

APPROVED

by the decision of the Board of the joint stock company "Conexus Baltic Grid" of 30th June 2021, minutes of the meeting No. 45, and the decision of the Council of the joint stock company "Conexus Baltic Grid" of 9th September, 2021, minutes of the meeting No. 5 (2021)

Riga, 15.12.2021.

No. INA-KAR-029

Regulations for Use of the Immovable Property of and Immovable Property Necessary to the Joint Stock Company "Conexus Baltic Grid"

I. General Provisions

1. The Regulations shall determine the general principles for lease of the immovable property (structure, land units) or part thereof out or to the joint stock company "Conexus Baltic Grid" (hereinafter "the Company"), public availability of the information in order to ensure effective and open process of lease out and lease of the immovable property of the Company, as well as establishing the right of superficies.
2. The Regulations are binding to all structural units of the Company with regard to the lease of the immovable property (or any part thereof) owned by the Company and lease of the immovable property required for the needs of ensuring the operation of the Company from other persons, as well as establishing the right of superficies.
3. The fulfilment of the Regulations is ensured by the Facilities Support Department in cooperation with the Legal Division of the Legal Department (hereinafter "the Legal Division").
4. The Facilities Support Department in cooperation with the Division of Planning and Analysis performs calculation of the lease payment of the immovable property, fee for the right of superficies and together with the Division of Financial Accounting controls compliance with the payment procedure in accordance with the concluded contracts.
5. Decision regarding lease of the immovable property of the Company, lease of the immovable property necessary for ensuring the operations of the Company, as well as establishing the right of superficies is adopted by the Board of the Company (on the need and conclusion of the contract), taking into account the provisions of regulatory enactments and the Articles of Association of the Company.
6. If the contract on the installation, placement, construction of the engineering network or engineering structure in the immovable property owned by the Company is to be concluded and arrangement, the placement, construction thereof is determined by the special regulatory enactments (Energy Law, Electronic Communications Law and others), the decision on the conclusion of the contract is made in accordance with Procedure on Concluding Contracts.
7. These Regulations shall not apply to:
 - 7.1. lease of the movable property to the Company or lease of the Company's movable property to other persons, except the movable property which is located on the immovable property as the ancillary item of the principal property in inseparable relation and is an essential part thereof;

7.2. short-term lease of the immovable property (any part thereof), which does not exceed 10 days;

7.3. establishment of personal servitude and real servitude, as well as delivery of the immovable property for lending.

8. The decision on establishment of personal servitude and real servitude is made by the Board of the Company if the establishment of such right is determined by regulatory enactments in force or a court judgment that has come into legal force.

9. The Company shall be entitled to lend its immovable property only to a public person for performance of functions determined for it. The decision regarding lending of the immovable property is made by the Board of the Company.

II. Assessment of the Lease and Hire of the Immovable Property

10. Facilities Support Department shall:

10.1. maintain the list of immovable properties owned by the Company;

10.2. assess the need of lease of the immovable property or any part thereof belonging to the Company;

10.3. assess the need of lease of the immovable property from other persons necessary for provision of the commercial activity of the Company;

10.4. before leasing the immovable property owned by the Company or any part thereof, in cooperation with the Division of Planning and Analysis, perform calculation of the expenses related to the maintenance of the immovable property and determine the possible lease payment in accordance with the provisions of Chapter VIII of the Regulations;

10.5. before lease of the immovable property from other persons necessary for the Company, assess the possibilities of use of the immovable properties owned by the Company, and in case of there being none, gather information on the alternative possibilities;

10.6. before leasing the immovable property from other persons, in cooperation with the Division of Planning and Analysis, perform financial calculation for the need of rent of the immovable property.

III. Lease of the Company's Immovable Property

11. The Facilities Support Department, when establishing a possibility to lease the immovable property to a certain lessee and with a certain purpose, in cooperation with the Legal Division shall prepare the information about the lease of the immovable property and ensure publishing of information in accordance with the procedure determined by regulatory enactments and these Regulations.

