

REAL ESTATE

This Programme implements Priority Axis 5 “Environment for Enterprise and Innovation” of the Operational Programme Enterprise and Innovation 2007-2013.

The public support provided under this Programme complies with all the terms and conditions of Commission Regulation (EC) No. 1628/2006 of 24 October, 2006 on the application of Articles 87 and 88 of the EC Treaty to national regional investment aid, or Commission Regulation (EC) No. 70/2001 of 12 January, 2001 on the application of Articles 87 and 88 of the EC Treaty¹ (OJ L 10, 13 January, 2001, p. 33-42), or Commission Regulation (EC) No. on application of Articles 87 and 88 of the EC Treaty² and Community Guidelines on state aid for environmental protection, and is compatible with common market within the meaning of Article 87(3) of the EC Treaty.

1. Objective of the Programme

The objective of the Programme is to stimulate establishment and development of business estate including related infrastructure and to help the formation of a functioning real estate market and improving the investment and living environment. The Programme aims at support of projects implemented in all main stages of life cycle of a real estate, i.e. preparation, construction, development, and regeneration of the real estate. The Programme also aims at support of knowledge and information basis for the development of regional business infrastructure and at support of enterprises in the area of business estate.

Fundamental provisions

- a) The Managing authority is the Ministry of Industry and Trade of the Czech Republic (MIT), (www.mpo.cz).

¹ COMMISSION REGULATION (EC) No. 364/2004 of 25 February, 2004, amending Regulation (EC) No. 70/2001, as regards the extension of its scope to include aid for research and development

² Exact wording will be amended upon publication of the Regulation in the EC Official Journal.

- b) The intermediate body for this Programme is the Investment and Business Development Agency – CzechInvest, organisation receiving contributions from the Ministry of Industry and Trade of the Czech Republic, (www.czechinvest.org).
- c) The Programme is implemented based on calls, which will specify detailed Programme criteria.

Basic terms

- **Business estate** – land plot or building including the relevant infrastructure intended for conducting business activities, including business zones and business facilities.
- **Business zone** – an integral area suitable for development that may accommodate business facilities based on a valid planning permission or an approved municipal plan.
- **Business facility** – a facility mainly for the User of the real estate. This may include e.g. manufacturing hall or office building including other functionally related premises.
- **User of the estate** – entrepreneur whose sectoral classification falls under manufacturing industry, education and human resources development of entrepreneurs, or strategic services, technology centres and research and development.
- **Brownfield** – an area currently not efficiently used and neglected which can be efficiently used only if a regeneration project is implemented.
- **Regional infrastructure** – public infrastructure (i.e. technical, transport and social infrastructure) defined by Act No. 183/2006 Coll., (Construction Act), intended for the construction, development or operation of business estate.
- **Regional infrastructure manager** – legal or natural person providing for activities related to enterprise infrastructure development on the regional level.
- **Supported projects** (hereinafter “projects”) – projects eligible for support hereunder as defined in item 2(a) to (i), and which create conditions for the activities of real estate users.

2. Supported Activities

Supported activities are activities carried out under projects defined hereunder. In particular, they shall include acquisition of buildings, construction activities, site preparation work, removal of environmental burdens and unusable constructions, relocation of companies, creation of the GIS and regional infrastructure manager accreditation. Supported activities shall be divided into the following nine projects:

- a) **Zone preparation project** – project whose implementation leads to initial investment into a new business zone or to quality improvement and development of an existing business zone.
- b) **Zone regeneration project** – project whose implementation leads to the transformation of a brownfield into a business zone.
- c) **Construction of a tenement facility project** – project whose implementation leads to the creation of a new business facility for rent.
- d) **Facility reconstruction project** – project whose implementation leads to a transformation of the premises defined as brownfield into a business facility.
- e) **Project documentation development project** – project whose implementation leads to the development of project documentation for construction, reconstruction or regeneration of a business estate.
- f) **Company relocation project** – project whose implementation leads to the relocation of the beneficiary (SME only) from the municipality urban area, provided the existing or planned business operation is in conflict with existing or planned functional use of the territory, or with set territorial restrictions, or in case the business operation has evident negative impact on the local environment.
- g) **GIS preparation project** – implementation or development of geographic information system, which provides knowledge and information basis for regional business infrastructure and real estate development. The user of the geographic information system (GIS) will be the Investment and Business Development Agency – CzechInvest. GIS shall create information basis for business estate and business infrastructure development, and also for the implementation and further development of the OPEI in individual regions of the Czech Republic. The information base shall include geographic, socio-demographic and economic data on Czech regions and on

