

## TENDER DOCUMENTS

### **Request for Tenders for the Leasing of Government Land For the Purpose of Development and Operation of a Science and Technology Park at Pentakomo, Limassol District, Cyprus**

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This paper does not constitute legal, commercial or technical advice.

Prospective tenderers should, on their own responsibility, take whatever steps they consider necessary, including if needed, specialist advice, in the preparation of their proposals.

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**Nicosia, 19<sup>th</sup> of January 2023**

CONTRACTING AUTHORITY

**Ministry of Energy, Commerce and Industry**

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## PART I –SUBMISSION OF TENDERS

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### 1. Invitation to Submit Tenders

- 1.1. The Ministry of Energy, Commerce, Industry and Tourism, (MECIT), hereafter referred to as the “Contracting Authority”, invites the submission of tenders from interested parties, for the leasing of government land, which is specified in Appendix A, for the establishment, development and operation of a Science and Technology Park, hereinafter referred to as the STP, at Pentakomo, Limassol District, Cyprus. For this purpose a Land Lease Agreement will be signed with the Successful Tenderer.
- 1.2. The above-mentioned Land Lease Agreement will be awarded to the Successful Tenderer. A pre-qualification process, on a pass or fail basis, for the purpose of ensuring that only economically and financially standing tenders as well as technically and professionally able candidates participate in the process, will precede the financial evaluation process. The Successful Tenderer will be the one with the highest proposed rent from those that have passed the pre-qualification process. It is noted that the bid will be calculated for the total Land Lease Period which is **50 (fifty) years**.
- 1.3. The Tender Documents identify the requirements for the submission of a Tender, which include policy issues, description of the lease, qualification documentation and evaluation criteria as well as other related matters.

### 2. Requirements for participation

- 2.1. Technical and professional ability  
To participate in the tender procedure, interested economic operators must meet the following requirements concerning their technical and professional ability:
  - (a) To have successfully completed at least one (1) project relating to the Design, Construction, Management and Operation of an STP and with a participation percentage of at least 30% in the contract. The term "completed" means a percentage implementation of the contract of at least 80%.

Or alternatively:

  - (b) To have successfully completed at least two (2) contracts relating to the Construction of large scale projects over than 20.000m<sup>2</sup> covered area each, or at least €10M contract value each and with a participation percentage of at least 30% in each contract (or one contract

from either). The term "completed" means a percentage implementation of the contract of at least 80%, and,

- (c) must include in the proposed Project Team which will implement the Contract Scope, a key expert or legal entity, who has at least 10 years of experience as an STP Operator.

It is understood that if the interested economic operator is a consortium of persons, legal or physical, it is enough for the above requirements to be met cumulatively by the consortium members, for each of the above alternatives.

An interested economic operator may rely on the capabilities of other entities, regardless of the legal nature of the links it has with them. In such a case, it must be able to prove to the Contracting Authority that it shall have at its disposal the resources necessary.

### **3. Policy Framework**

#### **3.1. Planning Framework of Science and Technology Park (Pentakomo Area)**

Tenderers should propose a development that maintains construction balance in the assigned Land Lease Area which is presented in Appendix A. For that purpose Tenderers should take into account, inter alia, the provisions of the Planning Framework (Appendix B).

#### **3.2. Incentives**

The Government of the Republic of Cyprus will offer to the Successful Tenderer a package of incentives. These include tax and work permit incentives and special additional incentives as presented in Appendix C, as well as planning incentives as presented in the Planning Framework (Appendix B).

Furthermore, the Government of the Republic of Cyprus commits not to make additional state land for the construction of another STP in Cyprus for a period of 15 years from the date of signing the Land Lease Agreement.

#### **3.3. Obligations of the Contracting Authority**

The Contracting Authority will undertake the following:

- (a) The construction of the public road giving access to the STP (marked in grey in Appendix A), with sidewalks and lighting.
- (b) Electricity and telecommunications services supply alongside the public road.
- (c) Water supply, double line supply for potable and irrigation purposes, at the north boundary of the STP.

The above works will be completed within 18 months from the date of signing the Land Lease Agreement.

### **14.7 Development in Phases**

The Development of the STP may be implemented in phases, which must be defined in the Development Time Schedule and described in the Business Plan (see paragraph 17.1).

## PART III – LAND LICENSE AGREEMENT FOR THE ESTABLISHMENT, DEVELOPMENT AND OPERATION OF THE STP

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### 4. Contract Scope

The Government of the Republic of Cyprus has decided and firmly supports the establishment and operation of a Science and Technology Park in Cyprus through a strategic investor on a land lease basis.

In that respect, the Contracting Authority will sign a Land Lease Agreement with the Successful Tenderer for approximately **200.000 m<sup>2</sup>** of land belonging to the State, in Pentakomo area in the District of Limassol, Cyprus.

It is important for the Tenderers to note that the STP should commence its operation within five years from the date of signing the Land Lease Agreement.

The Contracting Authority is expecting that interested economic operators will study, and prepare an overall plan for the development and operation of the STP, taking into account the requirements of the tender documents.

In essence, this overall plan constitutes the Business Plan for the development and operation of the STP, which is required to be submitted in the Tender (see paragraph 17.1.).

### 5. Land Lease Agreement

#### 5.1. Description

The Land Lease Agreement (Appendix D) provides for the award of a contract for the development and operation of an STP at the Land Lease Area (Appendix A) at Pentakomo, Limassol District, Cyprus.

The Land Lease Area will be awarded by granting a land lease to the Successful Tenderer, through a Land Lease Agreement which will be signed between the Successful Tenderer and the Contracting Authority.

The Successful Tenderer during the period of the Land Lease Agreement is entitled to possess, use, administer, manage and operate the STP under the conditions, exceptions

and reservations of the Business Plan. Within this framework the Successful Tenderer is entitled, with the prior consent of the Contracting Authority, for the Land Lease Period, which does not exceed the agreement expiration or termination date, to rent or sub-lease:

- (a) buildings (or space) to tenants,
- (b) land to interested tenants to build on their own expense buildings and/or infrastructure in accordance to the Planning Framework for their own exclusive use.

Any sublease agreement resulting according para 1(a) and (b) above will be subjected to the approval of the Contracting Authority.

## **5.2. Term of Land Lease Agreement**

The term for the Land Lease Agreement, (the Land Lease Period), for the purpose of the development and operation of the STP will be fifty (50) years.

