The Property Regime in the Annan Plan: A citizen's Guide

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International Peace Research Institute, Oslo

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This summary of the Annan Plan has been developed for the International Peace Research Institute, Oslo (PRIO), by Alexis Alexiou, Ayla Gurel, Mete Hatay and Yiouli Taki. In publishing this summary, PRIO vouches for its accuracy. PRIO takes no position about the merits of the Annan Plan.

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PREFACE

This publication has been produced by a team of both Greek and Turkish Cypriots who have a wide range of political views. Our purpose is to help people make an informed assessment of the Annan Plan which proposes a particular form of solution to the Cyprus problem. We do not advocate accepting or rejecting the Plan's contents. Rather, our concern is to provide objective, verifiable and easily understood summaries of its principal provisions in order to facilitate informed debate.

This publication is part of a wider project which includes a web site – www.cyprusdecides.org - as well as other publications and facilitated public meetings which are aimed at assisting people to understand the issues raised by the Annan Plan and to think through the consequences of adopting it as a viable basis for settlement. The document is available in both Greek and Turkish; limited number of copies will be available in English. The web-site is accessible in all three languages. We invite you to make your voice heard, to discuss the information provided here with others, and to help us to facilitate a public discussion in your community.

The current publication is the second one produced in the context of this project and focuses on the property regime proposed in the Annan Plan that will govern all properties from which people were displaced because of the events between December 1963 and the coming into force of the Foundation Agreement. The first publication – The Annan Plan for Cyprus: a Citizen's Guide – has already circulated in all three languages.

Please contact us at projectpricyp@hotmail.com if:

- You would like further information about this project;
- You would like to ask questions about any specific aspect of the Annan plan;
- If you would like us to organise a public discussion about the Annan plan in your community;
- If you would information about our publications.

This project is a non-partisan information and facilitation service coordinated by the Cyprus office of the International Peace Research Institute, Oslo (PRIO).

CONTENTS

INTRODUCTION	3	
THE PROPERTY REGIME FOR CYPRUS	6	Administering the exercise of rights to affected properties - The Property Board The wider legal context relating to affected properties Filing claims and applications – dispossessed owners & current users Claims by dispossessed owners – specifying how they seek to exercise their property rights - Option of reinstatement - Option of sale, exchange or lease - Option of compensation Processing claims and applications Announcement of decisions on reinstatement in areas not subject to territorial adjustment Implementation of decisions. Appealing against decisions of the Property Board Relocation in areas subject to territorial adjustment Handling of property transferred to the Property Board
CLAIMS AND APPLICATIONS: AREAS SUBJECT TO TERRITORIAL ADJUSTMENT	24	Claims of dispossessed owners Determination of claims filed by dispossessed owners Applications by current users of affected property Determination of applications filed by current users
CLAIMS AND APPLICATIONS: AREAS NOT SUBJECT TO TERRITORIAL ADJUSTMENT	30	Claims of dispossessed owners Determination of claims filed by dispossessed owners Applications by current users of affected property Determination of applications filed by current users of affected properties
GLOSSARY	36	

INTRODUCTION

As reported by the Secretary General to the Security Council in April 2003, almost half of Cyprus' population (roughly half of the Turkish Cypriots and a third of the Greek Cypriots) lost their property as a result of intercommunal strife and military action in the period between 1963 and 1974 and the unresolved division of the island since then.

Inevitably, the conditions that will surround the exercise of rights to affected property within the framework of an overall solution to the Cyprus Problem are of major concern to a substantial proportion of Greek Cypriots and Turkish Cypriots, to dispossessed owners and to current users alike.

The proposal for a comprehensive settlement of the Cyprus Problem submitted to the Greek Cypriot and to the Turkish Cypriot leadership by the UN Secretary General in November 2002, revised in December 2002 and February 2003, contains a detailed framework for the treatment of property affected by events since 1963. The Annan Plan is the only document that attempts to give a comprehensive treatment of this difficult and complex issue.

The Foundation Agreement deals with all of the core issues that had to be resolved by the two sides to bring about a mutually agreed settlement of the Cyprus Problem. The starting positions of the two parties were far apart on all the main issues. The plan is an outcome of a UN effort, in the context of a detailed negotiations process, to address in a balanced way the key concerns of both sides. The manner in which each of these issues is treated cannot be fully appreciated if they are approached in isolation from each other.

In his report to the Security Council the Secretary General explained that 1) the UN's approach to the property issue was to find a balance between competing legitimate interests and individual human rights for both dispossessed owners and current users. 2) the provisions relating to property rest on respect for international law and the principle of bi-zonality which is enshrined in the plan. They also address some important political concerns of the two sides, including the need for a substantial majority of refugees to return to their homes; the need to minimise the dislocation of current users; and other security, human rights and humanitarian concerns. 3) in keeping with these principles, the property regime respects the right of persons to their property – whilst limiting and regulating the way in which persons may exercise their rights in certain cases. The system is based on individual claims; if reinstatement is not possible, full compensation must be paid.

The provisions relating to property also have a particular relationship with the issue of territory. Consequently, the plan adopts an approach that maximises the number of Greek Cypriots returning to their properties under the administration of the Greek Cypriot State. This is reflected in a precise proposal for territorial adjustment that considerably reduces the number of Greek Cypriot residences that would remain within the territory administered by the Turkish Cypriot State. At the same time, in identifying the exact area of territorial adjustment, the UN also tried to avoid the inclusion of villages which historically had a substantial

Turkish Cypriot population so as to minimise the effect on current inhabitants. The area that would, under the Foundation Agreement, be subject to territorial adjustment consists of around 7% of the territory of the 1960 Republic of Cyprus. In other words, the territory of the Turkish Cypriot State would constitute around 29% and that of the Greek Cypriot State around 70% of the island's territory.

