

Construction works commence at ONE

Construction works commenced on 21st March 2016 at ONE, the tallest residential seafront Tower in Europe! Initial works include cleaning and leveling of the plot, excavation and the construction of the boundary diaphragm wall. Pile tests have also been completed and the results were excellent. This is an exciting time for both Pafilia and Cyprus, as ONE is truly changing the luxury real estate landscape of the island and region as a whole. ONE will be completed in December 2018.



The Emerald nearly sold out

MODERN LUXURY RESIDENCES

Perfectly situated in the heart of Limassol on the seafront, the Emerald combines the very best of modern architecture with luxury finishes and a prime location offering urban living at its best. These prestigious apartments are set on a prominent plot within minutes' walk of Limassol's main seaside. This unique area offers views to the promenade and Mediterranean sea with further views over the Limassol skyline to the Troodos mountains. Additionally, this sought

after area has some of the best shopping on your doorstep while all amenities are easily accessible with the use of a car not always necessary as the sandy beach, park, promenade, shopping and restaurants are all within walking distance. The development has proven highly popular with just three properties remaining available. For more information contact: info@pafilia.com



Real Estate Renaissance

The Cyprus real estate market is more attractive to foreign buyers now than it has been for decades. A combination of legislative changes together with strategic planning by the construction industry, mean this is the optimum time for overseas investors to move into Cypriot real estate.

Cyprus, with its year-round sunshine, high quality of life, and convenient location between three continents, has long been a magnet for international investors, expats, retirees and those looking to enjoy a second home in a mild and hospitable climate. It seems that despite the uncertainty of fluctuating global economic cycles, these factors continue to have enduring appeal. The 2013 Knight Frank Global Lifestyle Review ranks Cyprus as the fifth best place in the world to relocate, establishing the island as the only European location alongside Switzerland to make it into the top five – ahead of London, Madrid and Monaco. Cyprus ranks highly because of its favorable tax regime for new residents – particularly for high-net-worth individuals. In May 2014, the island ranked 11th out of 40 countries in the Top of the Props chart, which records the most searched for overseas destinations to buy property. Recent legislation, coupled with a continuing fall in real estate prices, has triggered new interest in the middle and lower end of the market, while sales of luxury, top-end developments have surpassed expectations.

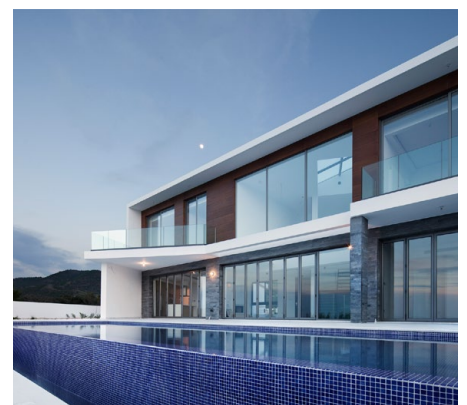
Increasing Sales and New Incentives

As corrections to the overheated Cyprus property market continue, the numbers of completed sales are on the rise. Transaction volume rose by around 9% in the first eleven months of 2015, compared to the same period in 2014, with October 2015 seeing a 23% rise in property sales. Although a positive development, the volume was significantly lower than the peak recorded before the recession. Limassol had the highest number of transactions, accounting for 31% of the total volume, while Famagusta accounted for just 6% of the total. During the first ten months of 2015 the number of building permits authorised for both residential and non-residential projects fell by 0.5% compared to 2014, but their value saw an increase of 18.3% to €846 million and their area increased by 14.2%. New legislation has been enacted providing additional benefits to investors in the property market, such as an exemption on transfer fees and

capital gains tax on properties purchased by 31st December 2016. Perhaps not surprisingly, local financiers remain cautious, but foreign investors are showing increasing interest in the Cypriot real estate sector. Around 20% of sales are driven by foreign buyers, proving Cyprus continues to be on the list for investors, holiday-home seekers, expats and retirees, with the traditionally popular areas of Paphos and Limassol leading the way. It is expected that transactions in the property market will remain concentrated on prime assets while overseas buyers, encouraged by the government's Naturalisation Scheme, will focus almost exclusively on high-end residential properties according to a report published by Resolute Asset Management, while institutional investors are focused on producing income from their investments, such as grade A properties and sizeable plots of land with tourism development potential.

Protecting Buyers

New property legislation was passed in 2015, ramping up protection for buyers in Cyprus, allowing owners to apply for their own title deeds. A contentious issue for years, the new property law is a welcome move, and aims to correct the failures of previous years of not issuing title deeds to people who have paid for property, either because the property was mortgaged by the developer, or the state could not go ahead with the transfer because of outstanding taxes. The new law grants the head of the land registry department the authority to exempt, eliminate, transfer and cancel mortgages and or other encumbrances, depending on the case and under certain conditions. Thanks to the new amendment, the process is set to become more efficient while giving prospective buyers more peace of mind and security.



Cyprus to Launch Third Round for Offshore Oil and Gas Drilling

The detection of carbonate layers in the southern part of Cyprus' Exclusive Economic Zone (EEZ), which could hold pockets of natural gas, was a chief reason behind the government's decision to launch a third oil and gas licensing round, Energy Minister Giorgos Lakkotrypīs has said.