## **5.3. Termination of the Land Lease Agreement**

- 5.3.1. In case that the Successful Tenderer does not undertake any actions for the implementation of the Development Time Schedule, such as the conduct of the necessary studies, designs, impact assessments, applications to obtain the required permits, etc., within the first six (6) months from the signing date of the Land Lease Agreement, the Contracting Authority has the right to terminate the Agreement and the land will be returned to the Contracting Authority and any amount paid up front or any amount paid thereafter, will not be returned to the Successful Tenderer.
- 5.3.2. The Contracting Authority has the right to terminate the Land Lease Agreement if the Successful Tenderer does not implement the Business Plan within the time frames specified in the Development Time Schedule therein.
- 5.3.3. The Contracting Authority has the right to terminate the Land Lease Agreement due to non-payment of any rent installment due by the Successful Tenderer, as described in paragraph 10.2(a) of the Land Lease Agreement, (Appendix D).
- 5.3.4. The Contracting Authority has the right to terminate the Land Lease Agreement due to any of the reasons described in paragraph 10.2 of the Land lease Agreement, (Appendix D).



5.3.5. In the case that the Land Lease Agreement is terminated for any of the reasons mentioned in paragraphs 16.3.1 up to and until 16.3.4 above, the Successful Tenderer will have no claim whatsoever against the Contracting Authority.

#### **5.4. Completion of the Land Lease Period**

16.4.1 Five years before the expiry of the Land Lease Period the Successful Tenderer would be entitled to apply to the Contracting Authority for an extension of the Land Lease Agreement, justifying their request. The granting of such an extension will be at the discretion of the Contracting Authority and will not exceed the original Land Lease Period. The lease period and rent of the new Land Lease Agreement will be agreed between the Successful Tenderer and the Contracting Authority.

16.4.2 If such an application for extension is not filed by the specified deadline, it shall be deemed that the Successful Tenderer is not interested to extend the Land Lease Agreement and the Contracting Authority has the right to:

- (a) Request that the Successful Tenderer delivers to the Contracting Authority free occupation of the Land Lease Area and return it in the condition it was prior to the signature of the Land Lease Agreement on the expiry of the Land Lease Period. In this case, all expenses will be borne by the Successful Tenderer.
- (b) Assume possession of the STP, including any buildings or infrastructure developed in it. It is understood that in such a case the Successful Tenderer will have no claim whatsoever against the Contracting Authority.
- (c) Undertake any action it considers necessary in order to select another suitable entity to continue operating the STP after the expiry date of the Land Lease Agreement. It is understood that in such a case the Successful Tenderer will have no claim whatsoever against the Contracting Authority.

## **6. Contents of “Envelope A- Qualification Adequacy” Parts A+B**

### **6.1. Technical Tender: Part A (Technical Aspects) of Envelope A**

In Part A of Envelope A – Qualification Adequacy, each Tenderer must provide a Business Plan for at least the first five (5) years from the signing date of the Land Lease Agreement. It is important for the Tenderers to note that the Business Plan should cover the whole period for the completion of the development of the STP. The Business Plan should include at least the following:

- (a) a brief description of the Tenderer’s understanding of the requirements of the Land Lease Agreement,
- (b) the approach and methodology for the development and operation of the STP,
- (c) a Master Plan of the whole project,
- (d) a Development Time Schedule containing all activities and actions for delivering the contract scope up to the completion of the development of the STP, (including a Gantt Chart),
- (e) the process of obtaining all relevant permits/licenses from the Competent Authorities,
- (f) a description of the critical issues which are related to the fulfillment of the contract scope,
- (g) a risk assessment which may affect the smooth implementation of the contract scope,
- (h) the financial resources required for the construction and operation of the project
- (i) a feasibility study for development and operation of the STP

### **6.2. Participation Credentials: Part B (Non Technical Aspects) of Envelope A**

In Part B of the Envelope A – Qualification Adequacy, each Tenderer must provide:

- (a) eligibility of participation as per paragraph 17.2.1.,
- (b) a solemn declaration statement as per paragraph 17.2.2.,
- (c) a proof of funds as per paragraph 17.2.3.,
- (d) Tenderer’s ownership and structure information as per paragraph 17.2.4.,
- (e) The Tender Guarantee referred to in paragraph 17.2.5,

- (f) the fulfilment of the requirements for participation as per paragraphs 2 and 3,
- (g) validity of tender, paragraph 6.1.

### **6.2.1. Eligibility of participation**

For certifying the eligibility for participation in accordance with paragraph 2, Tenderers should provide one of the following:

- (a) If the Tenderer is a legal person, proof of its establishment.
- (b) If the Tenderer is a consortium of natural and/or legal persons, the above supporting documents should be submitted for each legal person participating in the consortium. A Cooperation Agreement, signed by all participants in the consortium, should also be submitted, stating:
  - (i) the intention of each participant to participate in the consortium,
  - (ii) the participation rate of each member in the consortium,
  - (iii) the consortium member to act as the leader of the consortium, and
  - (iv) the person appointed as Representative of the consortium.

### **6.2.2. Solemn declaration**

A Solemn Declaration statement must be provided, certifying the Tenderer's personal situation, (a template is provided in Appendix E).

### **6.2.3. Proof of funds**

Tenderers must prove that they have adequate financial resources for the development and operation of the STP.

Financial adequacy may be proved by one of the following funding sources:

- (a) In case of a loan from one or more financial institutions, the Tenderer must submit a duly signed statement by the financial institution(s), which declares that the institution(s) shall finance the project on the basis of the Business Plan submitted with the tender and the conditions of the present tender.
- (b) In case the Tenderer intends to finance the development by external sources but not through a loan from a financial institution, the Tenderer shall submit a duly signed certified statement from such organizations that they shall provide financial support to the project on the basis of the Business Plan submitted with the tender and the conditions of the present tender.
- (c) In case the Tenderer intends to finance the project by equity, the Tenderer shall submit a signed declaration certified by a qualified Accountant stating that he has

the required financial resources to finance the project on the basis of the Business Plan submitted with the tender and the conditions of the present tender.

Financial adequacy is achieved when any combination of the above three financing methods amounts to the total financing required that is stated in the Business Plan, as prescribed in paragraph 17.1.

## **7. Contents of “Financial Offer-Envelope B”**

7.1. The “Financial Offer- Envelope B” shall contain, the Financial Offer of the Tenderer.

Financial offers should be presented either as:

- (a) a lump sum for the total duration of the Land Lease Period indicating the Tenderer’s proposed payment schedule, or
- (b) an annual rent for the total duration of the Land Lease Period, or
- (c) combination of (a) and (b) above.

It is emphasized that prices shall be quoted exclusive VAT.

It is understood that, irrespective of the provisions of paragraph 18.2 (c) below and paragraph 2.1 of Appendix C, Incentives, the whole or part of the proposed lump sum or annual rent or combination of them, may be offered to be paid within the first five years from the date of signing the Land Lease Agreement, within the contents of criteria of Evaluation of Financial Offers, paragraph 21.5, and Award of Contract, paragraph 22.1.