specific projects. GIS shall be operated by CzechInvest at its offices in Prague and in regions. Selected information shall also be available on web applications.

- h) **Regional infrastructure manager accreditation project** – participation in accreditation training organised by the implementing agency CzechInvest and purchase of basic technical equipment and marketing materials in order to improve qualification of regional infrastructure managers for preparation, implementation and promotion of business estate and regional infrastructure. Accreditation training shall be available for both civil servants and entrepreneurs or natural persons whose activity is related to the business estate and regional infrastructure development.
- i) **Zone regeneration project or facility reconstruction project implemented by CzechInvest**, in case of no interest of entities stated under item 3.1(a) and (b) in regeneration or reconstruction of the given facility.

3. Beneficiary

3.1. Potential beneficiaries

- a) Self-governing territorial units and their associations.
- b) Entrepreneurs.³⁴
- c) The Investment and Business Development Agency – CzechInvest, organisation receiving contributions from the Ministry of Industry and Trade of the Czech Republic, (www.czechinvest.org).

3.2. Beneficiaries according to the supported activities

- a) Entrepreneurs, territorial self-governing units or their associations stated under item 2(a) to (f) hereof, with the exception of the zone regeneration project, where the beneficiary is the entrepreneur. Applications for support under this Programme

³ The beneficiary may not be an entrepreneur, if, as at the date of submission of the application, s/he is the beneficiary of a subsidy to rescue and restructure a firm in difficulty as specified in the Community guidelines on state aid for rescuing and restructuring firms in difficulty, Communication from the Commission No. 2004/C 244/02; this shall not apply to small enterprises.

⁴ Subsidy for large enterprises under this Programme shall be allocated provided these enterprises are not a multinational corporation or part thereof, and the number of employees does not exceed 1,250.

submitted by entrepreneurs shall be acceptable only upon the notification of relevant Programme activities.⁵

- b) CzechInvest, for activities listed in item 2(g) to (i) hereof.

4. Programme Criteria

4.1. Formal eligibility criteria of a project:

- a) The beneficiary shall demonstrably prove the ownership rights to the real estate which is the object of the project. The method and deadline required to prove such ownership or other rights shall be specified by the Programme Administrator in the respective call.
- b) The beneficiary did not cause and is not responsible for the situation requiring regeneration or reconstruction hereunder. The future use of the regenerated business estate shall not be negatively impacted by the condition of surrounding areas.
- c) The project, with the exception of the regional infrastructure manager accreditation project and GIS preparation project shall be implemented within the Czech Republic, outside the territory of Capital City of Prague.
- d) The project shall contain all mandatory elements specified in the call for submission.
- e) The project does not violate the horizontal policies of the EU and their basic principles, particularly:
- Equal opportunities of men and women,
 - Sustainable development.

4.2. Other criteria

- a) The support shall be provided to the beneficiary based on a Decision to Provide Support issued by the Programme Administrator (hereinafter the “Decision”), containing also the binding Terms and Conditions of Subsidy Provision (hereinafter the “Terms and Conditions”).
- b) The beneficiary shall keep separate records and documents on eligible project expenditure and on the use of the support intended for the funding of the eligible expenditure as stipulated in the Terms and Conditions and keep it for a period of 10

⁵ Notification in compliance with Article 88(3) of the EC Treaty and Regulation (EC) No. 659/1999 on the rules of application of Article 88 of the EC Treaty.

years following the date of closure of the project, and at the same time for a period of at least three years following the closure of the OP Enterprise and Innovation (anticipated in 2020) in compliance with Article 90 of Council Regulation (EC) No. 1083/2006. All beneficiaries will be informed of the closing date of OP Enterprise and Innovation.

