

CYPRUS

The phoenix of the Mediterranean

The island's strategic location, coupled with its reinforced commitment to compliance and regulation, has strengthened Cyprus' appeal as an investment hotspot in the Mediterranean

Perched at the junction of Europe, Asia and Africa, Cyprus' enviable location has shaped its development as a key maritime trading post, with a rich history that reaches back millennia and beautiful sun-drenched scenery that attracts millions of tourists each year. Populated by just under one million people, the Mediterranean nation's economy consistently outperforms the European Union average, despite the republic being part of a divided island since the Turkish invasion of 1974. Last year, for instance, it recorded 5.6% growth in gross domestic product.

This resilience is due to the agile country's ability to constantly reinvent itself. As an illustration, since joining the EU in 2004, the bloc's Eastern-most member has advanced to become a solid European financial and business services center, thanks to its investor-friendly tax regime, low-cost business environment, sophisticated information and communication infrastructure and highly educated workforce. Today, Cyprus is mainly a tertiary sector economy, with services contributing about 84% of its GDP.

In February this year, the nation entered its next chapter of transformation with the election of a pro-business government headed by President Nikos Christodoulides. "My vision for Cyprus is for it to become a model for attracting investment and fostering entrepreneurship; one that fully reaps the benefits of technology and innovation, and sets the bar high for a swift green and digital transition," he explains. "Our aim is to strengthen the competitiveness and extrovertedness of the Cypriot economy based on a new modern growth model."

Christodoulides served in the previous administration, which laid some of the groundwork for this new model, he says: "In 2022 we introduced a strategy for attracting businesses and talent to the island, with the establishment of a business facilitation unit and a package of incentives for those wishing to set up bases here. As a result, Cyprus is attracting foreign investment in a wide range of sectors, including finance, shipping, tourism, ITC, retail, health, tertiary education, professional services and head-office activities."

His government has now taken the next step with its initiation of the comprehensive Vision



The island of Cyprus lies at the crossroads of Europe, Asia and Africa.

2035, a long-term strategy for sustainable economic development that includes over 240 actions. Chris Patsalides, economic advisor to the President, reveals that, "Vision 2035 encompasses structural reforms as well as initiatives aimed at enhancing the added value of existing sectors and promoting new ones. It's the projected return arising out of the implementation of this strategy that provides the strongest incentive to invest here. The government's goal is to make Cyprus one of the best places in the world to live, work and do business."

As Patsalides points out, "A necessary condition for achieving our vision is the pursuit of the highest compliance standards and the President is advocating zero tolerance." In the past, Cyprus had a reputation for lax regulatory con-



Nikos Christodoulides
President

control systems, which culminated in its economic collapse in 2013. "That reputation changed dramatically in 2014, when we introduced one of Europe's strictest regulatory frameworks. Cyprus is now included on the OECD's white list of largely compliant jurisdictions and is fully compliant with the US's Foreign Account Tax Compliance Act," he says.

US cooperation at all time high

President Christodoulides is also focused on expanding the country's international profile. During a speech to the European Parliament earlier this year, for example, he stressed the tactical role his country could take in the EU energy market amid the conflict in Ukraine: "Cyprus, the only member state in the Eastern Mediterranean region with confirmed gas reserves,

and with historically excellent relations and long-standing partnerships in the field of energy with the vast majority of its neighbors, can play a key role in our joint efforts to address the energy crisis, by providing a reliable, alternative energy corridor to Europe."

The already strong bond between Cyprus and the US is tightening under his leadership too. "Both countries value the importance of respecting the law, safeguarding democracy, promoting prosperity and striving for peace globally," Christodoulides states. "Our relationship has manifested tangible results in numerous fields, including security, joint fire-fighting trainings, cooperation in science and technology, joint mil-

NIKOS CHRISTODOULIDES
PRESIDENT

"Our aim is to strengthen the competitiveness and extrovertedness of the Cypriot economy based on a new modern growth model."

itary drills, the establishment of the US-funded Cyprus Centre for Land, Open-seas and Port Security training center, as well as cooperation in the protection of our cultural and archaeological heritage. The US is also a valued partner in the three-plus-one cooperation mechanism that Cyprus has established with Greece and Israel, which is promoting peace and stability."

Both governments are now actively working on steps to enhance business and investment collaborations between the two countries, he adds. "For instance, Cyprus aspires to participate in the US's visa-waiver program, which will have positive spillover effects on business exchanges, including in sectors like financial services, tourism and higher education." Patsalides would encourage potential US investors to take a closer look at what the transforming nation has to offer: "Cyprus is growing and diversifying into a successful broad-based economy backed by prudent finances and healthy economic indicators. It is the EU's Eastern Mediterranean gateway, lying at the crossroads of major global markets."

A leap forward in foreign direct investments

Secure and robust Cyprus offers excellent incentives to inward investors and talent

The Cypriot economy is once again demonstrating its ability to withstand global challenges this year. Chairman of the national investment promotion agency Invest Cyprus, Evgenios Evgeniou, reveals that, "In 2022, we had one of the highest-growing economies in the European Union and growth in 2023 is expected to be close to 3%, significantly higher than the EU average." One factor behind this performance is the country's successful targeting of foreign direct investments — according to fDi Intelligence's Greenfield FDI Performance Index 2023, Cyprus is the 11th biggest overachiever globally for inward investments and ranks third worldwide for its post-pandemic recovery of FDI.

For recent arrivals to the island, "Key investment areas include the green transition, digital infrastructure, technology, health and education, while our two largest traditional drivers of growth remain shipping and tourism. Beyond that, the country is developing as an alternative investment fund jurisdiction and a fintech hub," says Evgeniou. "Together, these sectors are building an economy that is more diverse and resilient, with sustainable growth."

Among the nation's rapidly expanding industries is information and communication technologies, which directly and indirectly contributed about \$4.8 billion to the economy in 2022 and created 36,000 jobs. "These results don't make us complacent; we know that a lot still needs to be done," he states. "Cyprus combines the advantages of being a prominent business services center and a growing technology cluster; our ambition is for the technology cluster to keep expanding, while also developing clusters in more fields, such as the biomedical sector."

The government has developed a range of incentives specifically aimed at appealing to the highly specialized companies and talent it wants to settle in the country, he notes: "For example, skilled employees enjoy a 50% reduction in their income tax rate, there is a fast-track process for relocation of staff and setting up, including facilitating placements to schools for children and work permits for spouses."

There are other enticements for firms and individuals, not the least of them being the one-stop-shop services of Invest Cyprus, which provides hands-on support at all stages of an investment or relocation. "The country also offers economic and tax stability, robust regulatory and legal frameworks, access to the EU market and proximity to Israel, the Middle East and North Africa. Cyprus has the highest percentage of graduates in the EU, 12 highly ranked universities and our research is excellent — 7 of the EU's 37



Evgenios Evgeniou
Chairman
Invest Cyprus

centers of excellence for research are in Cyprus," Evgeniou asserts. "Above all, investors tell us that what makes Cyprus a great place to live and work is the quality of life and security in our streets."

Many benefits for multinationals

Michael Antoniadis, chairman of KPMG in Cyprus, elaborates on the country's enviable quality of life: "The wellbeing enjoyed here, excellent food, ability to take part in outdoor activities most of the year and international schools are all helping companies to choose Cyprus." In his

view, however, what makes it a unique base for multinationals in particular is its location: "It's the furthest EU member from mainland Europe in the Mediterranean. That means its time zone is very convenient for coordinating activities between the East, the West and US headquarters for our US clients with regional offices in Cyprus."