# APPENDICES

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**Appendix A:** Land Leased Area and its location

**Appendix B:** Planning Framework

**Appendix C:** Incentives

Land Leased Area and its location

**Maps of the area**

# PLANNING FRAMEWORK

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## A. General

### 1. Definition

- 1.1. The Science and Technology Park (STP) is foreseen to gather enterprises which are intensively involved in R&D activities in new knowledge-based fields of the economy. The primary objective is for the Science and Technology Park to contribute to the creation and development of new enterprises which would be involved in the production of innovative high-tech products. Those products would have the potential to create multiplier positive effects to the economy. The operation of such enterprises aim to facilitate the process of turning technological results into business action.
- 1.2. The Science and Technology Park will constitute an integrated and organized development that will provide all the necessary premises for Research, Academic and Incubator Centers as well as for high-tech enterprises (mainly spin off enterprises). It will also include areas for the establishment of enterprises in an attractive technology environment. The Science and Technology Park will also offer technology transfer as well as business support services. In this way, all the sites and infrastructure of the development will allow product development from the idea generation stage to the production stage (research, incubation, production)
- 1.3. The aim is the exploitation of the area selected for this purpose for the public benefit through its long term leasing to an investor in the form of a land leasing agreement.

### 2. Location- Access

- 2.1. The area defined for the Science and Technology Park is situated in a geographically and environmentally advantageous position. More specifically, it is situated to the south of the village Pentakomo in the administrative boundaries of Limassol district, at a distance of about 16Km to the east of the city of Limassol, 65Km away from Nicosia, 84Km from the city of Paphos and 50Km from the city of Larnaca.
- 2.2. Within the geographical boundaries marked for the Science and Technology Park, in the segment of a plot with the number 394 Φ/ΣΧ 55/42, an installment of the Institute of Cyprus is situated, conducting R&D work for a unit of Solar Energy and desalinated water. This R&D site although doesn't constitute part of the Science and Technology Park, will remain in the defined area.
- 2.3. To the east of the defined area, there are established Tourist Zones as well as a beach bearing the name Governor's beach. In the broader area, apart from the existing Central Power Station of EAC, an Energy Centre with large Energy infrastructure is currently under construction (Vasilikos area). The "Evangelos Florakis" Naval Base, Vasilikos Cement Works

Public Company Limited, as well as the Biological station SBLA (Sewerage Board of Limassol-Amathus) are also located within the vicinity of the Science and Technology Park. To the southwest of the defined area, plans are in place for constructing a fishing harbour and shore facilities serving the fish farmers of Vasilikos area. A relevant map can be found in **Appendix A**

- 2.4. Access to the Science and Technology Park is provided through the Nicosia - Limassol highway, by the secondary road network which leads to Governor's beach and Ayios Georgios Alamanos area. The main phase of the construction of the access road to the Science and Technology Park (excluding asphalt paving and signage/markings), that connects the Governor's Beach Area with the Ayios Georgios Alamanos Area along the coast, as well as the onsite alignment of the internal road network of the Park, have been completed.

### **3. Main characteristics**

- 3.1. The broader area has distinctive features due to its proximity to the sea and the relief of the landscape. The area is easily readable and it has a distinctive identity (Governor's beach). The hills stretching until the shore in smooth slopes, the presence of plateaus as well as of a central valley, the remarkable calcareous arrangements of the coast combined with the low vegetation create a unique landscape, which is completely unspoiled and maintains a homogeneous and coherent character. This is a coherent area which is situated on a plateau with gentle slopes towards the coastline. The area is deemed geologically appropriate.
- 3.2. These main characteristics combined with the proximity of the area to already developed areas, as well as the easy access to the public road network are expected to facilitate the execution of works (either for the buildings or infrastructure) and at the same time minimize the need for earth moving works.

## **B. Development program**

### **4. Spatial Planning of the Science and Technology Park**

- 4.1 The main design guidelines for the Science and Technology Park are based on the principles of Sustainable Development, in order to create a high quality Science and Technology Park, thus ensuring economic benefits. Those guidelines are the following:

#### **Creation of two main distinct areas:**

- 4.2 The total area of the Science and Technology Park is expected to be divided into two separate areas: a) the area where the main central operations/services of the Park will take place; b) the area where the technological business units will be established.
- 4.3 The clustering of the main operations/services facilities in a specific core area aims to create a strong reference center in the spatial planning of the Science and Technology Park. This core area will constitute a central point of operations intended to provide



services to the users and visitors. This will allow the different technological business units to develop along the perimeter of the area, in homogeneous groups according to their activity type, either as buildings or and as plots that will be provided for this particular purpose.

#### **Road network- Traffic regulation**

- 4.4 The design of the road network as well as the traffic management arrangements are expected to discourage the use of private vehicles as a means of transport by way of establishing pedestrian roads and bicycle paths, as well as through appropriate allocation and provision of sufficient parking places.
- 4.5 These arrangements are expected to create satisfactory operational conditions by increasing synergies between the different establishments and encouraging internal movements by environmentally –friendly alternative means.

#### **Organization and design**

- 4.6 Additionally it is considered important that the Science and Technology Park, as regards design and organization, ensures that:
  - a) provisions are made for extensions and conversions in the future, the maintenance and repair of basic infrastructure and services (roads, electricity supply, water supply system, drainage connections etc.)
  - b) all the elements that characterize the development in terms of functionality, organization aesthetics, quality of manufacture are achieved and maintained
  - c) there is flexibility in the building layout, mass and form, should the need for readjustment arises
- 4.7. The layout plan of the Science and Technology Park as well as the internal road network will be defined in detail and illustrated on a plan by the applicant, by way of a master plan, which would require to secure all relevant permissions from the authorities according to the procedure detailed in paragraph 10.

#### **5. Urban planning - Permitted uses**

- 5.1. Part of the Planning Zones map, within which the area of appr. 200 decares (200.000 sqm) of the Science and Technology Park lies, is marked with red colour and attached as part B.
- 5.2. The uses through their appropriate arrangement and functional relationship shall facilitate the establishment of synergies as well as a quality and organized development that will promote the strategic objective of rendering Cyprus a regional Centre of Applied Knowledge. The Science and Technology Park being an innovation and development establishment, situated in an advantageous location is expected to constitute a focal point of economic activity, whilst at the same time utilize the workforce of surrounding areas and developments.
- 5.3. In the designated zone of the Science and Technology Park no other uses will be permitted apart from the ones listed below:

#### **5.4. Area of central operations/services**

5.4.1. Within the area of the central operations/ services, the following developments and uses will be allowed under certain conditions:

- An administration building which will host the security and maintenance services as well as information and guidance services for visitors
- A business Centre addressed to users and visitors of the Science and Technology Park
- A conference and Exhibition Centre
- Business Incubators which will provide office spaces offering integrated services including administration support as well as office equipment facilities)
- Offices for enterprises and organizations, the activities of which are directly related to the permitted uses in the areas of establishment of the Technological Business Units.
- Commercial/retail premises of limited capacity and scale serving the users of the Science and Technology Park
- Small scale recreational facilities such as restaurants, cafeterias, as well as sports facilities (gym, tennis courts etc.)

