

Members of industrial parks in Ukraine

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1. Members of industrial parks

Planning to become a member of an industrial park in Ukraine, one should make sure that the park is included in the Register of Industrial Parks in Ukraine. If the industrial park is not included in the Register, the member cannot benefit from the state incentives.

To become a member of an industrial park in Ukraine, a foreign investor must:

- conclude an agreement with the management company of the industrial park;
- acquire or lease a land plot or real estate in the industrial park.

The management company enters each member into the list of members of the relevant industrial park and notifies the Ministry of Economy of Ukraine. Information about the industrial park member is entered into the Register of Industrial Parks in Ukraine.

The status of industrial park member gives a foreign investor the opportunity to enjoy state incentives. But only a member entered in the Register of Industrial Parks is entitled to that status.

The member may lose its status if:

- The agreement between the member and the management company is terminated.
- The rights to the land plot and/or all other real estate objects (parts of objects) within the Industrial Park are terminated (e.g., the lease expires, the member sells the objects he owns).
- In the event of a violation of the requirements established by the Law of Ukraine "On Industrial Parks" (e.g., carrying out activities

prohibited by the Law within the industrial park, acquisition of a member company by persons falling under the restrictions established by the Law).

A foreign investor who has lost its member status but actually has the possibility to continue its activities in the industrial park may carry on but cannot benefit from the state incentives.

An industrial park membership status can be reinstated, but not earlier than six months after it was lost.

The territory of an industrial park may accommodate only:

- offices of the management company, members and other subjects of the industrial park, financial institutions, marketing and advertising facilities;
- science and research parks, accelerators, laboratories for the development of innovative technologies;
- institutions of pre-school education, institutions of general secondary education, institutions of higher, professional higher and professional (vocational) education;
- multipurpose halls for scientific conferences and other events;
- fire stations;
- green areas;
- production, warehouse buildings and constructions, logistics infrastructure facilities;
- engineering buildings and constructions;
- waste management facilities (except for waste landfills).

Other objects defined by law may be located in the territory of an industrial park. However, further regulations supplementing such a list have not yet been adopted. It is to be expected that the list will expand as industrial parks develop in Ukraine.

Related article: Creation and operation of industrial parks in Ukraine

It should also be noted that the territory of an industrial park contains objects that cannot be transferred to the participants. Thus, even if a land plot within an industrial park is sold, ownership of the infrastructure located on it (roads, transformers, substations, distribution units, etc.) is not transferred to the new owner.

2. The management company of the industrial park

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To become a management company in an industrial park, a foreign investor must establish or acquire a company in Ukraine.

To obtain a management company status, a contract on the creation and operation of an industrial park must be concluded.

A management company has the right, inter alia:

- to sublease to its participants its leased land plot or parts thereof within the industrial park with the right to develop it, subject to the requirements of land law;
- to lease (sublease) and dispose of movable and immovable property to the Participants for use within the Industrial Park in compliance with Ukrainian law;

The management company is obliged, in particular:

- to carry out the development of the industrial park in line with the terms of the agreement on the creation and operation of the industrial park;
- ensure the execution of the industrial park's business plan;
- to ensure proper maintenance of the land plot, engineering and transport infrastructure and other objects located within the industrial park, transferred under the relevant agreements, and to provide proper conditions for their use.