12. In order to ensure that the information on the immovable property of the Company or any part thereof provided for lease would be publicly available, the Company shall ensure publishing of such information on the website of the state joint stock company "Valsts nekustamie īpašumi" (hereinafter "Valsts nekustamie īpašumi") and on the website of the Company:

12.1. at least 10 working days before conclusion of the contract – address of the immovable property, cadastre number, cadastral designation of the object of the immovable property (structure, building unit, land parcel) included in the composition of the immovable property, the area for lease, purpose of use and expected term of validity of the contract, minimum amount of the lease payment, criteria for selection of the lessee and other provisions essential for the Company;

12.2. within 10 working days after conclusion of the contract - address of the immovable property, cadastre number, cadastral designation of the object of the immovable property (structure, building unit, land parcel) included in the composition of the immovable property, the area

delivered for lease, purpose of use, the lessee, amount of the lease payment and validity period of the contract.

13. Paragraph 12 of the Regulations regarding publishing of information shall not be applied, if:

- 13.1. the Company leases out the immovable property to a public person;
- 13.2. the Company leases out the immovable property to the public service provider, where the share of the public person in the equity capital individually or jointly exceeds 50 percent;
- 13.3. the lessee is a capital company, being a member of the same group of the Company;
- 13.4. the land owned by the Company is leased for maintenance of the structure located on it and belonging to another person;
- 13.5. the immovable property is leased for single-time use for no longer than 10 days.

14. The applicant of lessee of the immovable property (hereinafter “the applicant of lessee”) is selected through publication, in accordance with Paragraph 12 of these Regulations, specifying therein that the right to enter into the contract shall be acquired by the applicant of lessee:

- 14.1. who offered the highest lease payment above the amount of the minimum lease payment determined in the publication;
- 14.2. who will use the immovable property in accordance with the purpose of use determined by it;
- 14.3. who has provided its proposal as the first, in case of several equal proposals;
- 14.4. who does not have any debts of tax payments, in total exceeding 150 euros (refers to legal entities).

15. Selection of the applicant of lessee is performed by the Facilities Support Department in cooperation with the Legal Division, involving other structural units if needed, in accordance with these Regulations.

16. If the Company has not published the information specified in Paragraph 12 of the Regulations and a submission is received with a request to lease an immovable property belonging to the Company, then such a submission shall be reviewed by the Facilities Support Department. If the lease of the immovable property specified in the submission is possible, the Facilities Support Department shall prepare publication of the information in accordance with Paragraph 12 of the Regulations. In such a case information on the publication of lease of the immovable property of the Company is sent to the applicant.

IV. The Immovable Property Leased to the Company

17. The Facilities Support Department in cooperation with the Legal Division, upon establishment of the need to lease the particular immovable property to the Company, shall prepare the information on the lease of the immovable property to the Company and ensure publication of information in accordance with the procedure provided by regulatory enactments and these Regulations.

18. In order the information on the immovable property to be leased to the Company would be publicly available, the Company shall publish on its website and website of “Valsts nekustamie īpašumi” at least the following information:

- 18.1. at least 20 working days before conclusion of the contract - the preferred location of the immovable property, necessary area to be leased, planned amount of the lease payment, expected term of validity of the contract, purpose of use, criteria for selection of the lessor and other provisions essential for the Company;
- 18.2. within 10 working days after conclusion of the contract - address of the immovable property, cadastre number, cadastral designation of the object of the immovable property (structure, building unit, land parcel) included in the composition of the immovable property, the leased area, purpose of use, the lessor, amount of the lease payment and validity period of the contract.

19. Paragraph 18 of the Regulations may not be applied, if:

- 19.1. the Company leases the immovable property from a public person;
- 19.2. the lessor is a capital company, being a member of the same group of the Company;
- 19.3. the land is leased for maintenance of the structure located on it and owned by the Company;
- 19.4. the object of lease is delivered for single-time use of the Company for no longer than 10 days.

20. The applicant of the lessor of the immovable property (hereinafter “the applicant of the lessor”) is selected through publication, in accordance with Paragraph 18 of these Regulations, specifying therein that the right to enter into the contract shall be applied by the applicant of the lessor:

- 20.1. who offered the lowest lease payment from the amount of the minimum lease payment determined in the publication;
- 20.2. the purpose of use of the immovable property owned by which corresponds with the purpose of use of the immovable property necessary for the Company;
- 20.3. the use of the immovable property of which is financially more beneficial to the Company - more advantageous location of the immovable property, good condition of the immovable property, requiring fewer financial investments from the Company upon commencement of use thereof;
- 20.4. who has submitted its proposal as the first, in case of several equal proposals;
- 20.5. who does not have any debts of tax payments, in total exceeding 150 euros (refers to legal entities);
- 20.6. for the immovable property owned by which no mortgage is corroborated, except the case when the lease of the immovable property is financially advantageous for the Company and the applicant of the lessor has submitted a written consent of the mortgagee for lease of the immovable property.