EVGENIOS EVGENIOU
CHAIRMAN, INVEST CYPRUS

"Key investment areas include the green transition, digital infrastructure, technology, health and education, while our two largest traditional drivers of growth remain shipping and tourism."

From his perspective as chairman of one of the largest accounting and financial advisory firms on the island, multinationals' establishment of regional headquarters is one of five core investment areas that are strategically important for the Cypriot economy's future. "The second is energy, in which there are opportunities to develop the oil and gas industry. Cyprus also has plenty of sun and wind, so there is a lot of potential in developing renewable energy and incentives to support that," he states.

"Third is education: we have a very high level of education and are seeing growing cooperation between our universities and ones in Western countries, which facilitates the introduction of specified courses and exchanges. Fourth is healthcare and we have witnessed an appetite to build hospital and healthcare infrastructures."

Antoniades' fifth core area of potential is a tourism sector that used to be reliant on Russian visitors, but is now welcoming more guests from the EU instead. "Cyprus intends to expand its tourism to North America as well. Americans already come to Greece and Israel, so combining

Cyprus with these close destinations will increase tourism numbers and diversify our source markets," he explains.

KPMG is a firm of choice for inward investors in these and other industries. "We use our knowledge and expertise to deliver value-added services and meaningful solutions," Antoniadis comments. Perhaps surprisingly, he asserts that Cyprus' highly competitive tax rate is not a primary consideration for new investors. "As I mentioned, we would like to have serious multinationals establish regional offices with substance here. These corporations will not be coming to Cyprus for tax reasons. What they are looking for is the advanced quality of professional, legal, accounting and tax services, plus transfer pricing that is in Cyprus," Antoniadis declares. "It's a well-regulated center, with an anti-money laundering law that is one of the world's strictest — if you try to open a bank account here, you go through such a logistical process! Cyprus today is a very solid, sound place to be and to do business."

Leandros Papaphilippou, senior and managing partner of the law firm L Papaphilippou & Co LLC, confirms that Cyprus offers the security that international enterprises need: "Cyprus is an ideal place for business. It's a country with a robust regulatory environment that can be used as a base for headquartering and as a base for investment," he states. "Our legal system provides very strong stability. It's based on the English legal system and common law, which is a familiar setup throughout the world. This is an advantage, especially for investors coming from the US, as they find our system easy to understand."

L Papaphilippou & Co LLC is one of the leading names in Cyprus' extensive ecosystem of legal firms that provide first-class services to investors in various sectors. The firm celebrated its 60th anniversary this year and boasts a long list of local and international clients, spanning from regulatory bodies, banks, insurance companies and other financial institutions, to shipping businesses, listed companies, multinationals and high-net-worth individuals. "We're a firm with 40 lawyers, which maintains a practice with mostly Western European, English and US clients. We're part of one of the best legal networks in the US, State Capital Group, and we have particularly good litigation, trust and real estate teams," he details. In recent years, Papaphilippou has sup-



Michael Antoniadis
Chairman
KPMG in Cyprus



Leandros Papaphilippou
Managing Partner
L Papaphilippou
& Co LLC

ported substantial inflows of foreign investment into major Cypriot companies, including banks, as well as into sectors like education, healthcare, technology and especially real estate. "A new law has been passed that facilitates the process for granting permits, licenses and special approvals

MICHAEL ANTONIADES
CHAIRMAN, KPMG IN CYPRUS

"We would like to have serious multinationals establish regional offices with substance here. These corporations will not be coming to Cyprus for tax reasons."

for large real estate projects," he explains. "In addition, banks are currently selling old non-performing loans, which is creating many real estate opportunities for those who can identify them."

The law firm has also noticed increasing interest from US enterprises wanting to invest in Cyprus directly or using it as a steppingstone to nearby regions. "I think much more work will come from the US in the future," Papaphilippou discloses. "New FDI legislation is going through parliament and, once enacted, it will be even easier for investors to participate in the opportunities the island has to offer, within the remit of clearly defined and transparent parameters."

INVEST IN THE MEDITERRANEAN, CYPRUS

Pafilia
PROPERTY DEVELOPERS



Drill stem testing at the Aphrodite field in Cyprus' exclusive economic zone.



The Stena Forth drillship was involved in block 10's Glaucus-2 appraisal well.

Positive news for gas in the East Med

Recent discoveries give Cyprus a new role on the international energy chessboard

Promising natural gas discoveries in Cyprus' 38,100-square-mile Eastern Mediterranean exclusive economic zone (EEZ) are set to turn the country into major hub for energy production and exportation. Four finds have been made to date by consortiums involving the oil giants Chevron, Shell, NewMed Energy, ExxonMobil, QatarEnergy, Eni and TotalEnergies, with the latest coming in 2022. To realize their potential quickly, President Christodoulides has appointed a Minister of Energy, Commerce and Industry with decades of experience in the oil and gas industry: George Papanastasiou. In this interview, Papanastasiou reveals his vision for the Cypriot energy sector.



George Papanastasiou
Minister of Energy,
Commerce and
Industry

news from block 6, we may be able to decide what infrastructure makes sense for Cyprus to develop, based on accumulated gas quantities.

Aside from this, we are trying to develop alliances in the East Mediterranean to create infrastructure in Cyprus' EEZ and there are ongoing conversations with Egypt and Israel about developing infrastructure to connect the three countries. There is quite a lot of infrastructure sitting in the EEZ of Israel and even more in Egypt's. Cyprus is a little late in developing infrastructure, but our discoveries have also been made later than those of Egypt and Israel. It will require synergies among cooperating parties for the gas to find its way to Europe, which is trying to end its dependence on Russian gas. The East Mediterranean is a potential new source of energy supply for the European Union market and that includes the gas reserves in the EEZ of Cyprus, an EU member state.

What is the status of explorations in the 13 sectors of Cyprus' EEZ and what measures are you taking to speed up the exploitation of the country's gas reserves?

Our most mature discovery is Aphrodite [3.5 trillion cubic feet], which goes back to 2011. Southwest from that, we have Zeus and Cronos-1 in block 6, plus Glaucus in block 10. In total, it is estimated that these southwest discoveries hold reserves of close to 9.5-13.5 trillion cubic feet. The discoveries in the EEZ are a bit dispersed, which causes some difficulties because there is no infrastructure yet to connect them. There is an intention to get all the companies operating in the southwest cluster together to investigate what synergies can be applied to make the best use of their discoveries and what infrastructure we can put in place to develop them.

There will be further explorations. Eni and TotalEnergies will be doing an appraisal well in block 6 in 2023 or the beginning of 2024, and we are doing a subsea seismic assessment in block 5, awarded to ExxonMobil and Qatar Energy, by the end of 2024. In addition, we have another block that may deliver good news in the next few years. If this materializes alongside positive

Could you expand on the ongoing talks with Israel about constructing natural gas infrastructure that would allow Cyprus to import Israeli gas until its own resources are extracted and which could help to develop both countries' upstream gas markets in the future?

A natural gas pipeline connection between Israel and Cyprus is being discussed in a working group. Cyprus' power generation is still heavily dependent on fossil fuels, but our electricity market is not big enough to pay back the significant investment needed to develop this infrastructure. To justify investing in a sizeable pipeline, you need to provide an incentive to potentially interested parties to push gas from Israel to Cyprus in quantity and for that you need a destination. This could be Cyprus' power stations that require 1 billion cubic meters a year and the markets of Europe and beyond, to which another 2.5-3 billion cubic meters a year would be exported as liquefied natural gas (LNG), with the gas being

liquefied in Cyprus. Therefore, we need to develop an additional solution, which could be a floating liquefaction plant. The alternative is a small modular LNG plant on shore that can liquefy gas and then to ship that to European markets.