According to a notice recently published, in the EU's official journal, Cyprus is now inviting bids for exploration of hydrocarbons in offshore blocks 6, 8 and 10. The acreage included in the new licensing round is largely unexplored, Lakkotrypīs told reporters at the presidential palace.

According to the Cyprus Mail, the areas are believed to contain carbonate layers in the bedrock, as in the case of Egypt's Zohr discovery. "The creation and development of these carbonate structures are directly re-

lated to the existence of the Eratosthenes seamount within the Cyprus Exclusive Economic Zone," he noted. And the interest expressed in recent months by energy companies, following the detection of these carbonate layers, was the other reason prompting the government to initiate a new exploration round. Responding to questions, Lakkotrypīs confirmed that foreign companies had conveyed interest in exploring other blocks beyond the three selected.

But after consideration the government decided to put up for auction only blocks 6, 8 and 10.

Should the licenses be granted after negotiations, then Cyprus would have a total of seven offshore blocks under license, the Cyprus Mail reports.



Cyprus Exits Bailout Programme

The European Commission announced recently that Cyprus has successfully exited its financial assistance programme after three years. The programme, it said, was designed to achieve three main objectives: stabilise and reform the Cypriot financial sector, ensure sound fiscal consolidation, and implement reforms to support competitiveness and growth.

"Thanks to the efforts of the Cypriot authorities to implement the necessary structural reforms, confidence has returned and a lot has been achieved: growth is picking up, the banking system has further healed and the fiscal outlook has remarkably improved," the announcement said.

"I commend and congratulate Cyprus on its commitment to do what was needed in terms of structural reforms to turn the economy around and to return to economic growth and job creation," said Vice-President Valdis Dombrovskis, responsible for the Euro and Social Dialogue. "Cyprus has implemented the programme with clear determination and positive results: financial stability is restored, unemployment is declining and we expect Cyprus to continue to grow in the coming years," he added. Commissioner Pierre Moscovici, responsible for Economic and Financial Affairs, Taxation and Customs, said: "This is a good day for Cyprus and for Europe". He said that, with the conclusion of the programme, the country has moved beyond the crisis and the country is now in a stronger position.

"We are confident that Cyprus will be able to face any remaining challenges," he said.



Plan for Aphrodite gas

Noble Energy, Delek and BG (now owned by Shell) are close to announcing a natural gas development plan for the Aphrodite field. "We are in the final stages of agreeing to sell Cypriot gas to Egypt," a government source told the press.

Plans for Egypt moved ahead after Noble Energy and Delek declared commerciality for Aphrodite in Block 12 in June 2015. Earlier this year, BG, which has a share in the idle liquefied natural gas (LNG) plant in Idku in Egypt, took a 35% stake in Block 12.

50% Increase in Tourist Reservations from Russia

Tourist reservations from Russia have increased by 50% - 60% compared with last year, Minister of Energy, Commerce, Industry and Tourism Yīorgos Lakkotrypīs has said. According to the Cyprus News Agency, Lakkotrypīs returned to Cyprus after attending the main tourism exhibition in Moscow where he met with Russia's main tour operators. "The prospects for this season are very promising," he told a joint press conference with Government Spokesman Nikos Christodoulides, adding that the Russians are more optimistic on the country's economic situation and are making reservations much earlier this year. Tourist arrivals from Russia declined by 27.6% in 2015 due to the economic crisis hitting the country, augmented by the sanctions imposed to Russia by the European Union.





Property Sales Rise in February

Property sales in Cyprus rose significantly during February 2016 compared to the same period last year according to official statistics published by the Department of Lands and Surveys on March 7.

This 54% rise in February follows a 2% rise in January and a 13% rise in December 2015.

Sales increased in all districts, with Limassol leading the way with an 85% increase compared with February last year.

S&P affirms credit ratings at BB-/B

Standard and Poor's (S&P) rating agency affirmed Cyprus' long and short-term sovereign credit ratings at 'BB-/B'; with a positive outlook, expecting the economy to grow at more than 2% over 2016-2019. S&P said this also strengthened its budgetary position and reduced government debt. "Last year's budgetary outcome includes several deficit-increasing one-off items and as a result of this, as well as solid economic growth more than offsetting the removal of public wages and pension freezes, we expect Cyprus' budgetary position will improve and post surpluses over the forecast period," S&P said.

Moreover, the rating agency said that ahead

of parliamentary elections in May, it did not expect the government to continue with discretionary deficit-reducing measures, but that the government's budgetary position will benefit from a gradual reduction in unemployment benefits and an increase in cyclical revenue items against the background of continuous economic recovery. S&P projected that net general government debt will decline below 80% of GDP by 2019 and that general government interest payments will average about 6.3% of general government revenues during 2016-2019.

Meanwhile, Moody's Investors Service said that the sovereign ratings of euro area members will likely remain stable in 2016

and 2017, citing weakening fiscal consolidation, a slowdown in reforms, and political uncertainty.

Cyprus was among the euro zone sovereigns carrying a stable outlook, with only Ireland carrying a positive outlook, and Austria and Finland carrying a negative outlook.

It added that it expects that the European single currency bloc's economy to grow this year by around 1.5%.



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