21. Selection of the applicant of the lessor is performed by the Facilities Support Department in cooperation with the Legal Division, involving other structural units if needed, in accordance with these Regulations.

V. Procedure for Application and Progress of Submissions

22. The applicant of the lessee and the applicant of the lessor (hereinafter “the Applicant”) shall submit a submission on the lease of the immovable property from the Company and on the lease of the immovable property to the Company to the legal address of the Company: 14 Stigu Street, Riga or send to the electronic mail address: info@conexus.lv until the deadline for application specified in the publication. The Applicant’s submission is registered in accordance with the provisions of the Company’s Document Management Procedure.

23. The Applicant’s submission shall not be examined if:

- 23.1. the submission is submitted after the deadline for application specified in the publication;
- 23.2. all information specified in Paragraph 24 and Paragraph 25 of these Regulations is not submitted.

24. The applicant of the lessee shall submit a submission to the Company, specifying and submitting at least the following information:

- 24.1. in case of a natural person - name, surname, personal identity number or date and year of birth (if a personal identity number is not allocated), address of the declared place of residence, address of the actual place of residence;
- 24.2. in case of a legal person - name (firm name), registration number, legal address, actual address (if any);
- 24.3. address of the immovable property, cadastre number and area to be leased;

- 24.4. purpose of use of the immovable property, validity period of the contract, information about planned repair works, their volume, expenses, and planned time period for performance of repair works after conclusion of the contract;
- 24.5. the proposed amount of lease payment;
- 24.6. description of the planned commercial activity;
- 24.7. contact information.

25. The applicant of the lessor shall submit a submission to the Company, specifying and submitting at least the following information:

- 25.1. in case of a natural person - name, surname, personal identity number or date and year of birth (if a personal identity number is not allocated), address of the declared place of residence, address of the actual place of residence;
- 25.2. in case of a legal person - name (firm name), registration number and legal address, actual address (if any);
- 25.3. a copy of the document certifying possession or rights of use of the immovable property (the Company will receive the information on property rights of the immovable property from public registers) and a copy of the cadastral survey file of the structure (if applicable);
- 25.4. address, cadastre number of the immovable property, cadastral designations of land parcels and structures included in the composition of the immovable property, area to be leased and technical condition;
- 25.5. lease payment of the immovable property;
- 25.6. purpose of use of the immovable property;
- 25.7. encumbrances and restrictions of the immovable property, if any;
- 25.8. other essential information subject to the use of the immovable property (information about public utility, tax payments, burdens and servitudes lying on the immovable property);
- 25.9. contact information.

VI. Procedure for Decision Making and Conclusion of Lease Contract

26. In order to assess the conclusion of the lease contract with the Applicant, the Company may request the Applicant to submit additional information and documents.

27. If a higher lease payment is proposed to the Company than the Company has specified in the publication or due to any other reasons the proposal is commercially non-beneficial, the Company shall be entitled to refuse the proposal of the applicant of the lessor.

28. The Facilities Support Department in cooperation with the Legal Division shall ensure assessment of the submitted proposals by preparing the minutes on assessment regarding that.

29. The following shall be specified in the minutes on assessment of the proposal:

- 29.1. time and place of preparation of the minutes;
- 29.2. employees, who participated in the assessment of proposals submitted by the Applicants;
- 29.3. information about the received proposals: information on the Applicants and their submitted proposals - information on the immovable property, lease payment, term and other essential information;
- 29.4. assessment of proposals submitted by the Applicants;
- 29.5. decision on determination of the Applicant, who has submitted the most beneficial proposal.

30. The Company will enter into the lease contract with the Applicant, who has submitted the best proposal (hereinafter "the selected applicant").

31. If several applicants of the lessee have offered the same highest lease payment and commercially the most advantageous offer, as well as other terms and conditions of the offer are equal, the Company shall request the applicants of the lessee to submit in writing the updated

proposal on the possible highest lease payment and the most economically advantageous offer, determining the date for submission of the application.