#### **5.5. Area of establishment of Technological Business Units**

5.5.1. The area for the establishment of Technological Business Units will host developments for the production of low impact (light industrial) high technology products - telecommunications, microelectronics, smart systems of automatic control, ICT, biomedical engineering, robotics, energy and environmental technology, networks and technological developments, maintenance of information technology software etc.

5.5.2. Additionally, related and ancillary facilities will be permitted in this specific area (research centers, education/training centers, university units, professional laboratories, data management centers, etc.), organized in a way that can accommodate businesses and units that provide and develop services and products that are compatible with the objectives of the Park.

5.5.3. In this specific area commercial/retail developments will not be permitted, neither any uses which the Planning Authority may consider as detrimental to or that may prejudice the operation and sustainability of the Park. Furthermore, only ancillary facilities will be allowed such as storage spaces, recreational facilities or restaurants, provided those are clearly intended- as indicated by their size and location- to support the main uses.

#### **5.6. Allocation of land uses**

5.6.1. Although the general arrangement and distribution of land uses is left to the applicant according to the Feasibility Study conducted, nevertheless it is expected that the total area of the sub areas as well as the green area will have the following indicative allocation:

Use	% total area	%total area of central operations/ services
Area of central operations/services	25	
Administration building of Science and Technology Park		20
Business Centre		15
Conference and Exhibition Centre		20
Small scale recreational uses (leisure, sports facilities, limited number of dorms for the users of the Science and Technology Park)		10
Business Incubators		10
Small scale commercial/retail premises		10
Area for the establishment of the Technology Business Units	60	
Green Areas	15	

## 6. Building restrictions

6.1. The development rights that will apply in the Science and Technology area will be the following:

Zone	Maximum building ratio	Maximum plot coverage ratio	Maximum number of storeys	Height (m)
Central area of administration and supportive operations/ services	0,40:1	0,30:1	3	11,30
Area for the establishment of Technological Business Units	0,30:1	0,30:1	2	According to the needs of each activity

6.2 The maximum number of floors allowed for the developments within the area of Central Operations/ Services will be 3. In the area of the establishment of Technological Business

Units and depending on the exact location of the buildings and the need for mechanical installations the maximum number of floors will be 2.

- 6.3 The landscaping of the open space (at a percentage of 15% of the property) constitutes an integral part of the development program. This should take place at an appropriate location in order to form part of an integrated green open area, where possible, accessed by the public road network and used freely by the public for recreational purposes.

## **7. Planning Incentives**

- 7.1 Small modifications to the ratios listed in the above table could be accepted, provided the development as a whole includes a range of different desirable uses to a satisfactory degree.

- 7.2 In special cases, for the purposes of creating certain points of reference (landmarks) within the Park as well as for ensuring better architectural and spatial planning, and also freeing more space on the ground floor, the Planning Authority may allow a greater number of floors, provided that the developments provide unobstructed views to the sea.

- 7.3 Additional increase of the building ratio will only be provided in accordance with the provisions of the Direction no. 1/2014 by the Minister of Interior regarding the use of renewable energy sources in relation to developments and specifically, according to the type of development of category 1 included in the table of Direction.

- 7.4 In case of extended adoption and utilization of the basic principles of Bioclimatic Architecture (energy performance of buildings, utilization of natural climatic phenomena/ use of renewable resources) beyond the ones defined by the relevant Direction of the Minister of Interior for renewable energy resources, the Director of the Department of Town Planning and Housing may allow an increase of the building ratio to a percentage of 10%. In such a case, increase of the building ratio will not be applied cumulatively (according to the abovementioned paragraph 7.3).

- 7.5 Regardless of what is mentioned above, the overall building ratio may increase up to a ratio of 0,45:1 for the total net area of the property under development (after the area required by the provision for green open spaces and the main road network has been deducted), provided that it is sufficiently justified by the Feasibility Study and a balanced allocation of uses is ensured between the area of Central operations/services and the area for the establishment of technological business units. In such a case the maximum build up area may not exceed 121.000 sq. m and this should be clearly justified.

- 7.6 The Planning Authority , within development control process may permit- according to what is stated in paragraph 7.4, the construction and the operation of a small hotel establishment (up to 100 rooms) within the area of Central Operations/Services, according to the provisions of the The Hotels and Tourist Establishments Laws, provided that the

operation of the hotel establishment is sufficiently justified in the Feasibility study and its construction will only take place after the construction and operation of the low impact (light industrial) production units of high-tech products.

## **8. Basic Infrastructure**

- 8.1. The successful tenderer has the obligation to construct all the basic infrastructure within the Park such as water supply system, electricity supply system, drainage system, telecommunications, and possibly,- following consultation with the competent authority- a tertiary waste water treatment plant. The electricity supply and telecommunications networks should be laid underground.
- 8.2. The development should provide the necessary road network to serve its needs and the successful tenderer will be obliged to take all necessary actions for the construction of the road network, pedestrian roads, cycle paths, etc. within the boundaries of the Park and be liable for all expenses for its construction, care and maintenance .
- 8.3. Sufficient parking spaces will be provided for all development (public and private). The construction of underground parking spaces will be encouraged so that green areas are not affected. In case, overground parking places are constructed for the purposes of the technological businesses units, their area will only be included in the calculation of the plot coverage ratio not in the building ratio.
- 8.4. The use of public roads or public pedestrian areas shall not be obstructed in any way either for purposes of access, or due to the development of private properties, or due to the provision of necessary infrastructure of public or private networks, provided all necessary permits and authorizations have been obtained.
- 8.5. It is made clear that regardless of the works required at each stage of the development, all infrastructure works will be constructed at the initial stage.

## **9. Environmental Parameters**

The basic requirements for the siting and development of the above mentioned uses concern the following:

- 9.1. The new development shall be integrated in the micro-environment of the area, and adapted to the natural terrain of the area, so as to restrict any alteration of the topography by means of excavation, infilling and retaining walls and to safeguard sightlines towards the sea and other important features (stepped building form). Constructions on pilots (pillars) will not be allowed, unless they are approved by the Town Planning Authority based on aesthetic criteria.
- 9.2. The development shall not have an adverse effect or be detrimental to the health of the public, the amenities of the area, the ecology, the water resources, agricultural lands, or

any other significant features of the natural or built environment, and the safe movement of vehicles and pedestrians in the area.

- 9.3. The buildings shall be of high quality architectural design and aesthetic value whilst the landscaped green spaces that will be created should meet high quality standards. At all times, the Principles for the Aesthetic Improvement and Enhancement of the quality of the Built Environment shall be followed.
- 9.4. The green area/space will cover 15% of the area of the property under construction. At least 70% of the green area/space shall be a compact area with a good geometry, so that the appropriate conditions are put into place for the establishment of a large green park area. This area will be landscaped according to the plan that will be submitted for this particular purpose. Planting of trees, children's playing facilities, walking paths, furnishing, as well as infrastructure for future maintenance shall be foreseen by the plan. This 70% of the green area (as mentioned above) shall be open for use by the public once the first stage of the implementation of the development has been substantially completed. The remaining 30% of the green area will be gradually implemented during the different stages of the project. The successful tenderer is expected to bear all costs for the construction, the landscaping as well as the maintenance of the green area.
- 9.5. It is expected that during the design of the Science and Technology Park, the written opinion of the Environmental Authority (n. 2009-1) based on the article 17(6) of the Law on Environmental Impact Assessment of Certain Plans or Programs (102(I)/2005 Law) regarding the establishment of a Science and Technology Park in Pentakomo, will be taken into account.