In fact, the first natural gas that will arrive in Cyprus for power generation will be imported as LNG at a new terminal being constructed at Vasilikos Port, which should be completed in 2024. A floating storage regasification unit will be moored at a jetty and the gas will then be transported to our power generators. That will be the moment when we achieve the first substantial reduction of our emissions in Cyprus.

The EU aims to be carbon neutral by 2050, while Cyprus' own sustainability targets include raising the share of renewables in its electricity mix from 9.8% in 2019 to over 30% by 2030. What are some key elements of your strategy for attaining these goals?

We see natural gas as a transitional product to help support our end destination, which is green. Our targets are in alignment with the EU's and we know the bar is high with regard to our 2030 goals and the 2050 target for climate neutrality. How can we achieve them? It's not rocket science: we need to develop power from sun and wind. As Cyprus doesn't have substantial wind potential, we are focusing mostly on photovoltaics and for the last few years our efforts have been

systems that are combined with renewable energy projects. With that, we will be able to store renewable generation instead of curtailing it. We have a time horizon of 18-24 months for the central system and two to three years for the hybrid systems.

The second thing we are doing is examining the promotion of electricity interconnections with neighboring countries. The one being discussed extensively is connecting Cyprus with Greece. At present, we have no energy infrastructure connecting the island of Cyprus with the rest of the EU and developing this interconnection with Greece would connect Cyprus to the EU grid. This would provide better security of supply and any overproduction of green electricity could be transferred toward another market. There is also a working group discussing an interconnection between Israel and Cyprus. For Israel, this will bring security of supply, because eventually Israel will be connected to the EU grid via Cyprus and Greece. When there is overproduction anywhere on that grid, electrons can flow south or north. It's a good project in our opinion that needs to be further examined from a financial viability point of view and as a geostategic project of added value to the area.

How can Cyprus' energy developments alleviate tensions in the region?

Energy can be used to bring peace to the East Mediterranean region that is, generally, an area of geopolitical tension, but one that has started to become rich with natural gas. It's a widely expressed opinion that this wealth can be placed on the table to bring some peace and minimize the risk of further tension, at least between countries that are looking toward that wealth. We would like to see Cyprus bring its wealth to the table for the energy security and prosperity of all citizens of the island of Cyprus, both Greek and Turkish. Any excess can be exported for the prosperity of other nations. These are exactly the conversations we are having with Israel, Egypt and the EU.

What are your priorities as Minister of Energy, Commerce, and Industry?

My first is to make use of Cyprus' natural gas. The second is to make Cyprus independent of the ongoing global energy-related crisis and, at the same time, work to ensure low-cost energy to support households, industry and the Cypriot economy generally.

Vassiliko LNG terminal to open in 2024

The introduction of natural gas will reduce the island's energy isolation and its emissions

Unconnected to the gas and electricity networks of any other state, Cyprus currently depends on imported shipments of heavy gas oils (HGOs) to generate most of its power. According to Antonis Patsalis, chairman of the Cyprus Natural Gas Public Company (DEFA or Cy-Gas), "As a European Union member, Cyprus is working to reduce its greenhouse gas emissions and transition to more sustainable energy resources. Natural gas is considered a transitional fuel in that — burning natural gas instead of HGOs will reduce our emissions by 30%."



Antonis Patsalis
Chairman, DEFA

transmission system. The LNG import terminal is a crucial step toward cleaner energy and reducing Cyprus' energy isolation," asserts Patsalis.

The terminal is being built at Vasiliko Port on the country's west coast. It will have a capacity of 0.1 billion cubic feet per day and is scheduled start operating in July 2024. "The project consists of three main parts, the biggest of which is the acquisition and conversion of an LNG carrier into a floating storage and regasification unit (FSRU). This work is being carried out through our subsidiary, the Natural Gas Infrastructure Company, and is almost finished," he reveals. "The second part is a jetty with permanent mooring infrastructure to berth the FSRU. The jetty under construction has been designed to accommodate and host cryogenic piping so gas can be transported at low temperatures."

The third element is a gas transmission system, initially within a 5-kilometer radius from

the port, that will supply power producers. At a later stage, DEFA will develop networks to supply the nations' households and industries, with tourism being one priority sector. Bearing in mind Cyprus' longer-term decarbonization goals, all pipelines will be designed to carry hydrogen as well as natural gas.

"This is a capital intensive project and the biggest energy project ever undertaken in Cyprus. The capital costs are estimated to be \$357 million, which has been financed through a grant from the EU, debt financing from the European Investment Bank and the European Bank for Reconstruction and Development, plus a shareholder contribution from the Electricity Authority of Cyprus," says Patsalis.

ANTONIS PATSALIS
CHAIRMAN, DEFA

"This is a capital intensive project and the biggest energy project ever undertaken in Cyprus."

In tandem with the project's construction, DEFA has issued a tender for gas supplies, he adds: "One of our main objectives is to secure sufficient supply at the lowest possible prices to cover the country's electricity production needs. I'm hopeful that we will manage to acquire

cheaper sources of energy to help bring down electricity prices."

Beyond the import terminal, DEFA has other big projects on the horizon. "The Russia-Ukraine war has pushed Cyprus to invest more in infrastructure to cover its energy needs," he states. "The Minister of Energy, Commerce and Industry's objective is not only to bring LNG to Cyprus through the FSRU, but also to bring gaseous natural gas, either from Cyprus' exclusive economic zone (EEZ) or from Israel. Bringing gas to Cyprus and building a liquefaction plant here to convert it into LNG for export is a way for us to participate in the EU's energy requirements."

As Patsalis notes, "The discovery of natural gas in Cyprus' EEZ has opened up exciting opportunities for international investors. It will lead to the creation of a sector requiring significant infrastructure, as well as specialized technology and service providers. In addition, our emerging gas market is an ideal area for research collaborations. Cyprus will play a very important role in developing the Eastern Mediterranean's reserves by hosting infrastructure or the companies that will support, operate and maintain all the networks being built in the region."

Stavros Pantzaris, chairman of EY Cyprus, concurs with this assessment: "There's a lot of discussion in Europe about reducing dependency on Russian gas and Cyprus can help in this, because of its strategic location and through the utilization of East Mediterranean natural gas resources, including those of Cyprus and Israel."

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Strategic location at the crossroads of continents

As an island nation, Cyprus has shipping firmly embedded in its DNA and is determined to make a global footprint in the sector



Cyprus' location makes it an important handler of EU freight and cruise liners.

With a proud seafaring tradition dating back to antiquity, Cyprus has carved itself a position as a qualified and trusted maritime center, home to Europe's third-largest shipping registry and around 250 shipping operators that provide a full range of logistics services. These range from ship ownership and management to finance, insurance, brokerage and bunkering, as well as activities concentrated on the provision of advanced technologies for the safe and efficient operation of vessels and ports.

Ship management is one of the sub-sectors where the country particularly excels, with 20% of global third-party ship management activity being managed from Cyprus. "This is a very sophisticated island that has all the infrastructure and professional services needed to support international businesses like ours," comments Mark O'Neil, president and CEO of Columbia Group, a large maritime services provider.



Antonis Stylianou
Chairman,
Cyprus Port Authority



Panayiotis Agathocleous
Manager, Limassol Port

**ANTONIS STYLIANOU
CHAIRMAN, CYPRUS PORT AUTHORITY**
"Making our maritime activities more environmentally friendly and supporting the country's green energy transition is a crucial focus for us."

Overall, shipping generates around 7% of the country's gross domestic product and employs thousands of people directly and indirectly, with the Cypriot flag regarded as one of the sector's most reputable and competitive. That is demonstrated by its inclusion on the white lists of the Paris and Tokyo Memorandums of Understanding (MoUs), two international port state control agreements that aim to eliminate sub-standard shipping operations through harmonized inspection systems in Europe and Asia respectively.

