

APPROVED

At the meeting of the Supervisory Expert Group of Vilnius City Innovation Industrial Park

2019 December 4, Minutes of the meeting no. 10

## PROCEDURE FOR DETERMINING THE ESTABLISHMENT FEE

### I. GENERAL PROVISIONS

1. Investors undertake to pay a one-time Establishment Fee to the North Town Technology Park (hereinafter referred to as Operator) for the establishment in Vilnius City Innovation Industrial Park (hereinafter referred to as the Park or Territory) and the provision of the basic services specified in the establishment agreement.
2. The establishment fee is determined for each investor individually by the Supervisory Expert Group of the Vilnius City Innovation Industrial Park (hereinafter - the Supervisory Expert Group) in accordance with the procedure defined below.

### II. Conditions

3. The following conditions are necessary to determine the individual Establishment fee:
  - 3.1. During the mass assessment or by order of the Operator, the average market value of the Territory is determined:
    - 3.1.1. The Operator is guided by the average market value of the Territory determined during the mass valuation. Once a year, the operator applies to the "VĮ Registrų centras" for the issuance of a certificate indicating the average market value of the Territory.
    - 3.1.2. If the Operator has doubts about the average market value of the Territory determined during the mass valuation, then they shall apply to the real estate appraisers regarding the performance of the individual valuation of the Territory and the preparation of the individual valuation report of the Territory. After performing the individual assessment of the Territory, the Operator follows the market value of the Territory indicated in the individual assessment report of the Territory.
  - 3.2. The relative weight of the indicators to be achieved is known. The relative weight of the indicators is calculated according to the level of progress in achieving the indicators to be achieved;
  - 3.3. There is a formula for calculating the installation fee.
4. In order to determine the Establishment fee individually for each investor, the following general preconditions (assumptions) are necessary:
  - 4.1. Until the 31<sup>st</sup> of December, 2022 the following indicators must be achieved in full:

4.1.1. The investment value of the project is EUR 7,253,362 (seven million two hundred and fifty-three thousand three hundred and sixty-two);

4.1.2. At least 6 clusters have been established;

4.1.3. At least 1,000 new job openings created;

4.1.4. Attracted at least 20 innovative small and medium-sized enterprises;

4.1.5. 2 research and study institutions or their branches have been established;

4.1.6. equipped with 2,000 sq. m. meters business incubator;

4.1.7. Prepared and equipped 3 hectares and 1,000 square meters. meters of public space;

4.1.8. 2-3 new innovative products, technologies or obtained patents corresponding to the international level have been developed.

4.2. By signing the Establishment agreement with the Operator, investors, business enterprises referred to in point 4.1.4., contribute to the achievement of indicators referred to in points 4.1.1., 4.1.2., 4.1.3., and 4.1.8.

4.3. The operator is independently and fully responsible for the indicators specified in 4.1.4., 4.1.5., 4.1.6., and 4.1.7. points.

5. The following financial preconditions (assumptions) are necessary for investors to determine the individual Establishment fee:

5.1. The establishment fee is calculated per 1 are.

5.2. Operator, to achieve points 4.1.6., and 4.1.7., will have to allocate from EUR 3,500,000 to EUR 5,700,000 for these activities, depending on the pace and quality of the implementation of the activities. The average used for calculations is EUR 4,600,000.

5.3. The average size of a part of the plot in the Territory is 70 ares (0.7 ha); according to 4.1.4. point, until the end of 2022, the Park is to attract at least 20 innovative small and medium-sized enterprises. Thus, at the end of 2022, the planned fulfillment of the territory is: 70 ares \* 20 companies = 1,400 ares (14 ha).

5.4. In order to achieve the indicators specified in points 4.1.6. and 4.1.7. with an average need of EUR 4,600,000, when planning the filling of the territory of 1,400 ares at the end of 2022, the average reasonable price of 1 are is obtained: 4,600,000 Eur / 1,400 ares = 3,285.71 Eur.

### III. PROCEDURE FOR PRICING ARES

6. The establishment fee for investors is calculated using the following value factors, which identify the contribution of potential investors to the expected indicators:

6.1. K1 - value of attracted investments. Calculates:

$$K1 = 0.2 - x / 500,000 * 0.2$$

Where: x - investor's planned investments; 0.5 million obtained by dividing the total target investment value of the project by the area of the Territory to be filled: 7 253 362 Eur / 14 ha = 518 097.29 Eur = ~ 0.5 mln. Eur.

The following limits are set:

- The minimum value of the indicator - up to EUR 100,000 investment, 20% mark-up for 1 are market value price is applied.
- The maximum value of the indicator - EUR 1,000,000 investment and more, 20% discount on 1 are market value price is applied.

Upon reaching the investment value referred to in point 4.1.1. Neither the discount nor the mark-up for the planned investments of the investor will be applied and the value of the indicator K1 will be equal to 0. In this case, the minimum amount of the planned investments of the investor may not be less than 0.5 million. Eur.

6.2. K2 - participation in clusters. Calculates:

$$K2 = x * 0,1$$

Where: x - number of clusters planned to be established in the Park.

Upon reaching the number of clusters referred to in point 4.1.2. the discount will not be applied and the value of the K2 indicator will be equal to 0.

6.3. K3 - number of new job openings created. Calculates:

$$K3 = 0.2 - x / 70 * 0.2 (3)$$

Where: x - the jobs planned by the investor to be created in the Park; 70 - average number of jobs planned to be created for 1 investor, obtained: 1000 jobs / 14 ha = 71.43 = ~ 70 job openings.

The following limits are set:

- The minimum value of the indicator - up to 10 job openings, 20% mark-up for 1 are market value price is applied.
- The maximum value of the indicator - 140 jobs and more, 20% discount on 1 are market value price is applied.

Upon reaching the number of new job openings referred to in point 4.1.3. neither the discount nor the mark-up for the number of jobs planned by the investor in the Park will be applied and the value of indicator K3 will be 0. In this case, the minimum number of jobs planned to be created by the investor may not be less than 70 jobs.

7. In accordance with points 5.1. - 5.4. in order to comply with the commitments referred to in points 4.1.6. - 4.1.7., the establishment fee may be increased / decreased by no more than 50% from the market value of 1 are determined by independent experts.

#### IV. PROCEDURE FOR SETTING THE ESTABLISHMENT FEE

8. In 2019, the average market price of 1 are was set at EUR 3,300. This price is valid until 31<sup>st</sup> of December, 2020.

9. The establishment fee shall be determined in accordance with the following formula:

$$\text{Establishment fee} = (X + (K1 + K2 + K3) * X) * Y$$

Where: X - average market price of 1 are, Y - number of are of a part of the plot

10. The Establishment fee includes value added tax (VAT).

11. The Establishment fee is a clear, defined, final, unchangeable and fixed fee for the Basic Services available to the Investor and for establishment in the Park.

12. The Establishment fee may be paid periodically in installments over a longer or shorter period, but must be paid no later than 31<sup>st</sup> of December, 2022. The parts, conditions and terms of payment of the establishment fee are defined and detailed in the Establishment agreement.

#### V. FINAL PROVISIONS

13. The average market price of 1 are is determined in the point 8 and is adjusted every 2 (two) years, at the beginning of the year.

14. The maximum possible mark-up / discount for the price of 1 are shall be reviewed and adjusted in accordance with point 7 at least once every 2 (two) years.

15. This Procedure for determining the establishment fee shall apply until the indicator referred to in point 4.1.4. is achieved. Once this indicator is reached, the procedure for setting the installation fee must be reviewed and revised.