rent in accordance with Paragraphs 31-34 of the Methodology - until the date of commencement of planned commercial activities related to port functions;
- 33.2. in the amount of 100% of the calculated rent in accordance with Paragraphs 31-34 of the Methodology - from the day when the commercial activities related to the port functions have been started on the land plot for which the right of superficies was granted.
34. The rate of return regarding granting the right of superficies for a land plot, on which the superfiary intends to perform commercial activities related to manufacturing or warehousing in compliance with the business plan, shall be set at 8%.
35. The fee for granting the right of superficies for a land plot on which the superfiary does not intend to perform the commercial activity referred to in Paragraph 3.1 or Paragraph 3.2 of the Methodology shall be determined in accordance with the assessment of the market rent provided by an independent certified appraiser, but not less than the rent regarding commercial activity related to manufacturing or warehousing.
36. The rate of return on granting the right of superficies for a land plot, on which a public person or its institution performs or will perform public functions, shall be determined at 2%, unless the parties agree otherwise in compliance with laws and regulations.
37. The rate of return on granting the right of superficies for a land plot, on which a natural or legal person does not carry out commercial activities (associations, foundations, etc.), shall be set at 2%.
38. In cases provided for in laws and regulations, the right of superficies may be granted free of charge. If the superfiary loses the right to apply the right of superficies free of charge, the fee for granting the right of superficies shall be calculated from the day when such right has been lost, in compliance with the Methodology provisions.

4.2. Term of the agreement on granting the right of superficies

39. An agreement on granting the right of superficies, the term of which shall be at least ten years, shall be entered into to grant the right of superficies.
40. The term of an agreement on granting the right of superficies shall be determined in compliance with the criteria provided in Annex 2 to the Methodology.
41. If the right of superficies is granted to a public person or its institution, an agreement on granting the right of superficies shall be concluded in accordance with the term necessary for the performance of a public function, but not exceeding the term specified in laws and regulations.

V. Procedures applicable to the engineering structure lease

5.1. Berth lease

42. The annual rent shall be calculated for each berth separately, taking into account its technical condition, which is indicated in the annual berth inspection report.
43. The rent shall be determined in such a way as to fully cover the expenses of the Freeport Authority related to the berth maintenance, management and other funds related to the lease of the berth. These expenses shall include:
- 43.1. depreciation deductions determined in compliance with the Freeport Authority Decree No. 98 of 22.05.2008. "On Fixed Assets and Intangible Assets Categories, Components and Periods of Use";
 - 43.2. operating expenses, which shall be determined in the amount of 4% of the berth balance value. These operating expenses shall include the following costs:
 - 43.2.1. berth inspection;
 - 43.2.2. berth insurance;
 - 43.2.3. implementation of measures to ensure compliance with environmental requirements;
 - 43.2.4. implementation of measures to ensure security;
 - 43.2.5. administrative expenses (incl. Mandatory state social insurance contributions).
 - 43.3. Planned additions in the amount of 5% of the rent, resulting from calculation stipulated by sub-paragraphs 43.1 and 43.2.
44. The annual rent for berths, where port dues are collected only from cruise ships, shall be determined in proportion to the duration of the cruise season (May-September) from the calculated annual berth rent, which is calculated in accordance with the Methodology.
45. If the lessee is an educational institution engaged in the training of the maritime sector specialists, the rent calculated in accordance with the Methodology shall be reduced by 50% under the following conditions:
- 45.1. Subject of the lease agreement - part of the berth;
 - 45.2. The purpose of using the part of the berth - for the implementation of practical training related to the maritime field within the framework of study programs;
 - 45.3. The lease of a part of a berth shall not affect the use of the other parts of the berth for mooring purpose or the performance of cargo operations.
46. If the lessee uses the berth for accommodation of the harbour craft, the rent shall be reduced by 50%.
47. If the lessee uses the berth for bunkering purpose, then the rent shall be reduced by 50%.
48. If the Freeport Authority has made investments in the berth, the berth rent shall be updated on the basis of the berth value increase.
49. If the lessee plans to perform the berth renovation, the scope and costs of this work shall be coordinated with the Freeport Authority before the commencement of the said renovation. Pursuant to the decision made by the Freeport Authority, an agreement on the berth renovation shall be concluded and after its completion, the berth rent shall be reviewed in compliance with the decision made by the Freeport Board.
50. In addition to the calculated rent, real estate tax shall be applied in the amount and in compliance with the procedures specified in the laws and regulations of the Republic of Latvia.
51. In addition to the calculated berth rent, value added tax shall be applied in the amount and in accordance with the procedures specified in the laws and regulations of the Republic of Latvia.