The UN estimates that the area that would be subject to territorial adjustment was home to 54% of the Greek Cypriots who were displaced in 1974. Their number at the time was around 86,000. Together with their offspring they number around 120,000 today.

A distinction is then made regarding how property rights will be exercised in areas subject to territorial adjustment and how they will be exercised in other areas. Property rights in relation to properties located in areas subject to territorial adjustment will generally be exercised by way of reinstatement. The UN estimates that up to 47,000 current users of affected properties in these areas would need to be relocated. This figure represents less than a quarter of the current population in the north of the island. 23,000 of these are individuals who were themselves dispossessed of their own properties in the past and thus have their own claims.

For affected properties located outside the areas subject to territorial adjustment, the Foundation Agreement contains a more restrictive approach to reinstatement: a ceiling is placed on the number of residences and land located in the areas administered by a constituent state which would be reinstated to dispossessed owners who on the day the Foundation Agreement comes into force reside in the other constituent state.

Should the Foundation Agreement come into force, Greek Cypriot and Turkish Cypriot dispossessed owners will need to submit claims for recognition of their interest in an affected property to the Property Board. In areas not subject to territorial adjustment a claimant may seek to exercise his/her property rights by way of a) reinstatement, b) compensation, or c) sale, long-term lease or exchange. Each claimant will need to specify the manner in which s/he seeks to exercise his/her property rights.

The Property Board will then have to decide whether or not the specified option (with the exception of compensation) may be granted. This decision will depend on a consideration of the specific circumstances surrounding the affected property or its current user. In areas not subject to territorial adjustment, certain current users may apply for recognition of their interest in an affected property. If it is not possible for the Property Board to grant a dispossessed owner his/her specified option then compensation will be awarded in exchange for title to the affected property.

The UN estimates that once property rights are exercised in relation to property located in the territory of the Turkish Cypriot State, a maximum of 15,000-18,000 current users of affected properties located in the territory to be administered by the Turkish Cypriot state will be affected. Together with those to be affected by territorial adjustment, a total of 62,000-65,000 current users on the Turkish Cypriot side will need to be relocated.

The Foundation Agreement sets out a scheme which provides for special relocation arrangements and other options and measures to current users who would be affected by territorial adjustment or reinstatement of the dispossessed owner. A Relocation Board, chaired by a UN representative would be established, to be in charge of assisting with the relocation process, as well as providing the UN with a supervisory role with respect to territorial adjustment. The UN has estimated that the cost of relocation in areas subject to territorial adjustment would need to rely on substantial international funding. Consequently, efforts for an international donor conference to financially assist the relocation process were, according to the Secretary General, well under way by the time the negotiations effort was interrupted on 11 March 2003.

The property regime only deals with properties affected by events between 1963 and the coming into force of the Foundation Agreement. All dealings with other properties will be regulated by constituent state law. Therefore, the property regime proposed in the plan (with all its regulations and limitations) is a temporary regime. Once all of the affected properties have been dealt with, most of these provisions will no longer be relevant.

The aim of this booklet is to inform the general public about the property regime proposed in the Annan Plan and to assist concerned individuals, dispossessed owners and current users alike, to understand the process through which property rights will be administered and to anticipate the options that may be open to them should the Foundation Agreement come into being. In this effort a set of distinctions are drawn and provisions relating to each case developed in the pages that follow.

Administering the exercise of property rights - The Property Board

The exercise of rights to affected property will be administered by an independent and impartial administrative body, the Property Board. It will implement the provisions relating to the property regime proposed in the Foundation Agreement.

The Property Board will receive and administer claims and applications filed by dispossessed owners and current users who seek recognition of their interests in an affected property.

Membership

It will consist of two members from each constituent state and three non Cypriots who must not be citizens of Greece, Turkey or the United Kingdom. The members of the Property Board will be appointed by the co-Presidents within 30 days after the Foundation Agreement has come into force. For subsequent appointments, the members will be appointed by the executive heads of the constituent states acting by consensus.

Its members will be appointed for a period of three years and can be re-appointed or replaced at the end of that period. The Supreme Court may remove any member following an application by the federal government or either constituent state in case of misconduct or grave breach of the member's duties.

Powers

The Property Board will have powers necessary to

- make determinations on and administer the exercise of rights to affected property,
- decide on most issues arising from the exercise of rights to affected property,
- administer the compensation fund,
- acquire and deal with affected property in a responsible manner in cases where dispossessed owners opt for compensation or for title to another property in exchange for transfer of title to affected property or where a dispossessed owner does not file a claim in the specified time period,
- help provide and allocate alternative accommodation.

The federal government and the constituent states will cooperate fully with the Property Board, comply with its decisions - which will be legally binding - and take all necessary measures for their implementation.

Period of Operation

The Property Board will be wound up 10 years after entry into force of the Foundation Agreement. If the determination of claims or any other task before it has not been completed by then, the Supreme Court may extend the period of operation of the Property Board for one year at a time. The Supreme Court may also extend the period of operation of a particular section or sections and not the whole Board.

At the time of winding up the Property Board and each of its sections, each constituent state will purchase any property or assets located within that constituent state which are still held by the Property Board, and which are no longer required for the purpose of carrying out its functions or the functions of any section which continues to operate for an extended period. Purchase will be at a price equal to current value at the time of sale and the proceeds will be deposited in the Compensation Fund (see p. 15)

The wider legal context relating to affected properties

Suspension of dealings, proceedings or alterations.