"Cyprus, being the third-largest island in the Mediterranean and at the eastern edge between the maritime routes of Europe, Africa and Asia, has always attached great importance to shipping, which undoubtedly constitutes a significant pillar for the country's economic development," stated Shipping Deputy Minister Marina Hadjimanoli at a recent industry event. "Recognizing the importance of shipping for Cyprus, the primary objective of the Christodoulides administration is to further improve and develop Cypriot shipping."

Hadjimanoli also noted that the country had risen up the rankings from 13th to eighth in the Paris MoU's latest report, due to the jurisdiction's strong compliance with evolving global shipping standards. "As a result, Cyprus maintains a strong presence and active involvement in decisions taken by international organizations such as the International Maritime Organization, the International Labor Organization and the European Union concerning these matters," she said.

CPA: A 50-year industry pillar
Despite the COVID-19 pandemic and war in Ukraine, the nation's shipping sector has continued to register growth with the support of the Cyprus Ports Authority (CPA), a semi-governmental autonomous organization tasked with regulating and supervising port activities

in the country, as well as monitoring marine traffic in its surrounding territorial waters. The main facilities under the CPA's scope include Limassol Port, Cyprus' main multipurpose port on its south coast; Larnaca Port further east, from where the CPA also supports humanitarian and foreign military vessels; and Vassiliko Port, a small industrial harbor that will soon welcome a new liquefied natural gas facility.

The authority is celebrating its 50th anniversary this year under the motto "50 Years of Sailing and Setting Sail to New Ports and New Horizons." Panayiotis Agathocleous, manager of Limassol Port and an industry veteran, recalls some of the challenges the CPA has experienced over those decades and its achievements in recent years. "Cyprus used to be the biggest hub in the region for transshipments, but we lost about 80% of those activities due to an embargo initiated by Turkey in the late 1980s. This introduced restrictions to vessels carrying the Cypriot flag and ones using our ports or managed by our firms, which are still enforced today," he explains.

"We have managed to overcome this through different developments, such as using Larnaca Port as the second-largest port on the island to provide options and availability to partners. We have also created the industrial port of Vassiliko to help us in the development of a hydrocarbon industry. It's one of the major projects of the state and a major project for us as well."

"Today, Cyprus is a safe harbor for all port and maritime activities that is in close proximity to the Suez Canal, through which most global freight is transported. We want to develop transshipment operations at our ports, so that we can serve the needs of the European market from the large consumer goods manufacturing markets of the Far East that involve shipments via the Suez Canal."

Setting the trend in the global port industry
Away from merchant navy activities, Limassol Port handles the arrival and departure of huge luxury cruise liners and their thousands of passengers. "We are trying to develop cooperation with ports in neighboring countries because cruising in the Mediterranean requires strong cooperation between ports; it's not a competitive activity," Agathocleous says, adding that the cruise industry has rebounded robustly post-pandemic.

According to the CPA, the number of cruise ships calling at Cypriot ports doubled between 2019 and 2022 to around 200. That total will grow even more in the next few years as the latest generation of larger vessels start visiting the Mediterranean, meaning new port infrastruc-

ture will be required to manage the additional capacity.

"Cyprus has the ability to become a home port for international liners in a development that would benefit the whole country, as it would open new markets and job opportunities. By 2030, 64 new cruise ships will be built around the Mediterranean and floated from east to north, from south to west. These vessels need a destination and Cyprus should be that destination, or at least one of them," states Antonis Stylianou, chairman of the CPA. "Our ports are windows to the world. Being an island, we value that interaction with the rest of the region, the EU and globally."

One international entity the CPA has collaborated with closely is the US Coast Guard. "We have had various inspections from the US Coast Guard to check our port security levels. Some of the measures the CPA has introduced have since been adopted by that authority as a model for their own ports, including our solutions for fencing and controlling access to people and vehicles," Agathocleous reveals. Stylianou corroborates this statement: "We are pioneers in advancing new trends in the worldwide general port industry."

A new green port in the Mediterranean
"As we frame the next 50 years of our organization, we are drafting the future of Cyprus in relation to our activities," asserts Stylianou. With the shipping industry transporting over 80% of global trade volume and hence a major source of carbon emissions, a drive toward decarbonization stands high on the CPA's agenda for that future.

**PANAYIOTIS AGATHOCLEOUS
MANAGER, LIMASSOL PORT**
"Cyprus is a safe harbor for all port and maritime activities that is in close proximity to the Suez Canal."

"Making our maritime activities more environmentally friendly and supporting the country's green energy transition is a crucial focus for us," confirms Stylianou. "Since Cyprus is in the EU, we need to align with the bloc regarding climate change issues and the regulations for its 'Fit for 55' strategy, which aims to decarbonize industry, ports and airports. We have a full plan for transitioning into the green economy — as we always say at the CPA blue is the new green."

Part of the authority's plan includes the building of Latsi Port, a brand new green port that is the result of a \$48-million investment from the CPA's own funds. "We aim to create the first green port in the Southeast Mediterranean. This green port in Western Cyprus will use renewable energy exclusively and will have

CYPRIT SHIPPING IN NUMBERS

- Contributes **7%** to GDP
- 3rd-largest** merchant fleet in Europe, **11th-largest** in the world
- Over **250** shipping-related companies hosted in Cyprus
- Europe's biggest ship management center
- The region's **1st green port** will open in Cyprus by **2026**

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Cyprus is packed with historical treasures from every era.

The bounties of Aphrodite's birthplace

Cyprus' glorious sunshine, history, gastronomy, beaches and mountains make it the perfect vacation destination for everyone

Representing about 15% of Cyprus' economy, tourism has been a pillar of the island's economy for decades. As Deputy Minister of Tourism Kostas Koumis explains: "There are compelling reasons to visit Cyprus. It boasts a rich heritage going back 11,000 years, over 300 days of sunshine, stunning beaches and a unique opportunity to combine beachside relaxation with mountain exploration."



Kostas Koumis
Deputy Minister of Tourism

The sector remained resilient because it attracted tourists from other markets. Koumis notes that, "In the first eight months of 2023, for example, we welcomed over 35,000 US visitors, a 40% surge on 2022. We anticipate an even greater influx next year and believe the US holds substantial potential for us." Market diversification has been bolstered by increasing flights, he adds: "As an island nation, robust air connectivity is vital. We have extensive schedules from most European airports and are working to enhance connectivity with Middle Eastern countries."

Cyprus is also now attracting visitors with more diverse interests, thanks to major investments in infrastructure including ports and marinas, theme parks, resorts and luxury hotels. Philokypros Rousounides, director general of the Cyprus Hotel Association, asserts that, "These large investments will significantly change the market mix"



The new City of Dreams Mediterranean, Europe's largest integrated resort.

The country's traditional draws have centered around its award-winning beaches lapped by clear blue seas, home to an array of marine life and diving sites. Behind those beaches lie spectacular cliffs, pine-scented mountains and salt flats that attract flamingos and other migrating birds in winter. Cyprus' reputation as a destination has also been driven by its fascinating villages, cosmopolitan cities and wealth of cultural sites. Among its outstanding treasures are prehistoric settlements, Greek temples, the goddess Aphrodite's birthplace, Roman theaters, early Christian churches, Byzantine monasteries, Crusader castles and Arabic mosques.

