**PROCEDURE FOR THE SELECTION OF INVESTORS**

1. **GENERAL PROVISIONS**
2. The Procedure for the Selection of Investors (hereinafter referred to as ‘**the Procedure**’) provides for the terms and conditions under which the Klaipėda Free Economic Zone Management Company (*UAB Klaipėdos laisvosios ekonominės zonos valdymo bendrovė*) (hereinafter referred to as ‘**the Company**’) will carry out the process of selection of the tenant(s) or the buyer(s) (hereinafter referred to as ‘the Investor’) of a potential typical production building (hereinafter referred to as ‘**the Building**’) planned to be built in the Klaipėda Free Economic Zone.
3. The Procedure has been prepared in line with the following documents:
   1. ‘Description of the procedure for providing aid for construction of typical production buildings in free economic zones, industrial parks and other industrial territories’ approved by Order No. B-18 of the Director General of Investicijų ir verslo garantijos, UAB of 16 January 2024 (hereinafter referred to as ‘**the Description**’);
   2. Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, including all amendments (hereinafter referred to as ‘the Block Exemption Regulation’), requirements of Article 56 and other relevant requirements;
   3. Loan Agreement for the Construction of a Typical Production Building No. 2023/19-0003 (hereinafter referred to as ‘**the Loan Agreement**’);
   4. Klaipėda Free Economic Zone Statute approved by 9 June 1999 Resolution No. 753 of the Government of the Republic of Lithuania (new version as of 26 November 2016: Resolution No. 1159 of the Government of the Republic of Lithuania dated 23 November 2016);
   5. Law on the Klaipėda Free Economic Zone of the Republic of Lithuania;
   6. Law on the Fundamentals of Free Economic Zones of the Republic of Lithuania;
   7. Other relevant legal acts.
4. In carrying out the Investor selection procedure, the Company will adhere to the principles of non-discrimination, equality of Investors, proportionality, and transparency.
5. The Company, in accordance with Clause 8.6 of the Description, as well as Clause 5.1.20 of the General Terms and Conditions of the Loan Agreement, undertakes to submit the Procedure to the Lender before the start of the selection of the Investor.
6. **INVESTOR SELECTION CRITERIA**
   1. ***General requirements for the Investor***
7. According to the Description, an entity that meets the following general selection criteria may be the Investor:
   1. A legal entity intending to carry out at least one of the following trade, production, export and import, or business activities in the Klaipėda Free Economic Zone may be the Investor:
      1. Manufacturing and/or biotechnology research and applied activities (only medical (red) biotechnology )[[1]](#footnote-1);
      2. Any other activity permitted by the laws of the Republic of Lithuania. According to Clause 8.3 of the Description, such Investors may only apply for a floor area not exceeding 30 percent of the total floor area of the Building.
   2. The Investor meets the criteria for attracting investors approved by the Klaipėda City Municipal Council;
   3. The Investor meets the investor attraction criteria approved by Investuok Lietuvoje, VšĮ;
   4. The Investor, personally or through control ties-related persons or through the group of companies of the Investor, has not conducted any economic activities in the Republic of Lithuania so far. If the Investor is already operating in the Republic of Lithuania, such an Investor is required to start carrying out new economic activities, creating new jobs, or/and implementing projects for the development of existing economic activities, the implementation of which would create new jobs;
   5. The Investor is not subject to a bankruptcy or restructuring case, a pre-trial investigation concerning its economic and commercial activity, is not being liquidated, and no resolution of the meeting of creditors has been adopted concerning the Investor to carry out bankruptcy procedures out of court;
   6. The Investor is not subject to any activity restrictions;
   7. The Investor is not an undertaking in difficulty as defined by Article 2 (18) of the Block Exemption Regulation;
   8. The Investor or companies/persons related to the Investor are not subject to any international sanctions applied by any of the European Union Member States, countries within the European Economic Area or NATO member states;
   9. The Investor has a legal basis to engage in the activity that the Investor intends to start and/or carry out in the Klaipėda Free Economic Zone (only applies if the legal acts of the Republic of Lithuania establish a requirement to have such a legal basis, for example to hold a license).
8. **INVESTOR(S) SELECTION PROCESS**
9. The Investor selection process consists of the following three stages: (1) Search for/Attraction of the Investor; (2) Assessment the Investor’s Application Compliance with the Selection Criteria Provided for in Section II of the Procedure; and (3) Negotiation and Conclusion of the Contract with the Investor.
10. Any changes in the selection process provided for in the Procedure will be published immediately on the website of the Company, as well as each potential Investor known at that time will be notified individually.
    1. ***Search for/Attraction of the Investor(s):***
11. Up to the date of receipt of the document permitting the construction of the Building, the Company has the right to communicate with a potential Investor who may contact the Company independently or be directed to contact the Company by third parties. In this case the Company has the right to perform the following actions: to provide such a potential Investor with general information about the Building planned to be built, such as the terms and conditions of the technical design, other characteristics of the Building, preliminary costs of the Building, preliminary rental/sale price, terms and other conditions.
12. Up to the date of receipt of the document permitting the construction of the Building, the Company has no right to sign any binding agreements with potential Investors but may draw up a memorandum of understanding, under which:
    1. The potential Investor would confirm its interest in the lease/purchase and sale process of the Building or any part thereof and express its interest in participating in the subsequent stages of the Investor’s selection and the intention to receive information related to the abovementioned matters when the selection stage starts as of the commencement of the period indicated in Clause 11 of the Procedure.