Once the Foundation Agreement comes into force any transaction, dealing or any proceeding in any court or legal or administrative body in Cyprus or any physical alterations - except for minor alterations or emergency maintenance - in relation to affected property will be suspended or prohibited, until the Property Board:

- Authorises such dealing, proceeding or alteration to continue or occur.
- Refers the dealing or proceeding to another competent court or authority.
- Makes a final determination in relation to the property.

Striking out legal proceedings

The United Cyprus Republic and the constituent states will request the European Court of Human Rights to strike out any proceedings currently before it concerning affected property. This will be done on the basis of Article 37 of the 1950 European Convention which states:

"The Court may at any stage of the proceedings decide to strike an application out of its list of cases where the circumstances lead to the conclusion that:

- *The applicant does not intend to pursue his application; or*
- *The matter has been resolved; or*
- *For any other reason established by the Court, it is no longer justified to continue the examination or the application.*

However the Court shall continue the examination of the application if respect for human rights as defined in the Convention and the protocols thereto so requires.

The Court may decide to restore an application to its list of cases if it considers that the circumstances justify such a course."

Claims for Compensation for loss of use

Claims for compensation for loss of use of affected property for any period commencing with dispossession may be made to the constituent state from which the claimant hails. The constituent state will consider any such claim and take into account:

- Benefits which the dispossessed owner previously enjoyed on the grounds of his/her displacement; and
- Any entitlements received by or payable to the dispossessed owner, whether before or after the Foundation Agreement, for the period of lost use.

Filing claims and applications: dispossessed owners and current users

Claims by dispossessed owners and applications by current users will have to be filed with the Property Board within one year from a date fixed by the Property Board. This date must fall within the first year after the Foundation Agreement comes into force. The decision fixing the relevant date will be widely publicised in the Official Gazettes of the federal government and of the constituent states, in the most widely circulated newspaper in each constituent state and any other appropriate way determined by the Property Board.

A claim or application must be filed together with certified copies of any available evidence of:

- The claimant's (dispossessed owner's) title to the affected property.
- The applicant's (current user's or owner of a significant improvement's) interest in the affected property.

Holders of part interest in or title to an affected property will whenever possible file joint claims.

In submitting their claims, dispossessed owners will have to specify the manner in which they seek to exercise their property rights.

A dispossessed owner who does not submit a claim in time and can show good cause why s/he did not is entitled to compensation in exchange for title to the affected property.

A person may apply for title to an affected property if s/he is currently using it and is a dispossessed owner of another property or if s/he has purchased the property from such a person or has significantly improved the property.

Where a property is reinstated, the current user of that property may submit an application:

- For compensation for any improvement s/he has carried out on the property.
- To benefit from the options available to current users of property in areas subject to territorial adjustment, stating their preference for the manner of relocation.
- To benefit from measures in favour of current users of affected properties located in areas that are not subject to territorial adjustment.

Further detailed requirements for the filing and determination of claims and applications in respect of affected property will be set out in rules, regulations, procedures and other instruments adopted by the Property Board under the settlement.

There will be no need for direct dealings between individuals, although individuals may settle matters directly between them provided the Property Board has already determined that the relevant property is eligible for reinstatement.

Claims by dispossessed owners:

specifying how they seek to exercise their property rights

When considering how rights to affected property may be exercised, an important distinction is made between

- property located in areas subject to territorial adjustment, and
- property located in all other areas.

In both cases, the dispossessed owner should file a claim for recognition of his/her legal interest in the affected property. The difference relates to the number of options for exercising his/her property.

Properties in Areas Subject to Territorial Adjustment

In these areas:

- The dispossessed owner is entitled to reinstatement.
- Compensation is not offered as an option when filing the claim.
- Under specific circumstances the Property Board may award a dispossessed owner compensation rather than reinstatement in exchange for title to the affected property.

Properties in all other Areas

For all other areas, the dispossessed owner must declare how s/he seeks to exercise his/her property rights, according to the following:

- If the dispossessed owner is a **natural person,** s/he can specify any one of the following options:
  a) reinstatement, or
  b) compensation, or
  c) sale, exchange or long term lease.
- If the dispossessed owner is an **institution**, it can only seek compensation.
- The Churches and Evkaf are entitled to reinstatement of property owned by them and used as a **religious site** in 1963 or 1974. They have the option to claim compensation for these properties instead of reinstatement.

  Property other than religious sites owned by the Churches or Evkaf will be treated as property owned by an institution. This means that for these properties the Churches and Evkaf will only be able to receive compensation and not reinstatement.

The Property Board may or may not award the exercise of property rights in the manner in which the claimant has requested. This will depend on criteria that need to be satisfied in processing a claim.

The option of reinstatement

A dispossessed owner may seek reinstatement – meaning the award of legal and physical possession of his/her property – enabling him/her to exercise effective control over such property, including use for his/her own purposes.

Eligibility for reinstatement

The location of an affected property will determine the criteria that will apply to claims for its reinstatement.

Affected property located in areas subject to territorial adjustment

An affected property will be eligible for reinstatement provided that:

- it can be established that the claimant has a legal interest in it.

Claimants may be natural persons or institutions.

Affected property located in areas that are not subject to territorial adjustment:

An affected property will be eligible for reinstatement provided that:

- Its dispossessed owner is a natural person.
- Its dispossessed owner has a legal interest in the property.
- Its current user is not a dispossessed owner him/herself (or did not purchase the property from another dispossessed owner who was assigned the property).
- The affected property has not been significantly improved.
- It is not required for military purposes (as specified in the additional protocol to the Treaty of Alliance).
- On the day the Foundation Agreement comes into force, it is not being used for a purpose in the public benefit.