- c) An investment, which is subject to the project, shall remain in the region for a period of at least five years from its implementation; or for a period of at least three years in the case of SMEs.
- d) The beneficiary may not be an entrepreneur, if, as at the date of submission of the application, s/he is the beneficiary to rescue and restructure a firm in difficulty as specified in the Community guidelines on state aid for rescuing and restructuring firms in difficulty, Communication from the Commission No. 2004/C 244/02; this shall not apply to small enterprises.
- e) The subsidy is paid out to the beneficiary retroactively upon the termination of the project, or upon termination of a particular phase of the project, provided that the terms and conditions of the Decision are complied with.
- f) In case the beneficiary of support is CzechInvest, the subsidy shall be provided to the beneficiary based upon the approved Programme.

Other obligations of beneficiaries are specified in the Terms and Conditions.

4.3. Eligible expenditure

4.3.1. Eligible expenditure shall comply with the following criteria:

- Shall be expended in accordance with the objectives of the Programme and immediately related to the project implementation, or be caused by the implementation;
- Shall be expended no earlier than on the date of eligibility of a project.⁶ In case the beneficiary is CzechInvest, it means after 1 January, 2007 or at the date of delivery of the OPEI to the European Commission;
- Shall be demonstrably paid by the beneficiary before they are discharged from the Structural Funds, unless stipulated otherwise in the call;

⁶ The eligibility date of a project shall be the date when the provider or the relevant agency confirms in writing to the applicant that in principle s/he complies with the terms and conditions of the eligibility of the given Programme.

- Shall be supported by conclusive evidence, paid to suppliers; property may not be acquired by means of capitalisation.

4.3.2. The eligible expenditure shall include:

- Tangible fixed assets (in particular real estate purchase and construction costs directly related to the project implementation);
- Intangible fixed assets;
- Specific operational costs (in particular services of advisors and experts, studies, marketing and promotion);
- Costs of project publicity.

The eligible expenditure of a project shall be further specified in particular calls.

4.3.3. The eligible expenditure of a project shall not include:

- VAT, provided that the beneficiary is a VAT payer;
- Expenditure paid prior to the project eligibility date;
- Loan and credit instalments;
- Sanctions and penalties;
- Cost of guarantees, insurance, interests, bank fees, exchange rate losses, customs and administration fees.

4.4. Sectoral classification

Support shall not be granted to projects whose outputs will impact any of the following sectors:

- Projects addressing the manufacture, processing and marketing of products as listed in Annex I of the EC Treaty (see Annex 1 of the Programme);
- Steel industry defined in Annex 2 of the Programme;
- Manufacture of coke oven products (sections CA 10 and D 23.1 NACE);
- Artificial fibres manufacturing as set in Annex 3 of the Programme;
- Building of ships defined in group 35.11 NACE;
- Agriculture, fishing, aquaculture – sections A 01, A 02 and B 05 NACE.

5. Form and Amount of the Support

- a) Support is provided in the form of a direct subsidy.
- b) The subsidy is purpose-built to cover eligible expenditure arising from and in relation to the implementation of a project. The amount of support is provided according to the type of beneficiary and type of project:
 - I.) In compliance with the Regional Map of State Aid Intensity according to the block exemption, Regulation (EC) 70/2001, Rules for regional support:

A subsidy covered by the block exemption shall be governed by the Regional Map of State Aid Intensity and it shall not exceed:

NUTS II region	Small-sized enterprise	Medium-sized enterprise	Large enterprise
Central Moravia, Northwest, Central Bohemia, Moravia-Silesia Northeast, Southeast	60%	50%	40%
Southwest 1 January, 2007 – 31 December, 2010	56%	46%	36%
Southwest 1 January, 2011 – 31 December, 2013	50%	40%	30%

- II.) In case of operational costs in compliance with the de minimis rule – in this case it is necessary to wait for the approval of the relevant EC Regulation on the application of de minimis rule including its accumulation with other regulations and eligible expenditure of the project.
- III.) For supported activities under project defined in item 2(b) hereof and in case of expenditure eligible under General Community Rules on public environmental support⁷, the support shall be allocated in the amount of eligible expenditures of the project increased by 15% and decreased by market appreciation of the real estate accomplished in the course of the project, at the most in the amount of total eligible expenditure.