    2. The Company, by drawing up such a memorandum, would express its understanding that the potential Investor is interested in the project and would like to participate in the further Investor selection stage upon its commencement, as well as would undertake to inform such a potential Investor of the fact of receipt of the document permitting the construction of the Building, when such a fact comes into existence, and the preliminary terms related to the construction of the Building and the Investor selection stage.
13. The memorandum of understanding shall in no way imply the obligation of the Company and the potential Investor to negotiate and conclude a lease/purchase and sale agreement. Drawing up such a memorandum shall also not mean that the Company undertakes to grant in any way any privileges or apply any exceptional conditions to the Investor with whom the memorandum of understanding has been concluded or to start coordinating with such an Investor the issues concerning the fitting up of the Building or other issues before the document permitting the construction of the Building is received and/or the negotiation stage starts.
14. The Company shall start carrying out any active marketing and communication actions related to the search, attraction and selection of Investors only after the day of receipt of the document permitting the construction of the Building.
15. The Company will continue to communicate with both the potential Investors who independently applied to the Company prior to the day of receipt of the document permitting the construction of the Building and the potential Investors who applied when the Company started carrying out active marketing and communication actions after the day of receipt of the document permitting the construction of the Building, as well as will start and conduct negotiations regarding the lease/sale of the Building based on equal conditions, regardless of the time when the potential Investor applied to the Company, without giving an advantage to any potential Investor or distinguishing any potential Investor in any other way or creating more favourable conditions.
16. All information related to the Building, the lease fee/sale price and other terms and conditions, as well as the selection of Investors, including the selection criteria applied to Investors and the terms and conditions relating to the lease/purchase and sale, etc., will be published in Lithuanian and English on the website of the Company at <https://www.fez.lt/lt/>, as well as the information concerning the lease/sale of the Building and related terms and conditions may be published on the real estate portals selected by the Company.
17. Any Investor who wishes to participate in the selection process and meets the requirements of this Description may apply using the following contact information: tel.: +370 46 312 163; e-mail: [info@fez.lt](mailto:info@fez.lt); address: Pramonės Str. 8, Klaipėda, LT-94102, Lithuania.
    1. ***Assessment the Investor’s Application Compliance with the Selection Criteria Provided for in Subsection II.1 of the Procedure:***
18. Before starting further communication with the Investor, the authorised employees of the Company shall assess whether the Investor meets the applicable requirements specified in Section II of the Procedure and, if necessary, may contact the Investor for additional information and documents, ask the Investor to provide additional information or explanations, as well as may also arrange a meeting with the potential Investor to have a better understanding of the investment goals of the latter and other circumstances.
19. During the assessment of compliance with the requirements, the authorised employees of the Company shall, making use of various databases or other tools for checking imposition of international sanctions available to the Company, verify the data concerning the Investor, its shareholders, related entities (for example, companies that are related though control/structural ties, belong to the same group of companies, are controlled by the same person, etc.) and ultimate beneficial owners, and their possible connections with sanctioned persons. In the event of doubt about the international sanctions-related compliance of the Investor, the Company reserves the right to contact external legal advisors for a more detailed screening of the potential client. The authorised employees of the Company shall record all actions relating to screening of the Investor (inquiries, search history).
20. If the Investor fails to meet the requirements set out in the Description, the possibility of concluding a contract with such an Investor is not considered any further, negotiation does not start, and the Investor is informed accordingly via e-mail based on the contact information specified by the Investor, indicating to the Investor the reasons for the rejection of the candidacy of the latter.
21. If the Company assesses that the Investor meets the requirements specified in the Description, the Investor will be invited to start negotiation concerning the conclusion of a contract for the lease/purchase and sale of the premises.
    1. ***Negotiation and Conclusion of the Contract with the Investor***
22. The Company, using the contact information specified by the Investor, will invite the Investor to start negotiation. At the beginning of the negotiation or at a later phase, depending on the agreement between the Investor and the Company, the Company will provide the Investor with a draft contract for the lease/purchase and sale of the premises so that the Investor can acquaint with it and submit comments.
23. Negotiation with each Investor will be conducted taking into account market prices and other market conditions. The following specific issues will be taken into account when conducting negotiations:
    1. The level of prices prevailing in the market for the lease/purchase and sale of the similar type buildings/premises (m2);
    2. Other prevailing market terms and conditions for leasing/purchasing and selling buildings/premises of a similar type;
    3. In the case of a lease contract, the parties may consider current market trends to predict how this may affect their lease contract in the future and take this into account during negotiations.
24. In all cases, negotiations with Investors are conducted in accordance with the principles of openness, transparency, and non-discrimination, in view of the market conditions and the requirements set out in the Description, without giving any Investor an unreasonable advantage.
25. The Company has the right to terminate negotiations if, within 1 month of the date of submission of the Investor’s comments concerning the draft contract for the lease/purchase and sale of the premises, the Company and the Investor fail to agree on the terms and conditions of the contract for the lease/purchase and sale of the premises or the Investor refuses to further participate in the negotiations.
26. Negotiations are concluded by drawing up the contract for the lease/purchase and sale of the premises.
27. Investors shall bear all their costs related to the participation in the Investor selection procedures and negotiations, regardless of the results of the selection procedure and negotiations, *inter alia*, termination of the procedure or rejection of the Investor’s candidacy for any reason.

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1. As established by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains, including all amendments to Section C and Class 72.11 of Section M in Annex 1 to NACE Rev. 2. [↑](#footnote-ref-1)