Now the country is becoming an increasingly important location for niche visitor interests too. "For example, meetings, incentives, conferences and exhibitions tourism is a key segment of opportunity, as is nautical tourism," says Koumis. Rousounides adds that, "Royal Caribbean Group now has cruises that start from Limassol." Investment in state-of-the-art facilities, coupled with the island's inviting climate and scenery, is also turning the island into a hub for medical, wellness and sports tourism, with the nation playing host to international golf, marathon, cycling and other events, comments Koumis: "Additionally, sporting teams visit Cyprus for training during winter months."

At the same time, more people are headed to Cyprus for its healthy, fresh Mediterranean cuisine that blends Greek and Middle Eastern influences or its wines that range from the world's oldest, Commandaria, to modern masterpieces. "Cyprus has a rich culinary tradition that deserves greater

recognition given its outstanding quality," Koumis says. All Cyprus' diverse attractions can be enjoyed on one vacation, Rousounides reveals. "The country's small scale means you can be on a beach in the morning, enjoy lunch in a charming village and in the afternoon you can be in the mountains or a vineyard drinking wine. Many of these experiences are available through winter and hotels are investing in their facilities to assist these activities."

KOSTAS KOUMIS
DEPUTY MINISTER OF TOURISM
"Meetings, incentives, conferences and exhibitions tourism is a key segment of opportunity for Cyprus."

Although the sector is thriving, it faces challenges "spanning from energy costs, inflation and a shortage of staff, which is a problem throughout Europe. I would invite international students to our great universities and colleges to study hotel management. We would be very keen to have them work in our sector," says Rousounides. The pluses outweigh the minuses, however: "More hotel groups are searching for opportunities in Cyprus every year. It's a promising destination for tourism and hospitality, the return on investment is attractive and the Cypriot authorities are positive about and open to such investments."



Invel Real Estate's Parklane Luxury Collection Resort and Spa in Limassol.

integrated facilities under one roof lets us compete with the biggest destinations in Europe and we're really excited about that element."

According to Christophoros Papachristophorou, founder of private equity firm Invel Real Estate, "Cyprus needs to move toward more luxury offerings so it can become a pole of attraction for that market segment. Invel is paving the way for the country to become an upscale destination by adopting this approach at our hospitality projects, Aphrodite Hills Resort, the Landmark Nicosia and Parklane Luxury Collection Resort and Spa Limassol. With the City of Dreams and some other hotels that have embraced the same concepts, we're creating a reality of high-end alternatives for clients visiting the country."

Since its establishment in 2013, Invel has built up a strong real estate portfolio in a broad range of asset classes across targeted Europe countries, particularly in the south. It has deployed \$1.7 billion in capital to date and manages assets worth a total of \$3.9 billion through both funds and co-investment structures on behalf of global institutional investors. The firm's strategy of using its in-depth knowledge of markets to identify value-oriented, opportunistic projects is illustrated, amongst others, by its Cypriot hospitality portfolio. "Aphrodite Hills was our first investment in my home country in 2015, following a lengthy negotiation that started in the middle of the banking crisis. Few investors were looking at Cyprus at the time and even fewer would have been able to entertain a transaction of such complexity. Our hands-on approach and active asset management resulted in a complete revamp of the project by, for example, diversifying the food and beverage (F&B) outlets

and upgrading the golf course, which became one of six PGA-accredited courses in Southern Europe, growing exponentially the resort's profitability," says Papachristophorou.

Similarly, the beachfront premium resort Parklane was bought from a risk-concerned family during the pandemic, he adds: "Parklane is a testimonial of our strong belief in the Cypriot hospitality market and its potential. We've worked hard to enhance its luxury appeal, introducing international F&B outlets, as well as a luxury mono-brand retail village." Hospitality is not the only property sector with potential. "The Cypriot real estate market has been rather one dimensional — roughly 90% of all transactions are linked to residential properties. It's important the market expands to accommodate the demand from the growing number of businesses relocating to the island. There's an increasing need for real estate projects supporting education, healthcare, affordable housing, retail and so on," he states.

"Invel is the number-one ambassador" for investors wanting to consider those opportunities, according to Papachristophorou. "Over the years we have collaborated with many US private equity and financial institutions, including York Capital, CastleLake, Goldman Sachs Asset Management and Oak Hill Advisors. US firms seek out local partners who are trustworthy and dominant in the market. Of course, our international experience, fiduciary background and financial expertise also contribute to their decision to invest alongside us," he says. "We'd like to expand our US investor base, building on our successful track record and taking advantage of the interest of US capital to find further attractive opportunities."

Quality-driven development of tourism products

Constant efforts to upscale Cyprus' tourism experiences are encouraging visitors to stay longer and spend more

In the first half of 2023, Cyprus recorded a 39.3% year-on-year rise in the number of nights tourists stayed on the island, outperforming every other country in the European Union. This leap shows that Cyprus is not only well on its way to exceeding its pre-pandemic visitor numbers, but those vacationing there are staying longer. On top of that, as Louis Loizou, executive director of the Louis Group, one of South East Europe's leading tourism and leisure groups, points out, "Daily average visitor expenditure has increased too." A major reason for this is ongoing efforts to improve tourism experiences, he explains: "Both the government and private sector are focusing more on quality, while trying to constantly upgrade the country's tourist product. Whether it's a 3-, 4- or 5-star facility, all stakeholders are striving toward providing better quality tourism and higher-end facilities." At the forefront of those efforts is the Louis Group, a pioneer that has been driving progress in the sector since Loizou's grandfather founded it in 1935. Having started as a transport and travel agency in Limassol, the group has expanded into many other activities over the years and now employs around 4,000 people, mainly in Cyprus and Greece.



Louis Loizou
Executive Director of Louis Group

managed Hilton Nicosia since 2002 — and it differentiates the properties it owns within a range of collections: Exclusive, Elegant, Villa and Family. "All are distinguished by warm hospitality, authentic local experiences and respect for the environment," he says. In 2022, it launched its new Exclusive collection. "This includes 5-star luxury units with special architecture, quality services and an emphasis on lifestyle. Transformation from running 4-star family hotels to luxury 5-star boutique hotels wasn't easy, but by capitalizing on our experience we achieved it," he states. "What differentiates the group as a whole from the competition is the excellent collaborations we've maintained for decades with the largest international tour operators. These partners require high standards, which helps us to keep aligned with best practices," Loizou declares.

Loizou points out.

LOUIS LOIZOU
EXECUTIVE DIRECTOR, LOUIS GROUP
"Whether it's a 3-, 4- or 5-star facility, all stakeholders are striving toward providing better quality tourism."

In terms of challenges, Loizou mentions that the post-COVID era finds the hotel industry grappling with a staffing crisis, as a large part of the workforce left the sector during the pandemic; this shift has subsequently caused labor shortages leading to rising wages and operational disruptions. "Since the outbreak of the pandemic we have observed, not only in our industry but also in many others, a rising tendency of people leaving industries depending on manual labor and seasonality. The market in Cyprus is no exception: it's very hard to find locals to work in specific positions across a range of industries such as the hotel and food and beverage

Real estate market remains resilient

Despite global and local challenges, investors are still flocking to buy homes on the island

According to the country's Statistical Service, the price of Cypriot residential properties was 3.2% higher in the second quarter of 2023 than in the same period of 2022, while sales volumes in the first nine months of 2023 were 20% up on 2022. 46% of those properties were acquired by international buyers. That is the highest proportion of foreign purchases since 2007 and it was led, in no small part, by home-buying employees of around 1,000 international companies that moved to the island in 2022.



