

UKRAINE NEWSLETTER Q3 2021

IMPORTANT NEWS FOR INVESTORS

- **On July 1, Ukraine launched a land market lifting a moratorium on land sale. Since then, almost two thousand land transactions have been registered in the country.**

Important for investors - It is necessary to confirm sources of funds via notarial verification to buy land in Ukraine.

In the case of an agricultural land plot acquisition in ownership under a paid contract (purchase and sale, rent, exchange, etc.), the notary is obliged to check the sources of funds origin or other assets of the acquirer.

Sources of funds must be allowed by law, for example, wages, lottery winnings, inheritance, royalties, etc. The documents that the buyer must use to confirm the legality of receiving funds can be declarations of property and income, balance sheets, statements containing data on the profit and loss, tax declaration with attachments, etc. (Ministry of Justice of Ukraine)

- The Verkhovna Rada of Ukraine adopted the **Law “On Stimulating the Development of the Digital Economy in Ukraine.”** Implementation of **Diia City** is an impetus for international IT companies to relocate their offices to Ukraine. It will lead to an increase in the competitiveness of the Ukrainian IT market, the creation of new jobs, an increase in the volume of significant foreign investment and tax revenues. (Ukraineinvest.gov.ua)
- **Diia City is a free special legal regime** that gives IT companies access to:
 - special tax reliefs,
 - more flexible employment regulations;
 - better IP rights protection;
 - application of common law’s best practices;
 - minimal government interference in the business of an IT company;
 - guarantees of legislative stability for 25 years;
 - the ability of participants in a legal entity with foreign participation to choose the applicable law to a corporate contract. (Ukraineinvest.gov.ua)

POLITICAL AND ECONOMIC NEWS

- The Verkhovna Rada of Ukraine has adopted as a basis and in its entirety a bill ratifying the financial agreement “Ukraine Recovery Program” between **Ukraine and the European Investment Bank on a EUR 340 million loan**, according to the Minister of Communities and Territories Development of Ukraine Oleksiy Chernyshov. “Ukraine Recovery Program is a continuation of the Emergency Credit Program for Reconstruction of Ukraine, which was signed in 2014 to attract EUR 200 million and was the first experimental program to combine credit for Ukraine and grant funds to local executive and local governments. Currently, **236 projects** have been approved for implementation under the current program,” said Chernyshov. (Ministry of Communities and Territories Development of Ukraine)
- Ukraine will receive **\$2.7 billion from the International Monetary Fund (IMF)** as part of the Fund's new initiative to issue additional

special drawing rights, while negotiations are underway on new IMF tranches under the traditional Stand-By Arrangement (Ukrinform)

- Ukraine has slightly reduced its own agricultural exports to the European Union but **retained the fourth place among the top five largest exporters to European countries.** The European Commission published the relevant data in its report “Monitoring EU Agri-Food Trade: Developments January-April 2021”. (112international)
- The National Bank of Ukraine has left its forecast for the growth of the country’s real gross domestic product (GDP) in **2021–2023 unchanged at about 4%**, NBU Governor Kyrylo Shevchenko has said.
- The NBU’s forecast envisages that the **key policy rate** will be raised further, to **8.5%**, and maintained at that level until Q2 2022, with a view to bringing **inflation back to its 5% target in 2022** and keeping inflation expectations in check. If additional pro-inflationary risks materialize, the NBU stands ready to continue deploying monetary tools to return inflation to its 5% target. (NBU)

CURRENT PROJECTS AND INVESTMENT PROPOSALS

- Smartcom is assisting a UK / Scandinavian investment structure to set up a real estate asset management company and real estate portfolio > **50 million EUR in Kyiv.**
- Visit www.pipes.one, a Ukrainian start-up company, promoted by the EU’s 2020 Horizon Program has developed a **breakthrough technology** for the protection and laying of industrial pipes right at the installation site, leading to significant time and cost efficiencies. **We are looking for investment partners in the size of 5 million EUR.**
- Smartcom is supporting a Greece based team of entrepreneurs holding land, license, and team for a sizeable medical cannabis production for the EU markets. **We are looking for investment partners in the size of ca. 10-15 million EUR to jump-start the production and distribution.**

ABOUT SMARTCOM

Smartcom is an independent M&A and investment advisor that provides a full range of investment advisory services to selected investors and invests selectively on its own book.

Founded by Dr. Marc-Milo Lube, the company operates globally with a focus on CEE and Western Europe markets, and registered offices in Vienna (Austria) and Kyiv (Ukraine).

Our service portfolio includes inter alia investment advice, strategy and political consulting, M&A and transaction management, investment structuring, asset management and protection as well as participation in tenders / privatization.

We focus our activities on Ukraine, Georgia, Romania, Austria/Germany, Korea, Qatar.