Affected property in areas not subject to territorial adjustment which are not eligible for reinstatement

- If the current user of an affected property is a dispossessed owner (or bought it from a dispossessed owner to whom the property was assigned), or if the property has been significantly improved, then the current user or the owner of the significant improvement has sufficient interest to file an application for transfer of title to the affected property:
    - The affected property will not be eligible for reinstatement.
    - The dispossessed owner will be awarded compensation in exchange for title to the property.

Provided that the current user or owner of the significant improvement makes any stipulated payment to the Property Board:

- Title to the affected property will be transferred to him/her.

- If the property is required for military purposes under the provisions of the Foundation Agreement, it will be transferred to the relevant constituent state in exchange for the current value of the property:
  - The affected property will not be eligible for reinstatement.
  - The dispossessed owner will be awarded compensation.

- If the property is used for a purpose in the public benefit which justifies compulsory acquisition, it will be transferred to the federal government or the relevant constituent state in exchange for payment of the current value of the affected property:
  - The affected property will not be eligible for reinstatement.
  - The dispossessed owner will be awarded compensation.

Final determination on reinstatement: agreed levels of reinstatement in either constituent state:

Where an affected property is found eligible for reinstatement, the Property Board will not automatically award reinstatement. The number of properties to be reinstated must not exceed the agreed levels of reinstatement. The Foundation Agreement states that:

In either constituent state, no more than 10%, and in any given municipality or village no more than 20%, of the total land area and of the number of residences shall be reinstated to persons hailing from the other constituent state.

The Property Board will keep a record of all properties that are eligible for reinstatement. If there are more properties eligible for reinstatement than the agreed levels of reinstatement permit, the Property Board will make the final determinations on reinstatement based on the following order of priority:

- Claims for the reinstatement of residences come before claims for the reinstatement of land. Thereafter:
- Claims are placed in a hierarchy according to the claimant's age in a descending order.

Properties eligible for reinstatement that fall outside the agreed levels of reinstatement will be compensated in exchange for title. Once a property has been found eligible for reinstatement, the dispossessed owner may choose to sell, exchange or lease it rather than wait for the final decision on reinstatement.

Limitations relating to the agreed levels of reinstatement will not apply to:

- Religious sites.
- Villages which were predominantly inhabited by Maronites in 1974.
- The Karpas villages of Rizokarpaso/Dipkarpaz, Agialousa/Yeni Erenkoy, Agia Trias/Sipahi, and Melanarga/Adacay.

Properties exempted from the agreed levels of reinstatement are still subject to the same criteria for determining eligibility as any other property located in areas not subject to territorial adjustment. (see pp. 31, 32). Only religious sites are exempted from all conditions.

Use of Reinstated Property

Reinstatement of an affected property to its dispossessed owner does not necessarily imply that the dispossessed owner will be able to take up permanent residence in the constituent state where the affected property is located. Residency rights in a constituent state for persons hailing from the other constituent state are subject to limitations.

Any limitations on residence will not prevent the freedom of movement throughout Cyprus, including the right of any Cypriot citizens to stay or holiday for an average of three nights a week in their reinstated properties or any other accommodation anywhere in Cyprus.

The option of sale, exchange, or lease

When filing a claim for recognition of an interest in an affected property, the dispossessed owner may choose the option of sale, exchange or lease. This means the claimant is choosing to:

- Sell his/her interest in the affected property;
- Exchange the affected property for another property of similar value in the constituent state where the claimant hails from; or
- Lease the affected property on a long-term basis (20 years or longer).

Before granting these options, the Property Board must determine if the affected property is eligible for reinstatement (see p. 11-13, 31-32).

A dispossessed owner who initially filed a claim for the reinstatement of his/her property, may also choose to sell, exchange or lease it, after the property is found eligible for reinstatement. This request must be made before the Property Board's final decision on reinstatement.

The Property Board will assist dispossessed owners who choose to sell, exchange or lease their properties by:

- maintaining a register of interested dispossessed owners, current users and others who wish to engage in sale, exchange or lease transactions,
- offering advice and providing services and information, including on potential sale, exchange or lease counterparts.

The Property Board will also assist dispossessed owners to purchase an interest in affected property

A dispossessed owner may exchange his/her title to an affected property for title to a property located within the constituent state where s/he hails from, and which has been transferred to the Property Board. For such an exchange to proceed the two properties should be of similar value (see p. 30).

Various incentives will be in place to encourage dispossessed owners to exercise their property rights by way of sale, exchange or lease:

- Exemptions for such properties from being counted for the purposes of determining when agreed levels of reinstatement have been reached;
- Exemptions from taxes, governmental fees, charges and duties payable on signing of instruments, or on completion and registration of transfers or leases of such properties;
- Exemptions or substantial reductions in taxes on capital gains derived from transfers or from rental income under such leases;
- Exemptions from any incidental taxes, governmental fees, charges and duties relating to sale, exchange or lease of such properties;
- Exemptions from property taxes for the duration of such leases; and
- Other additional incentives which the federal government and the constituent states may choose to provide.

The option of compensation

Any dispossessed owner will be entitled to claim full and effective compensation in exchange for transfer of title to the affected property to the Property Board. Entitlements to compensation will be assessed and paid by the Property Board.

Level of compensation:

The level of compensation will be determined by the Property Board in accordance with international standards and will be calculated on the basis of value at the time of dispossession adjusted to reflect appreciation of property values in comparable locations.

Method of payment:

Compensation will be paid in the form of compensation bonds drawn on a Compensation Fund, in exchange for the transfer of title to an affected property to the Property Board.