Evangelia Eliadou
Executive Director of Pafilia

Industry experts suggest that Cyprus needs to build an extra 2,000-3,000 homes a year for the next decade to accommodate the ongoing influx of new residents, which has resulted in a scarcity of properties to buy or rent and the local population being increasingly priced out of the market. To help address this, Deputy Minister to the President Irene Piki announced in October that, "The government has elaborated a package of specific measures and mechanisms, addressing both the supply and demand side of the housing market in order to facilitate production of more affordable housing units, mainly by the private sector. This package of instruments will incorporate land use initiatives, fiscal measures, as well as fast tracking of applications."

Evangelia Eliadou, executive director of Pafilia, one of Cyprus' biggest property developers, explains why so many international businesspeople are snapping up the nation's homes: "The country has a unique set of selling points that sets it apart from other destinations, which are sustaining our industry's strength and resilience. The incentives that surround these fundamentals and make Cyprus even more attractive include the permanent residency scheme, tax advantages, headquartered and business incentives."

Expanding on the island's USPs, she says: "What we've learnt from experiences like the war in Ukraine and COVID period is that Cyprus will always be a popular destination, because of its idyllic Mediterranean lifestyle, location and year-round climate, and that people, especially high-net-worth individuals, always want a plan B. As a country, we're able to offer them great incentives for lifestyle and investment purchases, for individuals and families, as well as businesses."

The Cypriot real estate market has maintained its growth momentum with international purchasers despite a challenging last three years. For instance, "Construction costs have increased around 30% and the global economy slowed. As a large family-owned company with a strong reputation to uphold, we decided to absorb as much of the additional costs as possible to protect our brand and maintain the quality of our premium product," Eliadou insists.

In addition, the government ended the country's popular citizenship-by-investment scheme in 2020. "The passport program had helped to transform our island into an internationally recognized business destination. It opened new markets and brought in more high-net-worth individuals," she states. "However, transforming Cyprus is not only about government policies. It's also about us, the private sector, improving the quality of our projects, creating infrastructure and facilities that people want to experience. Even though the real estate market has dramatically changed, Pafilia's strategy has not. We continue to focus on delivering world-class lifestyle and residential resorts that enrich lives."

The full-service developer has been following that strategy since it was founded by Eliadou's father in 1977. Over the decades, it has created a varied property portfolio worth in excess of \$3 billion in Cyprus and, more recently, Greece, and delivered more than 2,000 projects that have amassed over 60 international awards. "Pafilia has always had a vision to transform the real estate sector in Cyprus and that's a goal we are proud to say we've reached. Delivering genuine quality, value and absolute customer satisfaction has earned us a place



Mykonos Theoxenia boutique hotel is a member of Louis Hotels' Exclusive collection.



Louis Hotels' iconic Once in Mykonos luxury hotel offers the most privileged view.

(F&B) sectors," Loizou points out.

In tandem with advancing its hotel portfolio, Louis Group is developing its F&B services, mainly through its hotels, he notes: "In 2003, we opened our first restaurant brand Akakiko that offers easy Japanese fusion food and this was followed by Elliniko, which serves Greek-style cuisine. Our franchise restaurants complement the international outlets within our hotels."

Louis Group is also a significant player in ground handling services, which it supplies at Larnaca and Paphos International Airports; in information and communication technologies, via its Fourth GL Prodota subsidiary; and in cruising. "Cruising used to be a bigger part of the group. We acquired our first ship in 1986 and pioneered the concept of mini cruises to neighboring countries. That was the beginning of the boom of cruising for the island," he explains. Today, the group's interest in cruising is limited to its associate company, Greece-based Celestial Cruises, a leading operator serving mainly the Greek islands with two mid-sized vessels.

According to Loizou, "A seven-plus day cruise that includes Cyprus has a lot to offer and interna-

tional cruising companies are now increasing their visits to Limassol, Larnaca and Paphos. That's been helped by the fact that investments have been made in Cyprus' ports and marinas. Another important factor is that air connectivity has improved, which has increased options for people wanting to cruise in and out of Cyprus."

Increasing flight connectivity is also a benefit for US travelers who want to stay on the island. "For any market that far away, it's difficult to have Cyprus as a one-center destination. You would often want to combine it with another. Later, for example, connectivity between Greece and US has improved and there are many flights between Greece and Cyprus, making it easier for tourists to combine those two countries," he comments.

Loizou recommends that people take advantage of these increasing connections: "Cyprus is a safe, small country. It has an extended summer, good weather all year round, great food and there is a lot of interaction with local people, who speak English. You've got the sea, the mountains, the rural areas and a beautiful variety of things to explore that can all be visited within a day. There really is something for everyone."



Pafilia's Minthis resort spans about 54 million square feet of protected natural space.

at the forefront of the property industry," she states. "But our vision goes further, with a keenness to embrace new approaches and keeping our minds open to fresh thinking, consistently challenging ourselves and the norm to reach new standards."

This perspective has led Pafilia to invest heavily in technology to support all aspects of its business and its clients, notes Eliadou: "Digitalization can also be a tool to help meet demands for sustainability. Properties are a key component of smart, sustainable communities in everything from energy systems to logistics and deliveries, which is something we are passionate about." That passion is evident in one of Pafilia's most groundbreaking projects: the Minthis resort near Paphos, which spans about 54 million square feet of one of Cyprus' 72 Natura 2000 sites, part of an EU-wide network of protected natural areas inhabited by rare wildlife species. "We're building a long-term sustainable luxury resort that adds a new dimension to Cyprus' real estate, hospitality and wellness sectors. It's a unique new destination inspired by its surrounding nature and Pafilia's concern for environmental and innovative sustainability, local culture and heritage, and social responsibility covers all elements of the Minthis resort," she stresses.

Inaugurated in 2014, the project has won many awards for its sustainability practices, including for its golf course, as well as being recognized at the World Luxury Spa Awards and being named Europe's Best Leisure Development at the International Property Awards. "Our current priority is to complete the infrastructure and main facilities, which include a village square full of dining and shopping options. We've expanded into hospitality with the resort because our clientele want more than just a property; they want a home with lifestyle benefits that suit them and their entire family," Eliadou reveals.

Another of the group's accolade-winning proj-

ects is ONE, which was highlighted as Europe's Best Residential High Rise Development at the International Property Awards 2016. Standing 170 meters above ground in Limassol, with 83 luxury apartments on 37 floors, uninterrupted sea views and a wealth of facilities and services, ONE's development was masterplanned by the renowned Atkins consultancy and supervised by WKK Architects. "ONE is a pioneering landmark and one of our greatest achievements. It's not only the first high-rise building in Limassol, but its interiors and facilities are unrivaled in the Mediterranean region," she enthuses. "In order to bring this outstanding project to life, we employed many international specialists, who brought new skills and helped train the local workforce."

EVANGELIA ELIADOU
EXECUTIVE DIRECTOR, PAFILIA
"You need to experience Cyprus for yourself to truly understand its beauty and opportunities."

Eliadou comments that, while numerous European, Middle Eastern and Asian clients have been buying properties from Pafilia and the wider Cypriot real estate sector, few Americans have joined them. "The Cypriot property market is going from strength to strength and offers great opportunities. If an American is interested in Europe, Cyprus is an excellent proposition for them. It offers lifestyle, location, infrastructure, climate and a different, more relaxed way of living. It's a wonderful place with so much to offer, you need to experience Cyprus for yourself to truly understand its beauty and opportunities."

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A favorite jurisdiction for gaming firms

Thanks to its talented and creative workforce, Cyprus is now a magnet for gaming companies

The reputation of Cyprus as a dynamic base for international video game developers and companies involved in innovative technologies has already been established, as companies here truly thrive — one example being the industry powerhouse GDEV, which has had its own evolutionary adventure.

Standing at the European forefront of the lucrative industry and as the only Cypriot firm listed on the Nasdaq stock exchange, GDEV recently rebranded from Nexters in a move marking another milestone on its journey from small developer to multinational. The group comprises a diverse range of subsidiaries that create fun, inspiring and engaging games for countless players.

