**GENERAL INFORMATION**

### An auction for a lease (with development rights) of RP SIA "Rīgas satiksme" owned Real Estate at 32 Ezermalas Street, Riga (hereinafter referred to as Real Estate) is being held.

### Auction Organizer: Riga Municipal Limited Liability Company “Rīgas satiksme” (hereinafter referred to as RP SIA "Rīgas satiksme" or "Lessor"), Registration Number 40003619950.

### Subject of the Auction: RP SIA “Rīgas satiksme” owned Real Estate at 32 Ezermalas Street, Riga (Cadastral Number 01000840528), which includes structures with Cadastral Designations 01000840528001, 01000840528002, 01000840528003, 01000840528004 and 01000840528018, sports facilities - tennis courts with Cadastral Designations 01000840528006, 01000840528007, 01000840528008, 01000840528009, 01000840528010, 01000840528011, 01000840528012, 01000840528013, 01000840528014, 01000840528015, 01000840528016 and 01000840528017, and a land plot with Cadastral Designation 01000840528 (hereinafter also referred to as the Land Plot). Buildings with Cadastral Designations 01000840528001, 01000840528002, 01000840528003, 01000840528004, 01000840528006, 01000840528007, 01000840528008, 01000840528009, 01000840528010, 01000840528011, 01000840528012, 01000840528013, 01000840528014, 01000840528015, 01000840528016, 01000840528017 and 01000840528018, forming part of RP SIA "Rīgas satiksme" Real Estate at 32 Ezermalas Street, Riga (Cadastral Number 01000840528) (hereinafter all collectively referred to as the Real Estate).

### The term of the agreement shall be 30 (thirty) years from the date of the agreement, the Real Estate rental shall be paid from the effective date of the agreement.

### The purpose of leasing the Real Estate: Renovation of the Real Estate, maintenance and management of the Real Estate, including engineering services, taking into account the fact that the Lessee has ensured throughout the Lease Agreement period, the functioning of the tennis sports base with at least 10 tennis courts, maintenance of the of which at least 4 are indoor tennis court (constructed in a rigid frame building). Indoor tennis courts must be constructed in accordance with the Tennis Infrastructure Guidelines developed by the International Tennis Federation: https://www.itftennis.com/en/about-us/tennis-tech/facilities/.

### After the end of the Lease Agreement, all constructed buildings, structure and engineering services will be transferred into ownership of RP SIA "Rīgas satiksme".

### The conditional price (starting price) of the Real Estate rental as assessed by an independent certified real estate appraiser.

### After entering the Lease Agreement, the Lessee will be obliged to ensure the management of the Real Estate in accordance with Riga City Council's Binding Regulation No. 146 of April 28, 2015 "Binding Regulations on Territory Cleaning and Maintenance of Buildings in Riga City" and other laws and regulations.