The Compensation Fund:

The Compensation Fund will be established in the Central Bank of Cyprus and administered by the Property Board. The Fund will receive all proceeds from the use or disposal of property that has been transferred to the Property Board. The federal government will provide a first contribution of 100 million Cyprus pounds towards the initial capital of the Fund within 18 months of entry into force of the Foundation Agreement. The federal government will also seek a matching contribution from international donors. If the Fund would otherwise be unable to meet its obligations, the federal government will, following a request from the Property Board, make further contributions.

Rate of interest of compensation bonds:

Compensation bonds will bear interest at a rate equal to or greater than that applying to federal government bonds of equal maturation periods at the time of issuance of bonds.

Compensation bonds may be used for:

- Purchasing affected property from the holdings of the Property Board at current value,
- Procuring the payment by the Property Board of a deposit for purchase of alternative accommodation on the open market; or
- Sale to any person, who thereby acquires all entitlements of the initial holder.

Maturity of compensation bonds:

Compensation bonds will mature 10 or 15 years after issuance and will be redeemable for cash from the Compensation Fund. A claimant will receive 10-year bonds for two-thirds of the compensation value and 15 year bonds for the remaining one-third.

Owners of property in areas subject to territorial adjustment who wish to leave

An owner of property in an area subject to territorial adjustment who vacates such property after entry into force of the Foundation Agreement may claim compensation from the Property Board for such property at current value in exchange for his/her title to such property, provided s/he can produce evidence of ownership before 1974 or of bona fide transfer from the 1974 owner.

Processing claims and applications

The Property Board will process claims and applications according to an order of priority established in the Foundation Agreement.

This is aimed at easing the processes of decision-making, relocation and reinstatement. The order of priority for dealing with claims and applications is as follows:

- i) Claims regarding affected property of dispossessed owners who are currently living in areas subject to territorial adjustment
  ii) Claims of current users of such affected properties.
- i) Claims of dispossessed owners for compensation.
  ii) Applications from current users in all other areas who were themselves dispossessed owners for transfer of title to the property they are currently using in exchange for transfer of title to the Property Board of properties of which they were dispossessed.
  iii) Applications of persons who own significant improvements to affected properties in exchange for payment of the current value of the properties without the improvement.
- Claims of dispossessed owners of affected properties in areas subject to territorial adjustment.
- All other claims and applications.

In doing so, it will further prioritise decisions which will have a positive economic impact.

Each claim and application will be processed according to the following steps:

Upon receipt of any claim by a dispossessed owner or application by a current user or owner of a significant improvement for an affected property, the Property Board will first have to establish whether:

- The claimant has a lawful interest in the property.
- The applicant has a sufficient interest in the property under the provisions of the Foundation Agreement.

Having determined that a dispossessed owner has a legal interest in the property and/or that an applicant has sufficient interest in it, the Property Board will then determine whether the claimant (the dispossessed owner) or the applicant (the current user/owner of a significant improvement) is entitled to exercise his/her rights in the manner requested in the claim/application or otherwise under the provisions of the Foundation Agreement.

Decisions will be announced as soon as a case has been dealt with. (Note that for claims for the reinstatement of affected property located in the other constituent state there will be first a decision on eligibility and later a final determination on reinstatement). (See pp. 12-13). In its decisions the Property Board will also indicate the steps necessary for the execution or implementation of its decisions and where appropriate, will order that they be taken within specified time frames.

If the Property Board decides that a claimant or applicant has no legal interest in the affected property the application will be rejected. At the same time it may decide on the interests of the other parties involved in the proceedings and issue orders with respect to the property.

Transfer of title or reinstatement will not take effect until all stipulated payments are made in full to the Property Board within 3 years of the relevant decision of the Property Board. Failure to make payments in the specified period may result in loss of or modifications to rights with respect to the property.

Announcement of decisions on reinstatement in areas not subject to territorial adjustment

For those properties that are not subject to the agreed levels of reinstatement the Property Board will issue decisions as soon as it has determined that they are eligible for reinstatement.

These are properties located in
- Villages which were predominantly inhabited by Maronites in 1974.
- The Karpas villages of Rizokarpaso/Dipkarpaz, Agialousa/Yeni Erenkoy, Agia Trias/Sipahi, and Melanarga/Adacay.

For all other properties the Property Board first makes a decision whether the property is eligible for reinstatement and informs the dispossessed owner of this decision. However, the case will then be held as pending until, if possible, all claims for reinstatement have been reviewed in order to determine which properties will be reinstated under the agreed levels, according to the specified order of priority.

Before issuing final decisions on reinstatement, the Property Board will endeavour to determine the eligibility of all claims for reinstatement. If the determination of eligibility in some cases is delayed, because of exceptional circumstances, the Property Board may issue final decisions on reinstatement as soon as it has determined the eligibility of 90% of the claims for reinstatement.

Once the Property Board has determined the eligibility of at least 90% of the claims for reinstatement, it will issue its final decision in relation to these claims.

The dispossessed owners of properties eligible for reinstatement that cannot be reinstated because the agreed levels have been reached will be awarded compensation in exchange for title to the affected property.

Where the processing of a claim is delayed, reinstatement will only be granted if the agreed levels of reinstatement have not yet been reached, irrespective of the priority that the claimant may otherwise have had.

On issuing a final decision on reinstatement the Property Board will inform the current user of the affected property of:
- Its decision.
- His/her obligation to vacate the property.
- His/her rights to alternative accommodation.

Reinstatement will only proceed after the current user has been provided with alternative accommodation or the final deadline for vacating the property as determined by the Property Board has expired, whichever is the sooner. (see pp 27-28)

The current user will pay market rent to the Property Board for the period of continued use of the affected property from the date of the Property Board's decision on eligibility for reinstatement.

Implementation of decisions

The decisions of the Property Board will be implemented by the constituent states and the relevant institutions dealing with affected property.