32. If neither of the applicants of the lessee, who have proposed the same highest lease payment and the most economically advantageous offer, submits a new proposal on the highest lease payment and the most economically advantageous offer, the Company shall offer the above-mentioned applicants of the lessee to enter into the lease contract in accordance with the sequence of submission of applications (according to the date and time of submission).

33. After assessment of proposals, the Facilities Support Department shall submit the information to the Board of the Company for decision making regarding the applicant selected for conclusion of the lease contract.

34. The Facilities Support Department shall inform all Applicants on the result of assessment of submitted proposals.

35. The Company shall have at any time the right of withdrawal on the immovable property previously published to be leased to or from the Company.

36. If the applicant of the lessee fails to sign the lease contract or fails to submit the relevant refusal within 20 days from the day of sending of the lease contract, or refuses to enter into the lease contract on its initiative, it shall be considered that the applicant of the lessee has withdrawn from conclusion of the lease contract. In such case, the Company shall be entitled to enter into the contract with the next applicant of the lessee, who has offered the highest lease payment and the most economically advantageous offer on the basis of publication.

37. If the Company leases the immovable property, the lease contract shall be concluded with the applicant of the lessor who has offered the most appropriate immovable property for ensuring the operation of the Company, including by assessing the location, technical condition, amount of lease payment, technical equipment of the immovable property and other terms and conditions related to the use of the immovable property.

38. If conclusion of the lease contract is not in the interests of the Company, the Company shall be entitled to refuse to enter into the lease contract by notifying the Applicant on that in writing.

39. Upon leasing out the immovable property owned by it, the Company shall have the right to claim for a security deposit in the amount of lease payment for two months in order to secure the fulfilment of the lease contract from:

39.1. the applicant of the lessee who enters into the lease contract with the Company for the first time;

39.2. the applicant of the lessee who has delayed the lease payment or other payments in accordance with any other contract concluded with the Company at least once for longer than 60 days;

39.3. in any other reasonable event at the discretion of the Company.

40. The lessee shall pay the security deposit within five working days from the day of conclusion of the lease contract.

41. The Company shall use the security deposit in accordance with the following procedure:

41.1. if the lessee has failed to pay the lease payment within the time period determined in the lease contract for two months in a row, the security deposit shall be accounted in the lease payment and the lease contract shall be terminated without delay;

41.2. if the validity period of the lease contract is prolonged, the paid security deposit shall be used for provision of fulfilment of obligations of the continued lease contract.

42. The Company shall return the security deposit to the lessee within 10 days from the day of signing of the handover and acceptance certificate of the leased immovable property, if the validity period of the lease contract has expired, the lease contract is terminated on the basis of a

mutual written agreement or the lease contract is terminated pursuant to an initiative of the lessor and the lessee does not have any debt of the lease payment, and the lessee has paid the lease payment or other related payments, arising from the obligations of use of the immovable property.

43. If the long-term lease contract is concluded with the lessee (for a time period exceeding five years) and if the lessee has performed inseparable improvements in the immovable property, taking into account expediency, the Company shall be entitled until expiry of the validity period of the contract to decide whether to prolong the validity period of the relevant lease contract or to deliver the immovable property for use to another applicant in accordance with the procedure determined in these Regulations. In case of prolongation of the validity period of the lease contract, it shall comply with the provision that the total validity period of the lease contract shall not exceed the validity period of the lease contract determined in the Law on Prevention of Squandering of the Financial Resources and Property of a Public Person.

VII. Lease Contract of the Immovable Property

44. The lease contract of the immovable property shall be concluded with the selected applicant after the Board of the Company has made a decision regarding the conclusion of the contract. If the selected applicant fails to sign the contract or fails to submit a justified objection within the time period of 20 days from the day of dispatch of the lease contract, it shall be deemed that the selected applicant has refused concluding the lease contract.