GDEV's award-winning franchises, such as Hero Wars, Island Questaway, Pixel Gun 3D, Throne Rush and others, have accumulated hundreds of millions of installs worldwide, particularly in the US. "We have designated GDEV as a central hub, responsible for consolidating and nurturing the growth of our studios and successful franchises," explained Andrey Fadeev, the company's founder and CEO, when celebrating the restructuring this June.

"Concurrently, Nexters and our other studios will concentrate their efforts on the intricate art of game development. By implementing this approach, our goal is to optimize efficiency and cultivate a culture of transparency and cooperation within our organization."

More than a decade of outstanding success

The company has certainly come a long way from its humble beginnings in 2010, which is when its founders first met. At the start of that decade, Fadeev was running a social games development studio, Progestar, while Boris Gertsovskiy was putting the finishing touches to his plan to start a game business.

Within four years, Nexters was born and the company grew rapidly, particularly following the launch of its blockbuster title — Hero Wars — that first brought it international acclaim. However, it was the strategic decision of 2018 to scale on mobile that really powered the firm to the next level. Since then, Nexters has vastly increased its player base, revenue and team to total over 700 professionals, the bulk of them located in Cyprus.

Recalling his progress and development, and that of GDEV, Fadeev states: "The world called Hero Wars a hit, but we called it a lot of hard work. It's a mobile role-playing game that has been in top charts for over seven years.

"In 2019, we ranked among the top 10 independent mobile game developers in Europe. The following year, we reached the top five. Over a



Andrey Fadeev
Founder & CEO, GDEV

third of our revenue stems from the US. Back then, we had a player base nearing 100 million and our stability and growth were solidified.

"The turning point occurred in 2021 with our successful Nasdaq listing. GDEV is the only Cypriot company listed on the Nasdaq and the only European gaming company whose shares are listed on the exchange. That same year, we first released two new games and commenced negotiations for one of the largest acquisition deals. It culminated in 2022 in a \$100 million acquisition that included the renowned Pixel Gun 3D (a popular game among teenagers in the US), a unique game from one of our new studios, with almost 200 million installs."

Dynamic business climate remains key

While his raw talent, drive and ambition were undoubtedly key to his company's huge success, the enthusiastic CEO is eager to highlight the crucial role that Cyprus and its pro-business and pro-investment government has played. Mostly known as a tourist destination, the island has been transformed in recent years into a hotspot for the tech and gaming industry.

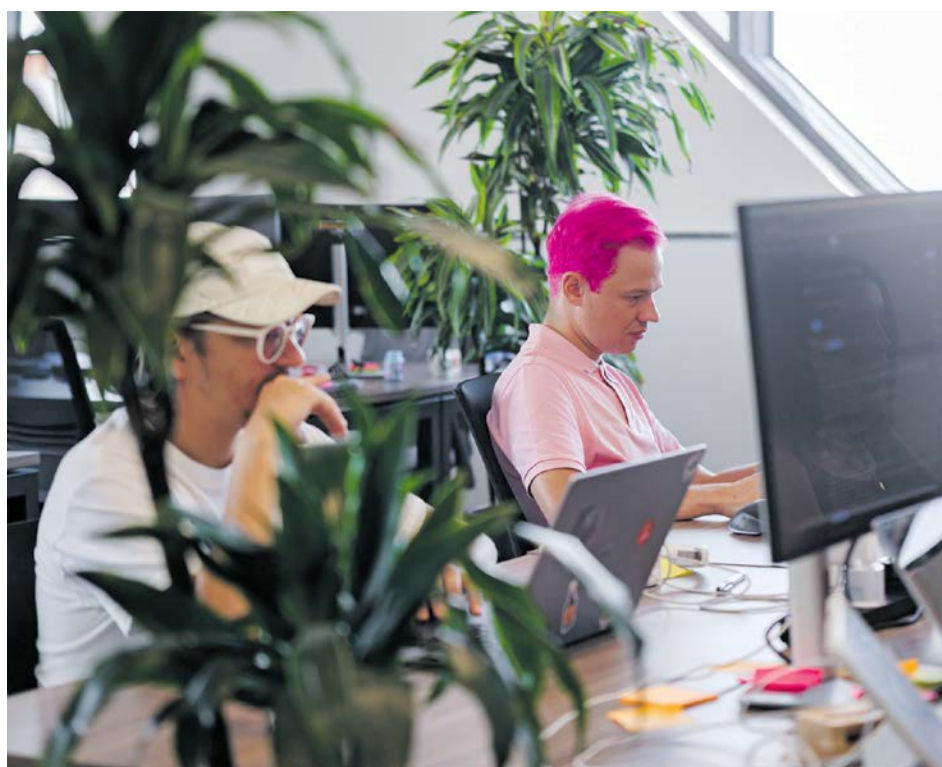
"This didn't happen by accident, but was helped by the country's solid working infrastructure, effective tax management, stable economic climate and minimal government interference," he explains. "Modern entrepreneurs feel empowered here: they have what they need to make things happen, and the game development community in Cyprus has grown large and is still expanding as companies continue to relocate high-class specialists to the region."

Asked to expand on this point, Fadeev hails the low-tax environment as being crucial to the sector's runaway growth. "The first and main reason why Cyprus is so attractive for game developers and tech entrepreneurs is the intellectual property box regime, which slashes corporate income tax to 2.5%," he says.

"Given that game companies must earn from app store royalties, this is really a huge benefit. There are also other taxes like 12% income tax, 0% on dividends and 0% on capital gains. All this makes it appealing for both business owners and top-tier employees.

"The gaming industry is blossoming. Cyprus is nurturing it with the right balance of freedom and support. It's a place now where creativity and development can truly thrive. Taxes are certainly a good incentive to come here in the first place, but that said, I don't know anyone who has stayed purely because of this."

It is not just the company's popular games that have a global reach: along with its modern headquarters in Limassol, the firm operates from



Video games giant GDEV is blazing a trail across the industry from its Cypriot base.

various countries as it owns a number of overseas companies and utilizes several remote and in-house teams across Europe, including in Armenia and Kazakhstan.

Overcoming unprecedented disruption

As an enterprise with Russian origins, the gaming giant was also affected by the conflict in Ukraine that broke out last year, not to mention the subsequent geopolitical tension, Fadeev notes. In order to remain a global company listed on Nasdaq, "significant changes" to its operating structure were implemented, including the relocation of hundreds of employees and their families from Russia, Ukraine and Belarus, Fadeev reveals.

ANDREY FADEEV
FOUNDER AND CEO, GDEV

"Companies consist of talent and innovation. We are particularly excited by the rapid growth of the internal tech talent market."

However, despite that massive upheaval and disruption to global markets and trade patterns, the company still posted excellent financial results, with record annual revenues of \$480 million achieved and nearly \$100 million in earnings before interest, taxes, depreciation and amortization registered.

"2022 was an incredibly challenging year, bringing not only macroeconomic turmoil and industry-specific difficulties, but also unprecedented geopolitical tension," he acknowledges, before turning his attention to current and future performance and opportunities.

"The current strategy of GDEV is focused on growing and enhancing our diversified portfolio of studios and game franchises. We are considering various tools for that, including launching new games within our franchises, expanding into new game platforms and experimenting with non-gaming media.

"We are also actively looking at potential partnerships and acquisitions that can expedite our strategy execution in gaming. The US is our top revenue-generating market, and we believe that the successful execution of our strategy will help to improve our presence there even more.