⁷ Community guidelines on state aid for environmental protection (2001/C 37/03)

- IV.) In case the beneficiary is CzechInvest (activities listed under item 2(g), (h), (i) of this Programme), it is not considered a state aid and support is provided up to the amount of total eligible expenditure of the project.

The scope of support shall be further specified by the Programme Administrator in particular calls.

6. Project Selection

6.1. Selection criteria

Selection criteria including evaluation methodology shall be stipulated by the call.

6.2. Project selection method

Project selection and evaluation shall be performed based on the criteria specified by the Programme Administrator. The OPEI Managing Authority (MIT) shall decide on the provision of a subsidy based on Government Resolution No. 175/2006. Further details shall be specified in the call.

7. Participation in Other Support Programmes

The eligible expenditure of a project supported under this Programme shall not receive any other public support, i.e. the public support as defined under Article 87 of the EC Treaty.

8. Duration of the Programme

The Programme shall be implemented in the period 2007-2013. It will be implemented based on calls which will be published at the website of the Programme Administrator (MIT) and of CzechInvest.

The Programme Administrator reserves the right to suspend the Programme or terminate it prematurely (e.g. due to exhaustion of the allocated funds).

9. Details of an Application for Subsidy and its Submission

The method of submission of an application and its essential elements shall be stipulated by the call.

10. Sanctions for Violation of Programme Criteria

Sanctions for violation of the Programme criteria are stipulated in the Terms and Conditions of a Decision to Provide Subsidy.

11. Other Provisions

There is no legal entitlement to the subsidy.

Annex 1 of the Programme

Annex I to the EC Treaty – manufacturing, processing and marketing of the products specified in Annex I to the EC Treaty are excluded from the Programme

Number in nomenclature	Name of goods
Chapter 1	Live animals
Chapter 2	Meat and edible offal
Chapter 3	Fish, crustaceans and molluscs
Chapter 4	Milk and dairy products; birds' eggs; natural honey
Chapter 5	
05.04	Animal guts, bladders and stomachs (other than fish), whole and parts
05.15	Animal products not elsewhere specified or included; dead animals of Chapter 1 or Chapter 3, unfit for human consumption
Chapter 6	Cut flowers and flower products
Chapter 7	Vegetables, edible plants, roots and tubers
Chapter 8	Edible fruit; skins of citrus and melon
Chapter 9	Coffee, tea, spices, other than maté (number 09.03)
Chapter 10	Cereals
Chapter 11	Mill products: malt, starch, gluten, inulin
Chapter 12	Oil seeds and oleaginous fruits; various seeds and fruits, industrial and medicinal plants; straw and fodder crops
Chapter 13	
ex 13.03	Pectin
Chapter 15	
15.01	Lard and other rendered pig fat; rendered poultry fat
15.02	Unrendered fats of bovine cattle, sheep or goats; tallow (including "premier jus") produced from those fats
15.03	Lard stearin, oleostearin and tallow stearin; lard oil, oleo-oil and tallow oil, not emulsified or mixed or prepared in any way
15.04	Fats and oils of fish and of sea mammals, whether or not refined
15.07	Fixed vegetable oils, fluid or solid, crude, refined or purified