45. The lease contract shall be concluded in writing.

46. The following general provisions shall be included in the lease contract of the immovable property leased to the Company in addition to the amount of the lease payment and validity period of the contract:

46.1. determined purpose of use of the immovable property;

46.2. the user of the immovable property shall not have the right to deliver the immovable property for further use to any third party without written coordination with the Company;

46.3. if the immovable property requires repair works, the time period for performance of such works, the planned volume of funds to be invested shall be determined, which shall be coordinated with the Company, as well as a reference, who shall cover expenses related to repair works;

46.4. if a separate building, structure or a part of buildings, structures is being leased out, the proportional lease of part of the land necessary for operation of the land plot or building adjacent to it shall be provided;

46.5. if a separate land plot is being leased out, the lessee shall have an obligation to maintain the land plot and the adjacent territory of the street, in proportion with the area of buildings (structures, premises) located on the land plot, or enter into a separate contract regarding the maintenance of the above-mentioned territory in accordance with regulatory enactments;

46.6. the lessee shall be obliged during the whole term of the lease contract to insure the immovable property against damage or destruction in case of fire, flood or unlawful activities of third parties, if the insurance of the lessor does not provide coverage of losses in the premises delivered for use, as well as the lessee shall maintain in force the insurance of its civil liability towards third parties, including the lessor, with the sum of insurance (it shall be determined at the time of conclusion of the relevant lease contract, taking into account what immovable property is being leased) and submit to the lessor the certified copies of documents confirming the existence of policies of the above-mentioned insurance and payment of insurance premiums, or a certification issued by the insurer regarding existence of such policy and the insured limit of liability;

46.7. the lessee shall have an obligation to cover all losses to the Company, arising as a result of activities thereof, as well as to pay all fines imposed by the state or municipal authorities for improper use of the immovable property;

46.8. the Company shall be entitled to unilaterally terminate the lease contract, if the lessee uses the immovable property not in compliance with the determined purposes or fails to make lease payments in a timely manner;

46.9. the lease contracts shall include the right of the Company to change the amount of lease payment in case if, upon the change of the market situation, the amount of lease payment for immovable properties comparable on the immovable property market has increased, or expenses of the immovable property has increased, or the average consumption price index (CPI) determined by the Central Statistical Bureau has increased by more than two percent during the recent year;

46.10. the lessee shall be responsible for compliance with fire safety requirements and sanitary standards in the immovable property, including for introduction and provisions of requirements and measures determined by standards;

46.11. on the basis of mutual agreement between the lessor and the lessee, the right of lease may be corroborated in the Land Register;

46.12. determine the amount of the contractual penalty and late payment interest and provisions for payment thereof.

47. The plan of use of the area of the immovable property shall be an integral part of the lease contract.

48. Lease contracts for lease of the immovable property necessary for the needs of the Company shall be concluded for as less as possible functionally necessary area and the lease payment shall be determined as low as possible, in accordance with the regulation of the regulatory enactments or the current market price level.

VIII. Determination of the Lease Payment

49. The amount of the lease payment of the immovable property shall be determined considering:

49.1. expenses of the immovable property;

49.2. information acquired during the research of the immovable property lease market by using the publicly available information about lease payments of comparable immovable properties, if available.

50. If necessary, the amount of the lease payment of the immovable property shall be determined by involving a certified appraiser of immovable property.

51. Expenses of the immovable property (Sub-Paragraph 49.1 of the Regulations) shall be determined, considering the following expenses, if any:

51.1. maintenance and operational costs (cleaning, waste disposal, snow cleaning, deratisation, commercial inventory, general cleaning, carpet exchange costs etc.);

51.2. expenses of the service staff (street sweeper, cleaner of premises of public use, electrician etc.);

51.3. expenses of security, electricity, gas, communication, and public utility services;

51.4. expenses of the immovable property tax;

51.5. single-time labour costs, related to preparation of the immovable property for lease;

51.6. depreciation costs;

51.7. the allocated part of the administration costs, if any can be determined and are necessary;

51.8. capital return costs by applying the average weighted capital return rate determined under the decision of the Council of Public Utilities Commission (at the time of preparation of the Regulations the rate is 2.65%, Decision No. 109 of the Council of the Public Utilities Commission of 20 August 2020 “Regarding Capital Return Rate For Calculation of Draft Tariff for Natural Gas Transmission System, Natural Gas Distribution System and Natural Gas Storage Services”, <https://likumi.lv/ta/id/316934>);

51.9. other direct or attributable expenses.