**C. Submission of the necessary documents as part of a submission of a tender by a strategic investor**

**10. Documents Required**

10.1. As part of the tender procedure, the Applicant should submit the following:

- a. A preliminary master plan which among other information will also include the following:
  - I. The citing and layout of the proposed uses, the various building blocks and open areas.
  - II. General figures for the foreseen developments (areas, percentages of the total development etc.) and any other information which is considered necessary for defining with relative precision the outline of the project as well as the areas allocated for each use.
  - III. The timeline of the project, the different stages/phases of its development, as well as the different stages of implementation.

- IV. The layout of the road network, the pedestrian areas, the cycle paths, the squares, parking areas etc.
- V. The building ratio as well as the plot coverage ratio that will apply for each separate segment of the development
- VI. The number of floors foreseen for the different blocks.

b. A Business Plan, which will include a Feasibility Study, with the proposed required financial benefit in relation to the cost in a way to ensure the sustainability of the development and also to provide sufficient evidence and justification for the proposed area of development as well as for the proposed allocation of the land uses, should be submitted.

10.2. The aforementioned documents will be legally binding for the successful tenderer and will constitute the basis for the authorization procedure of the proposed development.

## **D. Approval and Implementation of the Project**

### **11. Approval and Implementation Procedure for the Development**

11.1. The implementation of the development is subject to compliance with all relevant procedures for the obtaining of all necessary permissions from the Competent Authorities according to the legislation that is currently in force, including the submission of an Environmental Impact Assessment and obtaining a Planning Permission and a Building Permit.

11.2. The Planning Authority, prior to determining an application, will take into careful consideration among other aspects, the opinions of i) the local authority, ii) The Ministry of Energy, Commerce, Industry and Tourism; iii) the Ministry of Agriculture, Environment and Rural Development, iv) the Ministry of Transport, Telecommunications and Works. The Planning Authority will evaluate those opinions and approvals as well as any documentation which may be submitted either by the public or by different stakeholders. The Planning Authority will also take into account the need for financial viability and success of the project, especially with reference to the different stages of development, the extent and the size of the different uses.

11.3. Due to the complexity and the size of the project as well as due to the financial planning of implementation, the development may be implemented at different phases under the following conditions:

- a. A planning permission has been obtained for a fully detailed masterplan which will be based on the documents mentioned in paragraph 10.1, and will also include, apart from the information mentioned in 10.1(a), the following:
  - I. Drawings and cross-sections illustrating the basic layout, composition and development of the project.
  - II. A detailed survey of the land under development, with emphasis on its different topographical characteristics, existing vegetation etc. For this purpose

photographic material for each separate element of the property under development should also be submitted.

The master plan may be slightly modified and readjusted according to the needs of each phase, provided that the allocation of the uses as they have been proposed in the tender documents or the whole character of the development is not significantly affected. Furthermore, the different phases may be modified with the permission of the Planning Authority, so that the operation, the balance and the character of the project are ensured.

- b. The construction of the infrastructure network within the total area of the Park, along with the construction of the business incubators will take place during the first phase.
- c. 70% of the green area (as referred to in paragraph 9.4) will be developed and made available to the public, upon completion of the first phase of the implementation of the development.

11.4. The procedure for determining applications for planning permission, modifying planning permissions, as well as well as for the implementation of individual developments and buildings will be conducted by the Director of Town Planning and Housing Department according to the usual procedures, provided that they comply with the main provisions of the master plan.

11.5. In order to ensure the implementation of the abovementioned elements, an Agreement will be signed on the basis of the article 43 of the Town and Country Planning Law between the Director of the Town Planning and Housing Department (as the Planning Authority) and the applicant that will include all the appropriate and necessary terms, provisions and commitments.

11.6. No Planning Permission will be granted for the construction of any other uses at later phases, unless the developments approved at previous phases have been substantially completed.





# INCENTIVES

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## Introduction

The Government of the Republic of Cyprus, will offer to the Successful Tenderer the following incentives within the framework of the Development and Operation of the Science and Technology Park at the defined area in Pentakomo, through a long-term Land Lease Agreement.

The incentives offered do not include any amendments to the existing legislation and/or introduction of new legislation on the subject.

## 1. Existing Incentives: Incentives already provided in existing legislation

### 1.1. Existing Tax Incentives

- 1.1.1. Article 8(23A) of the Income Tax Law, (law no. 121(I)/2022) is an expansion and extension of the existing tax framework, Article 8(23) of the Income Tax law, that provides for the exemption from income tax, for a maximum period of seventeen (17) years (if certain eligibility criteria are met). The exemption is provided for 50% of the individual's remuneration for his first employment in the Republic of Cyprus, as of the year of his/her first employment. The individual should not have been a tax resident of the Republic of Cyprus for at least 10 consecutive years prior to the commencement of his/her employment. His/her annual earnings should exceed €55.000 (previous threshold was €100.000). The Law provides for a grandfathering provisions and special transitional provisions for the individuals who previously claimed the exemption under the previous regime - Article 8(23) of the Income Tax Law.
- 1.1.2. Individuals who hadn't been residents of the Republic of Cyprus prior to commencement of their employment but whose annual earnings from employment do not exceed €55.000, based on the revised Article 8(21A) of the Income Tax Law, are provided a tax exemption on 20% of their remuneration or an exemption of an amount of €8.550 (whichever is lower) - for a period of seven years, as of the date of commencement of employment.
- 1.1.3. The exemption will be given to employees provided they have been employed outside Cyprus at a non-Cyprus tax resident employer for at least three consecutive years prior to the commencement of employment in Cyprus.
- 1.1.4. Article 9 (1) of the Income Tax Law, 118(I)/2002, (subparagraph e) render tax-deductible of all expenditure incurred wholly and exclusively for acquisition of income (the term "expenditure" refers to expenditures of an income and not of a capital nature).

Under Article 9(1) of the Income Tax Law (paragraph d) a significant amendment endorsed within 2022 with an aim to increase the tax deduction granted on expenses incurred for research and development. The expenses incurred during the years 2022-2024 (including those of capital nature) and for which a deduction is granted, an additional deduction equal to 20% of those expenses is granted. In this case, the effective deduction is 120% of the actual R&D expense (as recognized in accordance with International Accounting Standards).

1.1.5. For the taxation on the profits generated by intellectual property rights, as well as on those generated by the sale of intangible assets (incentive 1.1.3.), a deduction of 80% is provided as an expense, resulting to an exemption from taxation on 80% of the profit calculated under " nexus approach".