15.12	Animal or vegetable fats and oils, hydrogenated, whether or not refined, but not further prepared
15.13	Margarine, artificial pig fat and other processed fats
15.17	Waste after processing animal fats or animal or plant waxes
Chapter 16	Prepared meat, fish, crustaceans or molluscs
Chapter 17	
17.01	Beet sugar and cane sugar, solid
17.02	Other sugars; sugar syrups; artificial honey (also mixed with natural honey); caramel
17.03	Molasses, also decolourized
17.05	Aromatized or colourized sugars, syrups and molasses (including vanilla sugar or vanillin), excluding fruit juices with sugar additives in any ratio
Chapter 18	
18.01	Cocoa beans, whole or broken, raw or roasted
18.02	Cocoa shells, husks and other cocoa waste
Chapter 20	Preparations from vegetables, edible plants, fruit or other parts of plants
Chapter 22	
22.04	Grape must in fermentation, or with fermentation arrested otherwise than by the addition of alcohol
22.05	Wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol
22.07	Other fermented drinks (apple, pear, mead)
ex 22.08	Ethyl alcohol denatured or undenatured, of any strength, made from agricultural products listed in Annex I to the EC Treaty, excluding spirits, liqueurs and other spirituous beverages and compound alcoholic preparations (known as "concentrated extracts") for the manufacture of alcoholic beverages
ex 22.09	
22.10	Table vinegar and its substitutes
Chapter 23	Rests and wastes in food industry; processed fodder
Chapter 24	
24.01	Unmanufactured tobacco, tobacco refuse

Chapter 45

45.01 Unworked natural cork, cork refuse; granulated or ground

Chapter 54

54.01 Flax, raw or processed but not spun; flax tow and waste (including pulled or garneted rags or ropes)

Chapter 57

57.01 True hemp (*Cannabis sativa*) raw or processed but not spun; tow and waste of true hemp (including pulled or garneted rags or ropes)

(Note: concerns partially NACE D 15, 17, 24 (bio-ethanol), G 51.11, 51.17, 51.2, 51.3, 52.1, 52.2, 52.48 –wholesale, retail)

Annex 2 of the Programme

Definition of sectors and products not entitled to aid

Agriculture, fishing, aquaculture – NACE A 01, A 02, B 05

Manufacture of coke oven products – NACE CA 10, D 23. 1 (production of coke oven products)⁸

Manufacture of steel:

For the purposes of this Programme manufacture of steel shall mean the following activities related to the manufacturing of the following goods from steel:

Name of goods

Item in customs tariff

Pig iron and spiegleisen in pigs, blocks or other primary shapes

7201

Ferro-alloys

7202 11 20, 7202 11 80, 7202 99 11

Ferrous products obtained by direct reduction of iron ore and other spongy ferrous products, in lumps, pellets or similar forms; iron having a minimum purity by weight of 99.94%, in lumps, pellets or similar forms

7203

Iron and non-alloy steel in ingots or other primary forms (except for iron of heading 7103)

7206

Semi-finished products of iron or non-alloy steel

7207 11 11; 7207 11 14; 7207 11 16; 7207 12 10; 7207 19 11; 7207 19 14; 7207 19 16; 7207 19 31; 7207 20 11; 7207 20 15; 7207 20 17; 7207 20 32; 7207 20 51; 7207 20 55; 7207 20 57; 7207 20 71

Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated

7208 10 00; 7208 25 00; 7208 26 00; 7208 27 00; 7208 36 00; 7208 37; 7208 38; 7208 39; 7208 40; 7208 51; 7208 52; 7208 53; 7208 54; 7208 90 10; 7209 15 00; 7209 16; 7209 17; 7209 18; 7209 25 00; 7209 26; 7209 27; 7209 28; 7209 90 10; 7210 11 10; 7210 12 11; 7210 12 19; 7210 20 10; 7210 30 10; 7210 41 10; 7210 49 10; 7210 50 10; 7210 61 10;

⁸ The definition is based on Council Regulation (EC) No. 1407/2002 on state aid to the coal industry.