52. Information acquired during the research of the immovable property lease market about lease payments for comparable immovable properties (Sub-Paragraph 49.2 of the Regulations) shall be attached to the documents on determination of lease payment. The preferred number of selected comparable immovable property shall be from three to five.

53. Lease payment for use of the immovable property shall be reviewed at least once per three years, assessing the situation of the immovable property market as well as changes in the cadastral values of the immovable property determined by the State Land Service and changes in expenses of the immovable property.

54. In case if it is concluded as a result of review of the lease payment that expenses of the immovable property have increased or prices of lease market for comparable immovable properties have increased, the Board of the Company may make a decision to increase the determined lease payment.

55. In case if it is concluded as a result of review of the lease payment that expenses of the immovable property have decreased or prices of lease market for comparable immovable properties have decreased, the Board of the Company may make a decision to either maintain the determined lease payment or reduce it.

IX. Supervision of the Leased Immovable Property

56. The employee of the Company in charge for the concluded lease contract (hereinafter “the employee in charge”) shall:

56.1. ensure the compliance with these Regulations and regulatory enactments, performing all activities determined by regulatory enactments and concluded lease contracts, in order to prevent violations of the lease contract and occurrence of losses to the Company as the lessor, as well as to the lessee;

56.2. supervise that the immovable property is used, maintained and preserved in accordance with the concluded lease contract and requirements of regulatory enactments.

57. The Division of Financial Accounting shall account the payments made by lessees. If lease payments are not made for longer than two months in a row, the Division of Financial Accounting shall inform the person in charge in the written form.

58. In case if the person in charge establishes violations of provisions determined under the concluded lease contracts or non-fulfilment of assumed liabilities, it shall prepare a written report on the arising situation and submit it to the Legal Division for further activities.

59. Upon receipt of the report from the person in charge, the Legal Division shall assess it and perform the relevant activities in order to ensure fulfilment of provisions determined in the concluded lease contracts or liabilities assumed.

X. Establishment of the Right of Superficies

60. The Company shall establish the right of superficies on the land unit owned by a third party, if:

60.1. it requires a land unit, in order to perform reconstruction of the buildings and engineering structures located on the land unit and owned by the Company;

60.2. it requires a land unit for construction of non-residential buildings and engineering structures, necessary for provision of commercial activity of the Company.

61. The Company shall establish the right of superficies on the immovable properties owned by it in favour of a third party, if:

61.1. the land unit is not necessary to the Company, including for maintenance and operation of engineering networks and engineering structures owned by it;

61.2. the building or engineering structure to be constructed, and the engineering network does not make any disturbance and negative impact on the maintenance and operation of engineering networks and engineering structures located on the land unit and owned by the Company.

62. The issue regarding establishment of the right of superficies in favour of the Company as well as establishment of the right of superficies for the immovable property owned by the Company or any part thereof shall be examined by the Facilities Support Department in cooperation with the Legal Division, as well as it shall prepare the information about establishment of the right of superficies and submit to the Board of the Company for adoption of the decision. After establishment of the right of superficies the information shall be published on the website of the Company.

63. If the right of superficies is established for a part of the land plot, the area thereof shall be determined in accordance with the plan developed by a certified land surveyor.

64. Terms and conditions determined in these Regulations with regard to determination of the lease payment, shall be used for determination of the price for the right of superficies.

65. The time period for the right of superficies shall be determined in accordance with provisions of regulatory enactments.

66. The contract on the right of superficies shall be prepared and it shall include provisions, in compliance with the terms and conditions of the Civil Law regarding establishment of the right of superficies and Cabinet Regulation, determining the procedure for granting the right of superficies on the vacant land unit of a public person. The contract on the right of superficies shall include a provision that the right of superficies may be encumbered with property and obligations right only pursuant to a separate written consent of the Company by entering the relevant prohibition in the Land Register Division.

XI. Closing Provisions

67. These Regulations shall come into force on the next day after signing thereof.

68. The Board of the Company shall be entitled, without a separate consent of the Council of the Company, to make amendments to the Regulations with regard to the change of names of structural units of the Company specified in the Regulations, terms used in the Regulations and changes performed in accordance with external regulatory enactments, affecting the fulfilment of the Regulations.

Chairman of the Board

(signature*)

U. Bariss

*This document is signed with a secure electronic signature.