1.1.6. Article 13 of the Income Tax Law stipulates that tax losses of any person may be transferred and set off against the taxable income of such person for the next five years.

1.1.7. Article 9a of the Income Tax Law provides that expenditure incurred by a person (physical or legal) for the purchase of shares on an approved innovative small and medium-sized enterprise (SMEs) are wholly (in the case of physical investor) or partly (30% in the case of legal entity) deductible from the taxable income of that person. Eligible investors must be independent from the innovative enterprise, either directly, or through an investment fund, or through an alternative trading platform. Tax exemptions are subject to the following provisions:

(a) The amount of deductible taxable income may not exceed 50% of that person's taxable income in the tax year in which the investment is made.

(b) The deduction, to the extent not granted due to the above limitation, may be carried forward and granted for the next five (5) years, subject to the above percentage limitation. Additionally, the amount deductible may not exceed the amount of one hundred fifty thousand euros (€ 150,000) per year.

1.1.8. Equity introduced to a company as from 1 January 2015 (new equity) in the form of paid-up share capital or share premium is eligible for an annual Notional Interest Deduction (NID). The annual NID deduction is calculated as an interest rate on the new equity, and cannot exceed 80% of the taxable profit derived from assets, financed by new equity. The relevant interest rate is the yield on 10 year government bonds (as at [December 31](#) of the prior tax year) of the country where the funds are employed in the business of the company plus a 5% premium.

1.1.9. Cyprus government bonds, Cyprus and foreign corporate bonds listed on a recognized stock exchange, and bonds issued by Cyprus state organisations or by Cyprus or foreign local authorities listed on a recognized stock exchange shall be subject to Special Defence Contribution (SDC) at a rate of 3%. Moreover, as of 8 June 2022, Cyprus state organisations and local authorities, pension

funds, provident funds, and the Cyprus Social Insurance Fund will be subject to SDC at a rate of 3% on all interest income earned.

## **1.2. Incentives which are under study in the Ministry of Finance**

1.2.1. The Ministry of Finance is considering the promotion of tax measures for energy saving.

The measures touch upon to the increase the capital allowance provided for certain capital assets within the tax years 2023, 2024 and 2025, in order to improve the energy efficiency of buildings.

## **1.3. Labor work/residence Permits**

1.3.1. According to the Aliens and Immigration Law, Cap 105, as amended until 2015, work and residence permits, are granted to third country nationals as regards international business companies. In this case, the majority of shares should be owned by third country nationals.

In the case that the participation of third-country nationals is less or equal to 50% of the share capital, for the company to be considered potential beneficiary, it should hold a percentage representing an amount equal to or greater than €200.000,

In such cases, the company may employ high skilled employees of third country nationality at a lower wage (+ benefits) of € 30.000.

## **2. Additional Incentives**

### **2.1. Market rent (Financial Offer for Rent, paragraph 18 of the Tender Documents)**

According to the relevant provisions of the tender documents as well as of the Land Lease Agreement, the Successful Tenderer may not pay any rent during the first five years.

### **2.2. Investment aid**

2.2.1 State aid relating to the investment of the Strategic Investor.

A State aid of 10% will be granted to the Strategic Investor for his investments for the first five years, provided he complies fully with the Development Time Schedule that has been agreed between the Contracting Authority and the Successful Tenderer in the framework of the implementation of the project of the Science and Technology Park. This investment aid will be offered according to the general exempting regulation, (Commission Regulation EU 651/2014) for the eligible costs on buildings and equipment. The maximum amount of the investment aid is €3.000.000.

The eligible costs for buildings and equipment will include:

a. Buildings and rearrangement of building space

This category of investments includes:

- Construction or/ and extension and/or renovation and rearrangement of building space. It is noted that the cost of acquisition of the land is not considered as eligible cost.
- Infrastructure for electromechanical and hydraulic installations, fire safety measures, air-conditioning and ventilation.
- Infrastructure for the installation of systems for the protection of the environment, the reduction of pollution, water and energy saving, hygiene and health systems

It is noted that the purchase and installation of photovoltaic systems are not considered as eligible costs.

In cases of construction or extension of buildings/premises, the eligible cost will be calculated on the basis of the covered space of the buildings. The maximum eligible cost is €700/m<sup>2</sup> of covered space. In cases of renovation and rearrangement of building space, the maximum eligible cost is €250/m<sup>2</sup> of covered space.

The costs for the studies, design and supervision of Architects, Civil Engineers, Mechanical Engineers, costs for the installation of equipment for any other studies and other similar costs are not considered as eligible costs.

Expenditure for external services such as the construction of roads, walkway pavements, (including the curbs), constitute eligible costs. The maximum eligible cost for roads is €20/m<sup>2</sup> and the maximum eligible cost for walkways is €40/running meter.

Investments in new buildings or additions which increase or modify the covered area, require the submission of a building permit.

#### b. New machinery/equipment

This category of expenditure includes expenditure for new machinery and ICT equipment such as computers, computer software, servers, printers, scanners, and photocopiers.

The term “new machinery/equipment” does not include used or reconditioned/repared machinery and equipment and/or spare parts for the repair of existing machinery, refrigerators, shop windows, furniture and other than the above office equipment.

For the purposes of the determination of the amount of aid for the above eligible costs, the actual costs incurred should be taken into account on the basis of documented and supporting financial documents such as invoices, receipts, attestations etc.

### **2.3. Terms of payment.**

The investment aid which results from paragraph 2.2 will be subtracted from the market rent for

the subsequent years.

### **3. Planning Incentives**

The planning incentives are specified in the Planning Framework for the STP (Appendix B).

### **4. Renewable Energy Sources**

The Strategic Investor can install a Renewable Energy Power system (REP) of a capacity of up to 5 MW, which will work with the Autoproduction method. By this method, the electricity generated by the system will be exclusively used for the purposes of own consumption, i.e. the Strategic Investor will not be compensated for electricity that may be infused by the system on the network. It follows that a careful planning and proper calculation of the capacity of the production facilities is required, adapted to the demand profile of the STP, in order for unnecessary costs (resulting from the injection of the produced energy to the network which will not be compensated) to be avoided.

### **5. Facilities**

The Government through the MECIT is committed to provide all necessary facilities to the Strategic Investor regarding the authorization procedures as well as any other issues in which the Government Departments/agencies may be involved.

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#### **Annex 4.1.**

##### **Procedure that should be followed for licensing the system:**

Before installing the system, the Strategic investor should submit an application to the CERA for obtaining an exemption on a construction permit. After obtaining an exemption on construction permits, the Strategic Investor should apply to the relevant Competent Authorities for obtaining any other required licenses and approvals. At the same time, the Strategic Investor should request and obtain from the Distribution System Operator (DSO), the terms for network connectivity and should sign an association agreement with the DSO, which will stay into force for as long as electricity from this plant is produced from REP. The agreement will include provisions for issues relating to connection and operation of Autoproduction establishments.