### Significant Conditions for the Use of the Real Estate

1. In the event that the local planning and/or detailed territory planning is necessary for the project implementation, it shall be the Lessee's responsibility to develop the local planning and/or detailed planning of the Land Plot at its own expense. The development right**s** and the real estate granted under the agreement entered into in the course of the Real Estate auction shall not be subject to alienation. In coordination with the real estate owner during the lease period, the Real Estate may be encumbered with rights in rem for the construction of engineering services, which become an integral part of the property and cannot be alienated. The Lessor shall not bear the costs associated with the construction of engineering services.
2. The Lessee shall not be entitled to build residential houses or residential premises, hotels, etc. in the Real Estate, and the Real Estate can be used only for the purpose of leasing the Real Estate specified in Clause 4 above. The purpose of using the Real Estate shall not change throughout the Lease Agreement period.
3. The Lessee shall not be responsible for the compliance of the operation of the Real Estate with the laws and regulations.
4. The Lessee shall be obliged within 30 (thirty) days from the date of the Lease Agreement to coordinate with RP SIA "Rīgas satiksme" the Real Estate Reconstruction Design Task.
5. The Lessee shall be obliged to develop a construction project no later than within 2 (two) years after the date of the Lease Agreement and in accordance with the procedures prescribed by the laws and regulations, and to ensure its coordination in accordance with the procedures prescribed by the laws and regulations, including coordination with RP SIA "Rīgas satiksme".
6. The Lessee shall be obliged to complete the construction works in accordance with the laws and regulations and put the Real Estate into operation within 2 (two) years from the date of approval of the construction project. If this condition is not met, the Lessee shall pay a contractual penalty of EUR 500 per day to RP SIA "Rīgas satiksme". Payment of the contractual penalty shall not release the Lessee from the fulfilment of its obligations.
7. Until the project is put into operation, the Lessee shall pay the rental in accordance with the Real Estate appraisal, but no longer than until September 1, 2026. After the structures are put into operation or after September 1, 2026, depending on which condition occurs earlier, the Lessee pays the promised rental. After the structures are put into operation or after September 1, 2026, whichever occurs earlier, the Lessee shall pay the bid rental.
8. The Lessee shall submit to RP SIA "Rīgas satiksme" an agreed unconditional performance guarantee for the construction of indoor courts and the construction and reconstruction of outdoor courts in the amount of EUR 500,000 to be issued by a credit institution or insurance company registered in the Republic of Latvia or another member state of the European Union or the European Economic Area, its branch or a branch of a foreign credit institution that has started providing services in the territory of the Republic of Latvia in accordance with the procedures provided by the laws and regulations of the Republic of Latvia.
9. The credit institution's guarantee or insurance policy shall stipulate the guarantor’s obligation to pay the requested amount unconditionally (without requiring the Lessor to substantiate its claim).
10. In the event that the performance guarantee is submitted as an insurance policy, it must be stated in it that the insurance policy is irrevocable and that the attached insurance provisions cannot hinder or in any way modify the procedure for the payment of the security amount. The payment of the insurance premium must be made in full and the Lessee must provide the Lessor with a document certifying the payment of the insurance premium together with the insurance policy.
11. The performance guarantee must be valid for the entire period of the agreement.
12. The performance guarantee can be used by the Lessor as payment of the unpaid rental, estimated damages, and other expenses related to the performance of the Agreement, and to withhold contractual penalties applied to the Lessee.
13. If the Lessor has used the performance guarantee in full or in part, the Lessee shall be obliged to renew it in full within three working days.
14. The Lessee shall not receive from the Lessor any reimbursement of the investments and expenses made in the Real Estate (neither necessary, nor useful, nor luxury expenses).
15. The Lessee shall be entitled to sublease the Real Estate or its part having it coordinated with the Lessor. The Lessor shall be entitled not to approve a sublease if it does not correspond to the Lessor's corporate values, including, does not correspond to the purpose of leasing the Real Estate - ensuring the operation of the tennis sports base.
16. The Lessor does not take responsibility if the Lessee in the Real Estate will not be able to implement his Real Estate Development Plan in accordance with the conditions set forth in the Auction Regulations and the Lease Agreement, and in this regard the Lessee shall assume the risk of all possible losses. In this case, the Lessee shall not receive from the Lessor any reimbursement of expenses (neither necessary, nor useful, nor luxury expenses) for the investments made in the preparation of the construction project and/or any other investments related to the Real Estate.
17. If only one bidder for lease has applied for the auction and it meets all the requirements, the auction shall be considered complete. The Lessor sjall enter into a lease agreement with the bidder for rental that is not lower than the starting price of the auction.
18. The Lessor shall be unilaterally entitled to increase the rental stipulated in the Agreement by the inflation factor 1 (one) time per year (the inflation factor shall be determined according to the data of the Central Statistical Bureau of the Republic of Latvia for the previous year). The Lessor shall notify the Lessee in writing of changes in the rental 1 (one) month in advance.
19. The Lessor shall be entitled to change the Rental individually, without coordination with the Lessee, by notifying the Lessee in writing one month in advance, in cases where there are changes in the laws and regulations of the Republic of Latvia, which provide for a different procedure and amount of determining this rental.
20. The Lessor shall be entitled to unilaterally withdraw from the Agreement by notifying the Lessee in writing 3 (three) months in advance, if the Lessee:
    * 1. has started business activities or has carried out construction or renovation works without the written consent of the Lessor and/or the permission of the relevant state and municipal institutions;
      2. has not made the payments specified in the Agreement (including tax and fee payments) for 3 (three) consecutive months, or the amount of outstanding payments has reached the total amount of payments due for 3 (three) months;
      3. has sublet the Real Estate or handed over for other use in whole or in part to other legal or natural persons without the written consent of the Lessor;
      4. has violated environmental protection regulations, due to which the quality of land or groundwater has deteriorated.
21. In the event of termination of the Agreement, the Lessor shall acquire, free of charge, the ownership of all structures constructed under the development right.
22. Upon handing the Real Estate back to the Lessor, the Lessee shall be obliged to release the Real Estate from the movable property belonging to the Lessee. Any movable property of the Lessee, which will be located on the Real Estate after the signing of the acceptance certificate, will be recognized as abandoned property and the Lessor will be entitled to take possession of it free of charge.
23. The Lessee shall be obliged to hand over the Real Estate to the Lessor arranged in accordance with the tidy environment requirements and in a condition that ensures the safe operation of the Real Estate, including tennis courts, building structures, etc. By signing this Agreement, the Parties are aware of the condition of the Real Estate.
24. The Lessee and the Lessor shall sign the acceptance certificate after releasing the Real Estate.