52. The rent shall be reviewed if the investments specified in the Methodology have been made, in other cases - if laws regulating the procedure for the berth rent calculation have been published.

53. If the berth lease term does not exceed one year, the rent shall be determined proportionally, observing the lease term and the procedure for the rent calculation specified in the Methodology.

5.2. Coastal reinforcement structure and embankment lease

54. Before concluding an agreement, the Freeport Authority shall calculate the initial monthly rental rate.

55. The initial monthly rental rate shall be determined by such a calculation, which will fully cover the expenses of the Freeport Authority related to the management and maintenance of the leased immovable property. These expenses shall include:

55.1. depreciation deductions;

55.2. management expenses (sanitary maintenance, inspection of equipment and communications, technical maintenance and routine repairs, ensuring compliance with the minimum requirements set for energy efficiency);

55.3. mandatory payments and deductions (real estate tax, insurance, etc.).

56. If the agreement with the lessee provides that the immovable property maintenance and management, real estate tax payments shall be executed by the lessee, the relevant fee component shall not be included in the rent calculation.

57. In order to determine the fee for a berth or coastal reinforcement structure or embankment rent, the Freeport Authority may invite a certified appraiser and determine the rent in accordance with the market rent specified by the certified appraiser.

58. If a part of a berth or coastal reinforcement structure or embankment is leased, the initial monthly rental rate shall be determined in proportion to the leased amount depending on the type of property to be leased (leased area versus total area, etc.).

5.3. Lease of engineering structures (excluding berths and coastal reinforcement structures) and structures (buildings)

59. The decision regarding the lease of structures (buildings), premises shall be made by the Freeport of Riga Board or the Chief Executive Officer, in accordance with the authorization and division of competences established by law.

60. A precondition for the lease of an engineering structure, a structure (building) is the right of land ownership or use, which ensures access to the engineering structure, except in cases where the engineering structure is leased together with the land.

61. Before concluding an agreement, the Freeport Authority shall calculate the initial monthly rental rate to be determined by such a calculation, which will fully cover the expenses of the Freeport Authority related to the management and maintenance of the leased immovable property. These expenses shall include:

61.1. depreciation deductions;

61.2. management expenses (sanitary maintenance, inspection of equipment and communications, technical maintenance and routine repairs, etc.);

61.3. mandatory payments and deductions (real estate tax, insurance, etc.).

62. If the agreement with the lessee provides that the immovable property maintenance and management, real estate tax payments shall be executed by the lessee, the relevant fee component shall not be included in the rent calculation.

63. In order to determine the real estate rent the Freeport Authority may invite a certified appraiser and determine the rent in accordance with the market rent specified by the certified appraiser.

VI. Basic conditions to be included in a land plot lease agreement

64. A land lease agreement imposes the following obligations on the lessee:

64.1. to ensure the fulfillment of the investment schedule;

64.2. after the termination of the land lease agreement, to sign the confirmation request to the Land Register for the lease right extinction;

64.3. to ensure the preservation and maintenance of the engineering structures and engineering networks, monitoring wells, access roads located on the land plot;

64.4. to maintain the land plot and the buildings (structures) therein in accordance with the binding regulations of the local government;

64.5. if an administrative penalty - a fine - has been imposed on the Freeport Authority (its official) due to the fault of the superficiary – the lessee shall pay the Freeport Authority an amount of money in the amount of the imposed fine;

64.6. for late payment of the rent, the lessee shall pay late payment interest in the amount of 0.25% of the annual rent for each day of delay.

65. The Land Lease Agreement shall provide the Freeport Authority with the right:

65.1. to unilaterally change the rent without amending the agreement:

65.1.1. if the laws and regulations binding on the parties enter into force;

65.1.2. if the cadastral value of the land plot has changed. The cadastral assessment of a land plot is updated once every five years on the basis of the State Land Service information regarding the cadastral assessment of the land plot on the day of its update;

65.1.3. if the rate of return on the lease of a land plot has been updated.

65.2. to unilaterally withdraw from the agreement without compensating the lessee for any losses if the lessee does not use the land plot in compliance with the purpose provided for in the agreement or does not ensure the fulfillment of the investment schedule for more than three years.