Decisions in relation to claims for recognition of interest in property

The Property Board will have the power to issue legally binding orders to competent federal or constituent state bodies as required to implement its decisions.

The federal government and the constituent states will take all steps required to implement the decisions of the Property Board, including by officially publishing its decisions at the Property Board's request.

The federal government and the constituent states will adopt and enforce any legislation, rules, regulations, procedures, forms and other instruments appropriate to acknowledge the binding force of Property Board decisions, and will ensure their full and prompt enforcement through implementation, including as necessary through local administrative bodies, police or other agents.

In case the federal government or a constituent state fails within one year after entry into force of the Foundation Agreement to adopt laws for enforcement and implementation of the Property Board's decisions, the Property Board will issue rules as binding legal instruments of the federal government or the relevant constituent state.

Offering land for relocation purposes.

The constituent states will put land for alternative accommodation at the disposal of the Property Board, including through expropriation where necessary. In allocating such land the constituent states will take into account the need for relocating persons to be able to earn their livelihood. The Property Board will not have to pay for such land.

Loans and outstanding debts incurred before 1974

The Property Board will provide guidelines on the treatment of loans which are still outstanding and were incurred before July 1974 for the purchase of affected property and on unresolved dealings in affected property. The federal government and the constituent states will adopt legislation in accordance with these guidelines.

Appealing against decisions of the Property Board

Decisions of the Property Board will not be subject to appeal or challenge in any constituent state court.

A Property Court will be established with powers to conduct final judicial review of decisions of the Property Board.

It will be composed of an uneven number of judges: an equal number from each of the constituent states and at least three non-Cypriot judges who are not citizens of the guarantor powers. The exact number of judges will be specified by the President and the members of the Supreme Court. The President and judges of the Property Court will be chosen in the same manner and for the same term of office as judges of the Supreme Court, unless the Supreme Court decides otherwise. The judges will be appointed by the Presidential Council.

An application for judicial review of a Property Board decision may be made to the Property Court by any party with a legal interest in the decision or the property in question. This appeal should be filed within 60 days of publication of the decision by the Property Board.

Decisions of the Property Court will not be subject to further review or appeal to the Supreme Court.

The Property Court will have power to levy fees upon parties for procedural steps in initiating and contesting matters before it. It will continue in operation until such time as the Supreme Court may decide to assume its functions.

Relocation in areas subject to territorial adjustment

Managing the Relocation Process

A Relocation Board will manage the relocation of current inhabitants in areas of territorial adjustment. It will comprise five persons: one representative of each constituent state and three non-Cypriots (not citizens of the guarantor powers) of whom one will be a United Nations representative and will chair the Board. The Secretary-General of the UN will appoint the non-Cypriot members.

- The constituent states will nominate representatives to cooperate and liaise with the Relocation Board and attend extended planning meetings at the request of the Board. Each constituent state will nominate a representative of:
    - its authority competent for housing and property issues;
    - its authority competent for employment/economic issues;
    - its constituent state police; and
    - each of the local authorities for the areas subject to territorial adjustment.
- The Board will:
    - Verify that alternative accommodation is ready for habitation before setting dates for relocation.
    - Work with the competent authorities in the receiving municipalities to ensure that persons relocating there are assisted in establishing a livelihood in those municipalities.
    - Work closely with the Property Board regarding decisions on reinstatement in the areas subject to territorial adjustment and the identification of alternative accommodation.
    - Give special consideration to requests of communities wishing to relocate as a community when planning the construction of alternative accommodation.
- The constituent states will fully respect and implement the decisions of the Relocation Board in a timely manner, and adopt any necessary legislation or regulations to ensure their enforcement.

Arrangements regarding relocation of current inhabitants in areas subject to territorial adjustment

Special arrangements to safeguard the rights and interests of current inhabitants will provide for the orderly relocation to adequate alternative accommodation in appropriate locations where adequate livelihoods may be earned. Included among these arrangements are the following:

- persons to be relocated will be registered by household;
- communities may request to be relocated as a community;
- persons with sufficient financial means will vacate properties no later than one month prior to the agreed date of transfer of administration of the relevant area;
- persons without sufficient financial means will receive no less than three months' notice of the date for relocation once alternative accommodation has been identified; and will also be provided with transport during relocation;
- special arrangements will be made for families with young children, the elderly and the disabled.

Adequate Alternative Accommodation

Alternative accommodation is residential housing for people who will be affected by the reinstatement of the property they are currently using. It will be an accommodation comfortable by reasonable modern standards, including being connected to public utilities where available, such as water and electricity. It will be of a size that provides adequate living space for the number of household persons which it must accommodate. This size will be no less than:

- 70 square metres for a household of up to two persons,
- 100 square metres for three persons,
- 120 square metres for four to five persons, and
- 140 square metres for larger households.

Handling of property transferred to the Property Board

Transfer of title to affected property to the Property Board

Titles of affected properties not claimed by a dispossessed owner within the time period set for submission of claims will be transferred to the Property Board.

The same will apply to titles of affected property whose dispossessed owners who opt for compensation in exchange of his/her title.

The Property Board will receive transfer of title to affected property which is owned by a dispossessed owner who disposed of his/her interest in an affected property of which s/he was the current user, in exchange for transfer of title to such affected property to the subsequent purchaser (or his her successors in title).

The Property Board can dispose of such property in various ways, in the following sequence:

- Offering the property for sale to the current user at current value;
- Offering the property for sale to persons from the same constituent state in which the property is located at current value.
- Using it as alternative accommodation; or
- Otherwise disposing of it in a prudent manner, at market value.

All funds generated from the sale or use of affected property held by the Property Board will be deposited into the Compensation Fund.