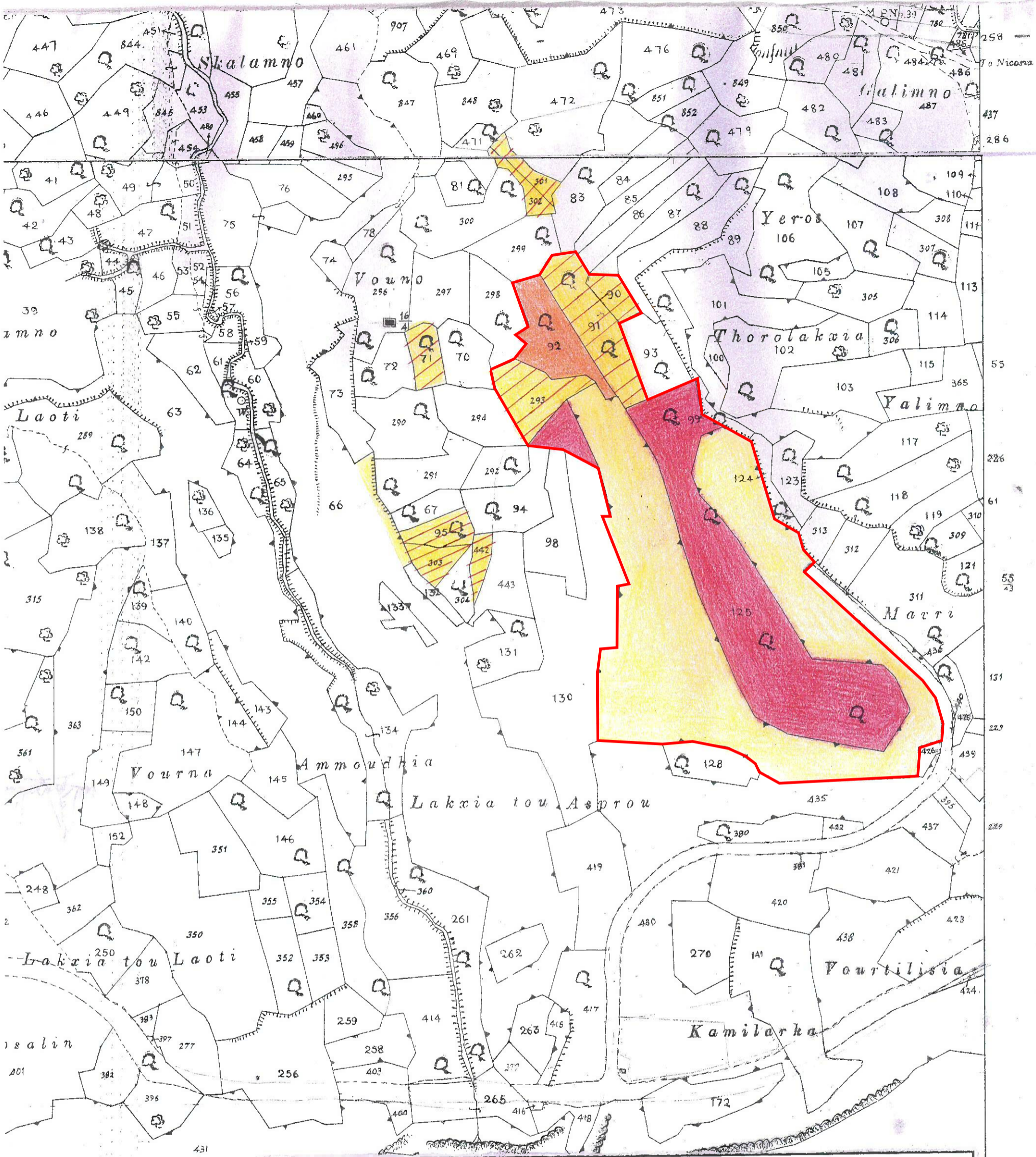
After the system has been installed, an application to control and connect the system to the Distribution Network should be submitted to DSO. Following that, an application for exemption from CERA authorized power station (REP Autoproduction) should be submitted. After ensuring an exemption from Authorization, a Contract form will be signed by the vendor of the consumer/producer (the Regional Office of EAC in its capacity as supplier or another Supplier accordingly) and the consumer/producer.





It is noted that according to paragraph 4 of article 35 of the law which provides for the promotion and encouragement of the use of REP, 112 (i)/2013 Law, the Transmission System Operator (TSO) during load distribution may reduce electricity generated from renewable energy sources and fed into the system if it is deemed necessary based on the conditions of the operating system. In case TSO takes significant measures to reduce the electricity generated from renewable energy sources, so that security and reliability as well as the energy supply of the national electricity system are ensured, the DSMK submits to the CERA a report on these measures. This report should contain the corrective measures TSO intends to take to prevent unintentional cuts; CERA takes appropriate operational measures for transport system and the market in order to minimize such cuts. To this end, the Strategic Investor shall arrange to install the necessary equipment according to the guidelines issued by the DSO in order for the TSO and DSO to be able to do so.

The Strategic Investor will be able if he wishes, to install electricity storage equipment by submitting along with the application to CERA, all the necessary information provided by the manufacturer including the safety regulations as well as the potential contribution of the electricity storage equipment to the mode of operation of the entire system.

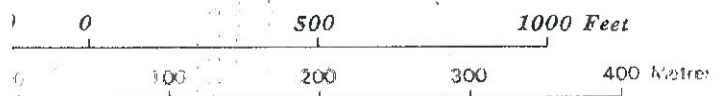
**Note:** According to the promotion and encouragement of the use of Renewable Energy Sources (REP) 2013 (N.112 (I) / 2013) Law, all support schemes relating to electricity, generated from renewable energy

sources, should be forwarded to the Ministry of Transport for approval with the prior consent of CERA. Therefore, CERA must also be informed for the above suggestion in order for the 5MW to be withheld and not to be made available to other enterprises through Projects. It should be clarified though when the above installation will be made.



	Κρατικά Ακίνητα
	Ακίνητα που αποζημιώθηκαν και ενεγράφηκαν στην Κυπριακή Δημοκρατία
	Εκκλησιαστικό Ακίνητο
	Τουρκοκυπριακά Ακίνητα

Scale 1 : 5000



A



**BUILDING RESTRICTIONS**

Zone	Maximum Building Ratio	Maximum Number of Storeys	Height (meters)	Maximum Plot Coverage Ratio
H7	0.15:1	2	8.30	0.15:1
T3	0.10:1	2	8.30	0.10:1
Z1	0.06:1	2	8.30	0.06:1
Z3	0.01:1	1	5.00	0.01:1
E.T.N.2	0.30:1	2	According to the provisions of the activity	0.20:1
T1c	0.50:1E 0.45:1T,X,T,E 0.30:1Y 0.30:1K	3 2 2 2	13.10 8.30 8.30 8.30	0.25:1 0.25:1 0.20:1 0.20:1
T3V	0.25:1E 0.20:1T,X,T,E 0.20:1K	3 2 2	13.10 8.30 8.30	0.20:1 0.20:1 0.20:1

- E: Hotel
- T: X: Tourist Villages
- Y: Services
- H: Zones where residential use is prevalent
- F: Agriculture Zone
- Z: Protection Areas (archaeological sites, significant features of nature, forests, protected landscapes, natural topography/soil landscapes, significant agriculture land etc.)