65.3. for non-fulfillment of the obligations under the agreement to request the lessee to pay a contractual penalty, the amount of which shall not exceed 700 EUR in each case, but for a delay in performance of a fixed-term obligation to request the lessee to pay a contractual penalty of 0.25% of the annual rent for each day of delay.

66. If the lessee of a land plot in compliance with the business plan has planned investments in the existing buildings (structures) on the land plot during construction, the land lease agreement may include the Freeport Authority's right to increase the rent in accordance with Sub-paragraph 67.1 of the Methodology.

67. The requirements specified in the present Section shall be applied in cases where a land plot is leased for the performance of commercial activities.

VII. Basic conditions to be included in agreements on granting the right of superficies

68. An agreement on granting the right of superficies imposes the following obligations on the superficiary:

68.1. to ensure the fulfillment of the investment schedule;

- 68.2. to implement the construction specified in the business plan within the terms specified in the agreement;
 - 68.3. after the termination of the agreement on granting the right of superficies, to sign the confirmation request to the Land Register for the extinction of the right of superficies;
 - 68.4. to ensure the preservation and maintenance of the engineering structures and engineering networks, monitoring wells, access roads located on the land plot;
 - 68.5. to maintain the land plot and the buildings (structures) therein in accordance with the binding regulations of the local government;
 - 68.6. if an administrative penalty – a fine - has been imposed on the Freeport Authority (its official) due to the fault of the superficiary – the lessee shall pay the Freeport Authority an amount of money in the amount of the imposed fine;
 - 68.7. not to alienate the right of superficies or encumber it with rights in rem without the written consent of the Freeport Authority;
 - 68.8. for a late payment of the fee for the right of superficies, the superficiary shall pay late payment interest in the amount of 0.25% of the annual fee for the right of superficies for each day of delay.
69. An agreement on granting the right of superficies shall provide the Freeport Authority with the right;
- 69.1. to unilaterally increase the fee for the right of superficies by applying:
 - 69.1.1. a coefficient of 1.5 for one year, but not longer than until the moment of fulfillment of the construction obligations under the agreement, if the superficiary delays any of the terms for the implementation of the construction included in the agreement for more than 12 months;
 - 69.1.2. a coefficient of 3 for one year, but not longer than until the moment of fulfillment of the construction obligations under the agreement, if the superficiary delays any of the terms of implementation of the construction included in the agreement for more than 24 months;
 - 69.1.3. a coefficient of 4.5 until the moment of fulfillment of the construction obligations under the agreement, if the superficiary fails to perform his or her obligations and delays any of the construction terms specified in the agreement for more than 36 months.
 - 69.2. to unilaterally change the fee for the right of superficies without amending the agreement:
 - 69.2.1. if the laws and regulations binding on the parties enter into force;
 - 69.2.2. if the cadastral value of the land plot has changed. The cadastral assessment of a land plot is reviewed once every five years on the basis of the State Land Service information regarding the cadastral assessment of the land plot on the day of its update;
 - 69.2.3. if the rate of return on granting the right of superficies has been updated.
 - 69.3. to unilaterally withdraw from the contract without compensating the superficiary for any losses:
 - 69.3.1. if the superficiary has not commenced or provided for less than 30% of the investment schedule within the term specified in the agreement;
 - 69.3.2. if the superficiary has missed any of the terms for the implementation of the construction included in the agreement by more than 48 months.
 - 69.4. for non-fulfillment of the obligations under the agreement to request the lessee to pay a contractual penalty, the amount of which shall not exceed 700 EUR in each case, but for a delay in performance of a fixed-term obligation to request the lessee to pay a contractual penalty of 0.25% of the annual fee for the right of superficies for each day of delay.

70. The requirements specified in the present Section shall be applied in cases when the right of superficies has been granted in regards of a land plot for the performance of commercial activities.

VIII. Final provisions

71. When renewing already concluded land lease agreements or extending the terms of valid land lease agreements, the Freeport Authority shall review the provisions of the land lease agreement regarding the amount of the land rent and the term of the agreement.

72. The methodology shall enter into force on the day of its approval.

73. On the effective date of the Methodology the following documents shall expire:

73.1. “Methodology for Determining the Rental Fee for Berths Possessed and Owned by the Freeport of Riga Authority”, approved by Decision No. 54 of 20.06.2013 of the Freeport of Riga Board;

73.2. “Methodology for determining land rent and agreement term”, approved by Decision No.53 of 20.06.2013 of the Freeport of Riga Board;

73.3. “Procedures for Calculating the Rent for the Lease of Real Estate (Excluding Land and Berths) Possessed by the Freeport of Riga Authority ”, approved by Decision No.31 of 29.03.2017 of the Freeport of Riga Board.