Claims of dispossessed owners

Options for dispossessed owners

If the Foundation Agreement comes into force the proposed territorial adjustment will proceed, amongst other things, in order to allow as many Greek Cypriot dispossessed owners to return to their properties under the administration of the Greek Cypriot State.

Administration of areas subject to territorial adjustment will be transferred to the Greek Cypriot State in six phases:

Phase 1 - 104 days
Buffer Zone, Varosha/Maraş, Kokkina/Erenköy

Phase 2 - 6 months
Areas of Achna/Düzce and Petra/Taşköy

Phase 3 - 12 months
Areas of Loutros/Bademliköy, Galini/Ömerli and Tymvou/Kırklar

Phase 4 - 2 years
Areas of Famagusta/Mağusa, Kalopsida/Çayönü, Acheritou/Güvercinlik, Lysi/Akdoğan, Kontea/Türkmenköy, Avlona/Gayretköy, Lymnitis/Yeşilırmak, Soli

Phase 5 - 2.5 years
Areas of Famagusta/Mağusa, Mia Milia/Haspolat, Gerolakkos/Alayköy, Zodhia/Bostancı

Phase 6 - 3 years
Final boundary: areas of Gaidouras/Korkuteli, Prastio/Dörtyol, Pyrga/Pirhan, Asha/Paşaköy, Ag. Vasilios/Türkeli, Skylloura/Yılmazköy, Ag. Ermolaos/Şirineveler, Syskipos/Akçiçek, Larnaca Lapitou/Kozan, Kondemenos/Kılıçarslan, Agia Marina/Gürpınar, Asomatos/Özhan, Karpasha/Karpaşa, Kyra/Mevlevi, Kalokhorio/Kalkanlı, Argaki/Akçay, Morphou/Güzelyurt, Nikitas/Güneşköy, Prastio/Aydınköy, Pendageia/Yeşilyurt, Karavosti/Gemikonağı, Podamos Tou Kambou/Yedidalga

A dispossessed owner of an affected property in an area subject to territorial adjustment will not have the option of claiming compensation. In this case a dispossessed owner will need to file a claim for the reinstatement of his/her property within the time limit established by the Property Board. However under specific circumstances where reinstatement cannot be awarded, s/he will be awarded full and effective compensation.

In these areas, reinstatement will take place as soon as the current user has been relocated, but no later than three years after the Foundation Agreement has come into force.

Determination of claims filed by dispossessed owners

Affected property eligible for reinstatement:

An affected property will be eligible for reinstatement provided that the claimant's legal interest in the property is established and subject to the condition that:

- The dispossessed owner will make payment for any improvement made to the property.

If the current user has made an improvement of a market value of at least 10% of the current value of the affected property, the dispossessed owner will pay the market value of the improvement to the Property Board. The owner of the improvement is entitled to seek compensation from the Property Board for the market value of the improvement.

If the improvement is of no utility for a dispossessed owner's intended use of the property, which is similar to its use prior to dispossession, s/he will not be required to pay for the improvement.

Reinstatement will take place as soon as the:

- Current user has been relocated, but no later than three years after entry into force of the Foundation Agreement; and
- Dispossessed owner has made all stipulated payments to the Property Board within the specified period.

The Property Board will pay market rent to the dispossessed owner, effective from the date of the decision of the Property Board that the property is eligible for reinstatement up to the date on which reinstatement occurs.

Affected property that may not immediately be reinstated:

If the affected property was significantly improved (the market value of the improvement being at least equal to the value of the affected property in its original state) and both the dispossessed owner and the current user seek title to the property then:

- The Property Board will try to facilitate an amicable solution between them. If this does not prove possible the Property Board will decide whether to reinstate the dispossessed owner immediately or grant a 1-20 year lease to the owner of the improvement. The use of the significant improvement for income generation will be an important consideration in such a decision.

Affected property that is not reinstated:

If the affected property has been significantly improved and the dispossessed owner is not willing to pay the market value of the improvement then:

- The current user may apply to receive title to the property in exchange for payment of the value of the property in its original state.

The dispossessed owner will receive compensation in exchange for title to the affected property.

S/he will also retain a right of first refusal for a period of 20 years after entry into force of the Agreement, for any contract for sale, exchange or long term lease of the property, at the proposed contract price.

The Property Board will announce final decisions on reinstatement of properties located in areas subject to territorial adjustment, as soon as it has determined whether a property is eligible for reinstatement.

Applications of current users of affected property

Options for current users

In areas subject to territorial adjustment, a current user of an affected property that is reinstated who is a Cypriot citizen may choose to:

- Be relocated in that area and purchase property or receive alternative accommodation there.
- Be relocated in the other constituent state and purchase property or receive alternative accommodation there.
- Claim reinstatement of his/her own affected property.

Current users without sufficient financial means

Current users who are Cypriot citizens:

Current users of property designated for reinstatement, without sufficient financial means, who are Cypriot citizens and are using the property for their own purposes, will not be required to vacate the property until alternative accommodation is made available for them or until they are able to buy or lease on the market a property which meets the standard of alternative accommodation. Such current users may apply to the Property Board for:

- Preferential loans to assist in the purchase or leasing of alternative accommodation; or
- Low-cost or cost-free alternative accommodation from the holdings of the Property Board.

This, however, should happen no later than three years after entry into force of the Foundation Agreement. The Property Board will charge rent to a current user without sufficient financial means, up to the maximum amount possible based on his/her income and wealth.

Current users who are not Cypriot citizens:

Current users of properties designated for reinstatement, without sufficient financial means, who are not citizens of Cyprus but enjoy permanent residence and are using the property for their own purposes, may apply for:

a) social housing or other housing assistance, or

b) for financial assistance from the constituent state in which they enjoy permanent residence.