### Bidders

### On the last day of the deadline for bidding, the Bidder has no tax liabilities or outstanding mandatory state social insurance contributions that exceed EUR 150.00 (one hundred and fifty euro, 00 cents), and has no outstanding municipal fees for placing advertising posters, advertisements and other visual information in Riga.

### The provisions of Section 11.1 of the Law on International Sanctions and National Sanctions of the Republic of Latvia which prevent the Auction Organizer from entering into business relations with the Bidder, shall not apply to the Bidder (including all members of the association or partnership (if the Bidder is a partnership), and also to third parties involved, subtenants, etc.).

### A legal entity, partnership, merchant (individual merchant or commercial company), hereinafter collectively referred to as a merchant, which, in accordance with the current laws and regulations, can lease the property put up at auction, and which meets the requirements set forth by the Auction Organizer and, when bidding, will declare its readiness to enter into a lease agreement for the property put up at auction on the terms and conditions specified in it, may become an auction bidder. The Auction Bidder must not be a legal entity registered in an offshore zone[[1]](#footnote-1).

### Persons have the right to form an association and submit a joint bid.

### In the event that the association will be granted the right to enter into the Lease Agreement, it shall, of its own choice, establish a partnership (general partnership) or enter into a partnership agreement, agreeing on the division of responsibility of the members of the association.

### Submission of variant bids is not allowed. One person, regardless of whether it participates in the Auction individually or as part of an association, may submit only one bid.

### The Bidder’s annual financial (net) turnover during the last 3 (three) completed financial years (the completed financial year is considered to be the year for which the annual report has been drawn up and approved in accordance with the procedures established by the laws and regulations) has not been less than EUR 50,000.00 (fifty thousand euro and 00 cents). If the Bidder was founded later, the annual financial turnover must meet the above requirement in a correspondingly shorter period.

### The Bidder shall have at least 5 (five) years of experience in real estate development, including the renovation and organization of sports infrastructure, in cooperation with sports clubs.

### The Bidder shall submit a statement from a credit institution or financial institution certifying that the Auction Bidder has reserved free funds or the availability of credit resources in the amount of at least EUR \_\_\_\_\_\_ (\_\_\_\_\_\_\_\_ euro) in a credit institution or financial institution that has the right to provide financial services in the Republic of Latvia or a Member State of the European Union, or in a country of the European Economic Area.

### If the Bidder is an association of persons, then the members of the association can jointly prove the experience required by the Regulation.

### Along with the Bid, the Bidder must submit the following applicant selection documents:

### Foreign bidders must submit a document issued by the competent authority of the relevant country certifying that the Bidder has the legal capacity to act and enter into an agreement, if the laws and regulations of the relevant country provide for the issuance of such a document;

### Foreign bidders must submit a reference, if the laws and regulations of the respective country provide for the public registration of such information, certifying the right of representation of the Bidder's officials.

### Foreign bidders must submit a Tax Clearance Certificate or a Certificate of No Outstanding Mandatory State Social Insurance Contribution Liability.

### A description of the Bidder's experience, indicating the implemented projects, and documents certifying the Bidder's experience in the projects indicated in the description.

### Copies of the Bidder's last two approved annual profit and loss statements and a sworn auditor's report, if the Bidder is required to submit an annual report to a sworn auditor for verification in accordance with the Law on the Annual Financial Statements and Consolidated Financial Statements.

1. offshore - a country or territory with low or zero taxation within the meaning of the Corporate Income Tax Law

   Corporate Income Tax Law [↑](#footnote-ref-1)