Documents to be submitted for entering into a land lease and granting the right of superficies agreement with the Freeport of Riga Authority

1. An application in which:
 - 1.1. a natural person shall indicate the name, surname, personal identification code, declared address of residence and other address where the person can be reached, the address of the real estate to be leased or to be built-up and the cadastral designation (if available), the desired area of the land to be leased or built-up and activities planned during the agreement term;
 - 1.2. a legal person shall indicate the name (company), legal address, registration number, address of the real estate to be leased or built-up and the cadastral designation (if available), the desired area of the land to be leased or be built-up and activities planned during the agreement term.
2. If an applicant for the lease right or the right of superficies in the territory of the Freeport of Riga intends:
 - 2.1. to perform commercial activities related to port functions, the application shall be accompanied by a business plan indicating the amount of investment and investment schedule, in accordance with the “Operational Program Structure for Preparing an Application for Land Lease and Commercial Activities in the Freeport of Riga” and a certification issued by a bank or other financial institution to finance the specific project, an account statement or other equivalent document certifying availability of funds for project implementation;
 - 2.2. to perform commercial activities not related to port functions, the application shall be accompanied by the “Operational Program Structure” and a certification issued by a bank or other financial institution to finance the specific project, an account statement or other equivalent document certifying availability of funds for project implementation;
3. The Freeport Authority shall perform the check-up of the applicant in accordance with the criteria specified in Chapter II of the Methodology. In order to verify the compliance with the criteria, the Freeport Authority shall be entitled to request additional information and documents from the applicant for the lease right.
4. The applicant's application shall not be considered if :
 - 4.1. the identification data and address of the applicant for the lease right or the right of superficies have not been indicated;
 - 4.2. the real estate address, cadastral number and area or other real estate identification data have not been indicated;
 - 4.3. the purpose of the land plot use, the planned economic activity, the term of the agreement have not been indicated;
 - 4.4. the supporting documents specified in the Methodology have not been submitted.
5. The application of the applicant for the lease right or the right of superficies shall be rejected if the applicant for the lease right or the right of superficies does not comply with any of the requirements set out in Chapter II of the Methodology.

Procedure for determining the term of a land lease agreement or an agreement on granting the right of superficies for lessees that carry out commercial activities related to port functions or commercial activities related to manufacturing or warehousing

1. Procedure for determining the term of a land lease agreement or an agreement on granting the right of superficies for lessees that carry out commercial activities related to port functions or commercial activities related to production or warehousing, which do not provide for movement of cargo by ships:
 - 1.1. In order to determine the land lease term, the business plan (operational program) submitted by the lessee shall be evaluated according to two indicators as follows:
 - 1.1.1. planned annual cargo turnover (for stevedoring companies - sea cargo turnover, for warehousing services - stored cargo turnover, etc.);
 - 1.1.2. planned investments within the period of the business plan (operational program) - the lessee's planned long-term investments in fixed assets intended to ensure the planned activities in the leased area (tangible investments (buildings, structures, technological equipment and machinery, unfinished construction objects) and intangible investments (expenses for obtaining patents and acquiring technologies).
 - 1.2. The share of cargo turnover indicator is set at 60% (0.6), but the share of investment indicator is set at 40% (0.4).
 - 1.3. The term of the land plot lease or the right of superficies shall be determined in compliance with the following procedure:
 - 1.3.1. The average planned annual cargo turnover (million tons per year) for a period of 5 years from the moment when the cargo movement was started shall be determined, and evaluation points K in accordance with the number of points indicated in Table 1 shall be assigned;
 - 1.3.2. The total planned investments (EUR million excluding VAT) shall be determined and assessment points I in accordance with the number of points indicated in Table 1 shall be awarded;
 - 1.3.3. The sum of points S according to the formula $S = 0.6 * K + 0.4 * I$ shall be calculated.

Table 1

Cargo turnover (average amount in million tons per year for a period of 5 years)	0	(0;0.25]	(0.25;0.5]	(0.5;1]	>1
<i>Points (K)</i>	<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
Total investment (million EUR)	0	(0;5]	(5;10]	(10;20]	>20
<i>Points (I)</i>	<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>

- 1.4. The term of the land lease agreement or an agreement on granting the right of superficies shall be determined in compliance with the breakdown specified in Table 2.