Note: The policy provisions contained in the Policy Statement for the Countryside apply in addition to the provisions of the Planning Zones set out above.

The Planning Zones are drawn on the Digital Cadastral Database of the Department of Lands and Surveys. The detail of the Zones should be checked against the official maps for accuracy purposes.

**NOTES**

Zone E.T.N. 2:  
Within this area, development for the production of high tech products as well as related facilities and ancillary uses (research centres, education/training centres, university units, professional laboratories, software manufacturing units etc.) will be permitted. The development should be organised in a way that can be integrated with the surrounding environment and provide services and products that are compatible with the objectives of the STP.

The high tech, industry, category encompasses, amongst other, the fields of biotechnology, nanotechnology, robotics, environmental and energy technology, ICT, network management and software development.

Retail uses will not be permitted, nor any other uses, that the Planning Authority may consider as detrimental to or that may prejudice the operation of the STP.

In general, land uses other than those aforementioned will not be permitted unless otherwise permitted by a specific provision of the Policy Statement for the Countryside and the use is considered as essential for the proper operation of the permitted uses.

New development should be integrated to the surrounding environment and adapted to the natural excavation, unfilling and retaining walls and to safeguard sightlines towards the sea and other important features. Building forms should be stepped conform to the site's topography.

The development should not have an adverse effect on or be detrimental to the health and safety of the natural or built environment. It should also not adversely affect the safe movement of pedestrians and vehicles in the area. The buildings should be of high quality architectural design whilst the landscaped green spaces that will be created should meet high quality standards.

**NOTE**

- New Boundary of Special STP Zone
- Expropriation Boundary
- Planning Zones 2013 (AAIT 20/2013 EEA 4524 11.01.2013)
- Public Road
- State Land
- Turkish - Cypriot owned land

Area of STP (sq.m.)	327,906
Area of Public Road (sq.m.)	9,812
Green Area 15% (sq.m.)	49,186
Net area of STP (sq.m.)	268,908
Maximum Building Ratio 0.45:1 (sq.m.)	121,009

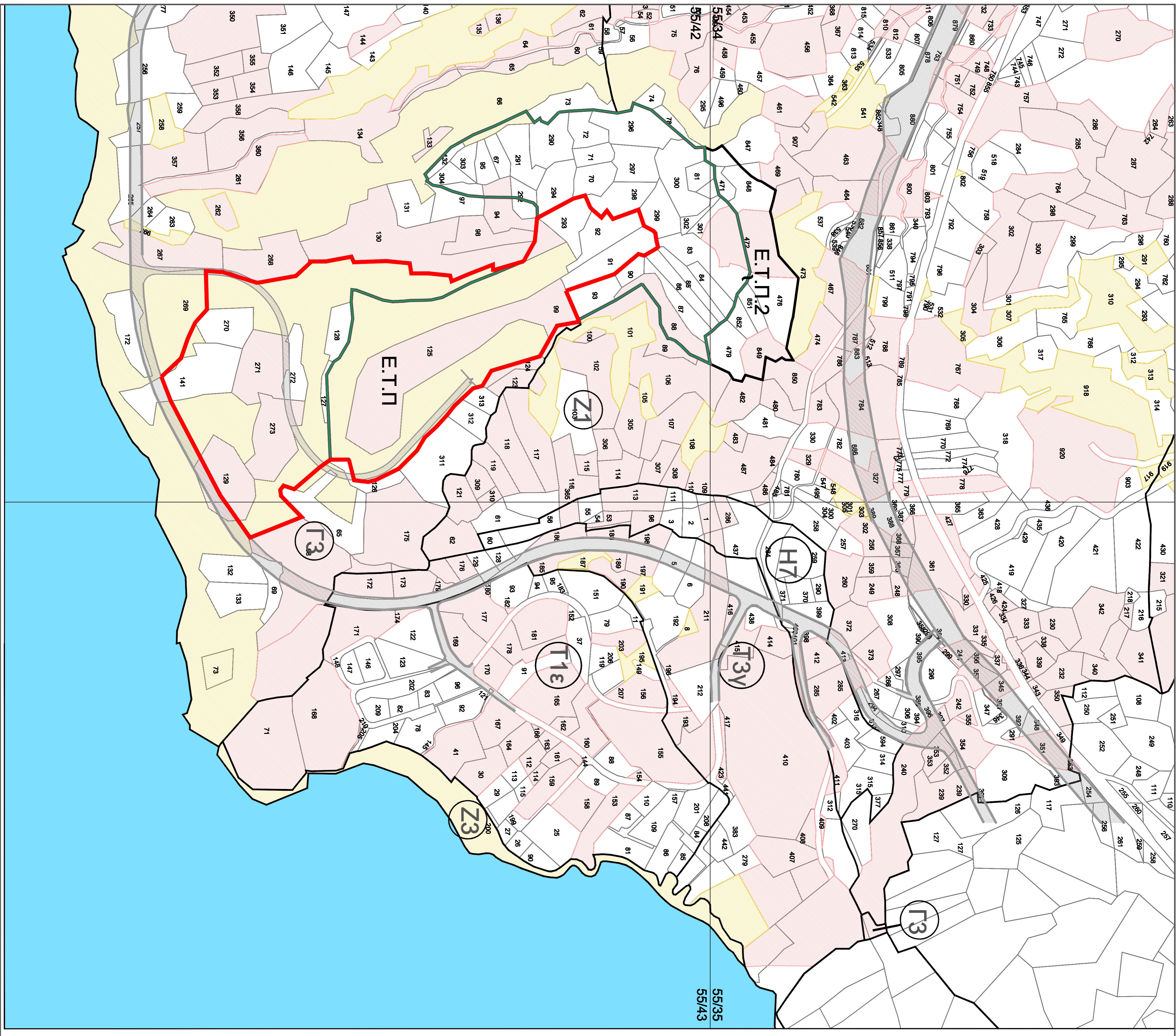
**DEPARTMENT OF TOWN PLANNING AND HOUSING**

**POLICY STATEMENT**

**LIMASSOL DISTRICT**

**CYPRUS SCIENCE TECHNOLOGY PARK (STP)**

Planning Zones - Pentakomo



Drawing: A.Georgiadou  
Scale: ---  
Date: January 2016  
Drawing No.: 1  
V.Giorgatsou