7210 69 10; 7210 70 31; 7210 70 39; 7210 90 31; 7210 90 33; 7210 90 38; 7211 13 00;
7211 14; 7211 19; 7211 23 10; 7211 23 51; 7211 29 20; 7211 90 11; 7212 10 10; 7212 10
91; 7212 20 11; 7212 30 11; 7212 40 10; 7212 40 91; 7212 50 31; 7212 50 51; 7212 60
11; 7212 60 91

Bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel

7213 10 00; 7213 20 00; 7213 91; 7213 99

Other bars and rods of iron or non-alloy steel

Other bars and rods of iron or non-alloy steel, not further worked than forged, hot-rolled, hot-drawn or hot-extruded, but including those twisted after rolling

7214 20 00; 7214 30 00; 7214 91; 7214 99;

7215 90 10

Angles, shapes and sections of iron or non-alloy steel

7216 10 00; 7216 21 00; 7216 22 00; 7216 31; 7216 32; 7216 33; 7216 40; 7216 50; 7216
99 10

Stainless steel in ingots or other primary forms; semi-finished products of stainless steel

7218 10 00; 7218 91 11; 7218 91 19; 7218 99 11; 7218 99 20

Flat-rolled products of stainless steel, of a width of less than 600 mm

Flat-rolled products of stainless steel, of a width of 600 mm or more

7219 11 00; 7219 12; 7219 13; 7219 14; 7219 21; 7219 22; 7219 23 00; 7219 24 00; 7219
31 00; 7219 32; 7219 33; 7219 34; 7219 35; 7219 90 10;

7220 11 00; 7220 12 00; 7220 20 10; 7220 90 11; 7220 90 31

Bars and rods, hot-rolled, in irregularly wound coils, of stainless steel

7221 00; 7222 11;

Other bars and rods of stainless steel; angles, shapes and sections of stainless steel

7222 19; 7222 30 10; 7222 40 10; 7222 40 30

Flat-rolled products of other alloy steel, of a width of 600 mm or more

7225 11 00; 7225 19; 7225 20 20; 7225 30 00; 7225 40; 7225 50 00; 7225 91 10; 7225 92
10; 7225 99 10;

Flat-rolled products of other alloy steel, of a width of less than 600 mm

7226 11 10; 7226 19 10; 7226 19 30; 7226 20 20; 7226 91; 7226 92 10; 7226 93 20; 7226
94 20; 7226 99 20

Bars and rods, hot-rolled, in irregularly wound coils, of other alloy steel

Other alloy steel in ingots or other primary forms; semi-finished products of other alloy steel

7224 10 00; 7224 90 01; 7224 90 05; 7224 90 08; 7224 90 15; 7224 90 31; 7224 90 39;
7227 10 00; 7227 20 00; 7227 90;

Other bars and rods of other alloy steel; angles, shapes and sections, of other alloy steel; hollow drill bars and rods, of alloy or non-alloy steel

7228 10 10; 7228 10 30; 7228 20 11; 7228 20 19; 7228 20 30; 7228 30 20; 7228 30 41;
7228 30 49; 7228 30 61; 7228 30 69; 7228 30 70; 7228 30 89; 7228 60 10; 7228 70 10;
7228 70 31; 7228 80

Sheet piling of iron or steel, whether or not drilled, punched or made from assembled elements; welded angles, shapes and sections, of iron or steel

7301 10 00

Railway or tramway track construction material of iron or steel, the following: rails, check-rails and rack rails, switch blades, crossing frogs, point rods and other crossing pieces, sleepers (cross-ties), fish-plates, chairs, chair wedges, sole plates (base plates), rail clips, bedplates, ties and other material specialised for jointing or fixing rails

7302 10 31; 7302 10 39; 7302 10 90; 7302 20 00; 7302 40 10; 7302 10 20

Tubes, pipes and hollow profiles, of cast iron

7303;

Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel

7304

Welded tubes and pipes, having circular cross-sections the external diameter of which exceeds 406.4 mm, of iron or steel

7305

Manufacturing of man-made fibers

For the purpose of the Programme, the industry of man-made fibres manufacturing means:

- Extrusion and crimping of all types of spun and filament yarns based on polyester, polyamide, acryl and polypropylene, irrespective of their application, or
- Polymerisation, including polycondensation, if it is a part of extrusion, or
- Any follow-up complementary process to introduction of extrusion or crimping technology by the applicant or other enterprise falling within the same group of

companies and which is usually part of yarn extrusion and crimping for that particular business activity.

Shipbuilding – NACE D 35.11