Table 2

Sum of point (S)	The right of superficies, land lease agreement term
0 points	up to 10 years (except the

	right of superficies agreement
Sum of points in S interval (0;1]	up to 10 years
Sum of points in S interval (1;2]	up to 25 years
Sum of points in S interval (2;3]	up to 35 years
Sum of points in S interval (3;4]	up to 45 years

2. Procedure for determining the term of the land lease agreement or an agreement on granting the right of superficies for lessees that carry out commercial activities related to manufacturing, which do not provide for movement of cargo by ships:
 - 2.1. In order to determine the land lease term, the business plan (operational program) submitted by the lessee shall be evaluated according to two indicators as follows:
 - 2.1.1. manufacturing sector;
 - 2.1.2. planned investments within the period of the business plan (operational program) - the lessee's planned long-term investments in fixed assets intended to ensure the planned activities in the leased area (tangible investments (buildings, structures, technological equipment and machinery, unfinished construction objects) and intangible investments (expenses for obtaining patents and acquiring technologies);
 - 2.2. The share of manufacturing sector indicator is set at 40% (0.4), but the share of investment indicator is set at 60% (0,6).
 - 2.3. The term of the land plot lease or the right of superficies shall be determined in compliance with the following procedure:
 - 2.3.1. The manufacturing sector code according to the NACE classification for Manufacturing shall be determined and rating points R according to the number of points indicated in Table 3 shall be assigned;
 - 2.3.2. The total planned investments (EUR million excluding VAT) shall be determined and assessment points I in accordance with the number of points indicated in Table 3 shall be awarded;
 - 2.3.3. The sum of points S according to the formula $S=0.4*R+0.6*I$ shall be calculated.

Table 3

Manufacturing sector (NACE classification for Manufacturing)	0	C10, C11, C12, C18, C32, C33	C13, C14, C15, C17, C21	C16, C20, C22, C23, C26, C27, C28, C31	C24, C25, C29, C30
<i>Points (R)</i>	0	1	2	3	4
Total investment (million EUR)	0	(0;5]	(5;10]	(10;20]	>20
<i>Points (I)</i>	0	1	2	3	4

- 2.4. The term of the land lease agreement or an agreement on granting the right of superficies shall be determined in compliance with the breakdown specified in Table 2.
3. If the amount of planned investments of the commercial company exceeds 70 million EUR, in accordance with Section 4, Paragraph six of the Law on Ports, the term of land lease may exceed a period of 45 years (if the lessee has made such a request) and shall be determined by the Freeport of Riga Board evaluating each specific case separately.
4. For commercial companies that wish to extend the term of the land lease / the right of superficies agreement, in addition to the indicators set in p.1.1 and p.2.1 the amount of implementation of the valid business plan (operational program) (%) shall be assessed by comparing the total amount of investments provided in the investment schedule with the investments actually made within the period of the business plan (operational program) implementation:

4.1. if the amount of investment execution exceeds 50% of the amount of investment provided for in the business plan, the term of the agreement shall be determined in compliance with the breakdown specified in Table 2;

4.2. if the amount of investment execution does not exceed 50% of the amount of investment provided for in the business plan, the term of the agreement shall be extended for 5 years.

C Manufacturing (NACE)
C10 Manufacture of food products
C11 Manufacture of beverages
C12 Manufacture of tobacco products
C13 Manufacture of textiles
C14 Manufacture of wearing apparel
C15 Manufacture of leather and leather products
C16 Wood; manufacture of articles of wood and cork
C17 Manufacture of paper and paper products
C18 Printing and reproduction of recorded media
C20 Manufacture of chemicals and chemical products
C21 Manufacture of basic pharmaceutical products and pharmaceutical preparations
C22 Manufacture of rubber and plastic products
C23 Manufacture of non - metallic mineral products
C24 Manufacture of basic metals
C25 Manufacture of fabricated metal products, except machinery and equipment
C26 Manufacture of computer, electronic and optical products
C27 Manufacture of electrical equipment
C28 Manufacture of machinery and equipment n.e.c.
C29 Manufacture of motor vehicles, trailers and semi - trailers
C30 Manufacture of other transport equipment
C31 Manufacture of furniture
C32 Other manufacturing
C33 Repair and installation of machinery and equipment