"The game development industry is highly dynamic and knowledge that was relevant two years ago may become entirely unusable. What always remains crucial is the ability to learn new things and test hypotheses. It doesn't matter what is happening today. What matters is how fast you can learn and how fast you can adapt; Cyprus' government and people are quite adaptive in this respect."

Cutting-edge technologies support talent

Cyprus is certainly determined to attract the industry's most promising talent as it looks to build its video games sector even more. This approach is music to the ears of Fadeev as he looks to launch GDEV's next growth phase with the help of the brightest and the best.

"We are particularly excited by the rapid growth of the internal tech talent market," he states. "It's expanding and new specializations are emerging. Companies consist of talent and innovation. At GDEV, the desire to make a significant impact on the game development industry is not just words. It's a real task and daily workflow that's been there for the last 13 years.

"We are committed to being on trend and applying new practices that provide multiple growth opportunities. Certainly, this includes using artificial intelligence to simplify routine tasks like chatbot automation, to free our time for the creative process. Our belief in an international talent community extends to Cyprus, where we actively participate in helping to build expertise in the local market. We share our expertise, not only within our portfolio company, but with other businesses."

Having come so far in less than a decade and a half, Fadeev has no intention of taking his foot off the gas. Reflecting on his extraordinary journey, he says people should pursue what they love and search for what inspires them. "If you share our passion for games, know that we will do everything in our power to walk this path with you, and meet our audience expectations," he enthuses. "We invest our skills, our experiences and our lives into what we love, and it's always rewarded. That's why we have not only survived but thrived as a company.

"We will continue following this path in the future. We stand at a crossroads, witnessing the evolution of fascinating technologies. It's a time that demands belief and complete dedication to what we are doing, learning from diverse fields and experiences."

Forward-looking approach to global business

Cyprus has proven itself to be a business center of choice, with multiple advantages

From tech entrepreneurs to multinationals, bottom-line profit is a primary consideration when selecting a business destination. "Cyprus has significant advantages in that regard," asserts Christophoros Koutouroussis, president of the Cyprus Fiduciary Association (CYFA), the representative body for regulated administrative service providers involved in international business.

"It offers attractive tax benefits and a stable taxation system, allowing companies to plan. Cyprus' wider advantages include the fact that it has an international orientation; the legal system is based on England's, applying the principles of common law; Cypriot banks understand international business, making it easy for investors to transact; and last but not least, Cyprus has a workforce of trained and qualified professionals," he states. Many of those professionals work in the country's strong fiduciary sector. "We've made leaps toward transparency and anti-mon-

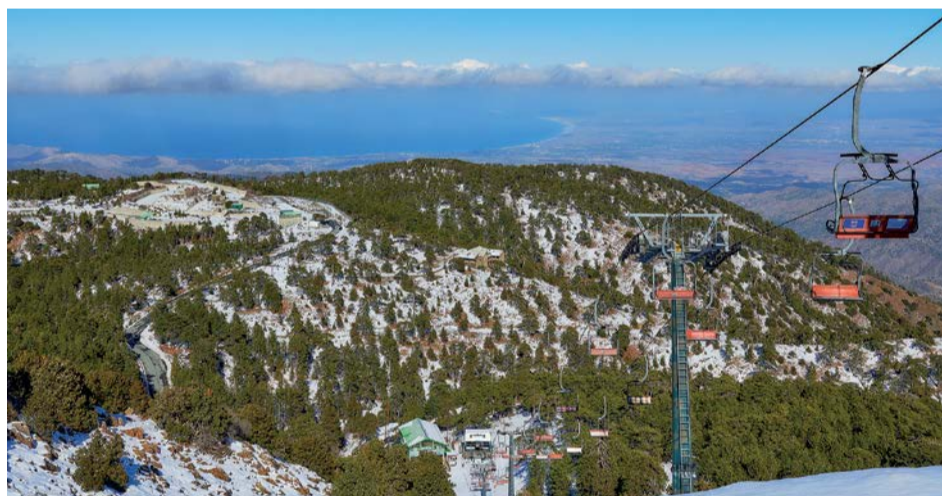


Christophoros Koutouroussis
President, CYFA

ey laundering over the past decade and the main reason for our success is our highly qualified workforce, which enables Cyprus to rapidly implement change. For example, Cyprus was quick to adopt EU sanctions against Russia and, in some instances, took additional steps," notes Koutouroussis.

"Remaining compliant, and cooperating with other states we consider at par in terms of regulatory frameworks, is the key to Cyprus maintaining a solid global reputation as an international business center. Our continued success ultimately depends on adopting a forward-looking approach and focusing on onboarding the clients that are going to be here for the next decade, not just the next few months."

CYFA is making a vital contribution toward maintaining and building Cyprus' reputation as a jurisdiction. "We have excellent communication lines with the government, institutions, regulators and other associations. Our goal is to create



Cyprus' highest peak, Mount Olympus offers skiing opportunities in winter.

value for our members through the partnerships and cooperation we have with other stakeholders, to promote best practices through our ambitious educational offering and to inform our members about how the future is likely to be shaped," he reveals. CYFA is also an active participant in international forums. "In terms of the US and Cyprus, we're confident our cooperation will strengthen. We feel it's time to go beyond our obligations of being an EU member by aligning further with the US and the UK. Cyprus is on the right track," Koutouroussis says. "I would encourage US-

based businessmen to look into Cyprus, it's a very attractive destination to do business from."

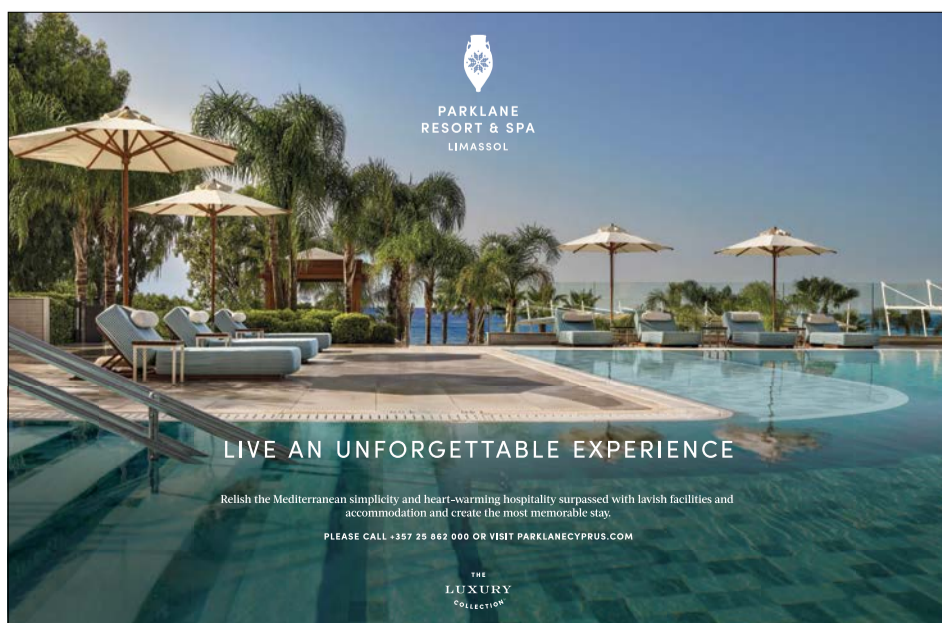
Andreas Neocleous, CEO of Cyta, the leading provider of electronic communications, suggests another incentive for tech-based firms particularly: "Digital connectivity in Cyprus is top level. We have 100% 5G coverage, the fastest mobile network in Europe and are just finishing an aggressive fiber-to-the-home program. Cyprus' traditional strength was its business and tax climate — now we've added technology and digital readiness to our portfolio of advantages."



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