Such current users will not be required to vacate the property until such housing or financial assistance is available, up to a maximum of two years after the Property Board's decision on eligibility for reinstatement.

The Property Board will charge rent to a current user without sufficient financial means, up to the maximum amount possible based on his/her income and wealth.

Alternatively, a current user who is not a Cypriot citizen may apply for financial assistance to relocate to her/his country of origin provided s/he has lived in Cyprus for at least five years (no less than 10,000 Euros for a household of four).

A current user may also submit an application for compensation for any improvement on the affected property of a market value of 10% or greater of the value of the property in its original state.

The affected property has been significantly improved: the owner of the significant improvement may submit an application to acquire title to the affected property, provided that the dispossessed owner is not willing to pay for the value of the improvement. Even if the dispossessed owner is willing to pay for the improvement, the owner of the significant improvement may still be granted the right to lease the property for up to 20 years, depending on the circumstances.

A current user who is himself a dispossessed owner can submit a claim in relation to the property s/he has been dispossessed of. The claim will proceed according to the options provided for the exercise of property rights by dispossessed owners over properties located in all other areas. (See pp. 30-32)

Determination of applications filed by current users of affected properties

Persons applying for preferential loans: need to be Cypriot citizens, without sufficient financial means and be either

- Dispossessed owners;
- Current users of affected property; or
- Owners of significant improvements.

The loan will be made to facilitate the purchase, lease or reconstruction of property (including the purchase of significantly improved property) or make payments required under these provisions. Eligible applicants can identify and pay for their own alternative accommodation or ask the Property Board to help them identify accommodation and pay for it themselves.

A person acquiring a preferential loan will need to agree to a 20 year moratorium on sale of property which they purchased or reconstructed with that loan.

Applying for alternative accommodation

A person will qualify if s/he does not have sufficient financial means, is a Cypriot citizen and is using the property for his/her own purposes, is not eligible for preferential loans and in urgent humanitarian need, alternative accommodation. S/he will be granted provided that alternative accommodation is available in the holdings of the Property Board.

Applying for financial assistance to relocate to country of origin:

This will be provided in the form of cash grants payable on arrival in the country of origin, within five years of entry into force of the Foundation Agreement.

Where the current user has added value to the property and the market value of the improvement is up to 10% greater than the current value of the property in its original state:

For example, if the current value of the property without the improvement is 80,000 and the market value of the improvement is more than 8,000, then the current user may apply to receive compensation.

S/he will be entitled to seek compensation from the Property Board for the market value of the improvement.

Where the affected property has been significantly improved:

- The Property Board may order the transfer of title to the property to the owner of the significant improvement if the dispossessed owner is unwilling to pay the market value of the improvement. The current user would receive title to the property in exchange for payment of the value of the property in its original state.

- If the dispossessed owner and the owner of the significant improvement both claim title to the property, then the Property Board will try to facilitate an amicable solution between them. If that fails, the Property Board will decide whether to reinstate the dispossessed owner immediately or grant a 1-20 year lease to the owner of the improvement. The use of the significant improvement for income generation shall be an important consideration in such a decision.

Claims of dispossessed owners:

Options for dispossessed owners

Property rights in relation to affected properties located in the territory of the other constituent state may be exercised by way of:

- Reinstatement.
- Compensation.
- Sale, exchange or long term lease.

In filing a claim a dispossessed owner will specify how she/he seeks to exercise his/her property rights.

The claimant seeks reinstatement of an affected property:

In cases where a claimant has lawful interest in the property and seeks to exercise his/her property rights by way of reinstatement but the affected property is not eligible for reinstatement, or the agreed levels of reinstatement have been reached, s/he will automatically be awarded compensation in exchange for title to the affected property.

The claimant seeks compensation:

S/he will be awarded compensation in exchange for title to the affected property, provided that his/her lawful interest in the property can be established.

The claimant seeks to sell, lease or exchange his/her affected property:

A claimant may exercise his/her property rights by way of sale, exchange or lease provided that:

- the affected property is eligible for reinstatement and
- the claimant has applied for any of these options prior to any final determination on reinstatement.

The Property Board can assist him/her to sell, exchange or lease the property (see p. 14).

Where a claimant wishes to exercise his/her property rights by way of exchange:

the claimant will be able to exchange his/her title to the affected property for title to a property located within the constituent state which s/he hails from provided that the property to which s/he seeks to acquire title does not exceed the value of the property of which s/he has been dispossessed by more than 50%.

Title will in this case be awarded on condition that s/he will pay for any difference in value. If the current value of the property to which s/he is seeking to acquire title is lower than that of the property of which s/he has been dispossessed, s/he may claim compensation equivalent to the difference in these values.

Determination of claims filed by dispossessed owners

Claims for reinstatement of property

If the dispossessed owner who is a natural person seeks to have his/her property reinstated then the Property Board will need to determine that s/he has a legal interest in the property. Once legal interest has been established the eligibility of a property to be reinstated will be determined according to the following:

- Is the affected property required for military purposes under the provisions of this Agreement? Or,
- Is it used, on the day the Foundation Agreement comes into force, for a purpose in the public benefit and objectively should continue being used for that benefit?

If the answer to any of the above is yes:

- Affected property will not be eligible for reinstatement.
- Dispossessed owner will be compensated in exchange for title to the affected property.

If none of the above apply, the eligibility of a property for reinstatement will depend on the following:

- Is the affected property currently used by a person who is him/herself a dispossessed owner of a property of a similar value (or who purchased it from such a person)?

If the current user who is a dispossessed owner him/herself is willing to renounce his/her title to the property of which s/he was dispossessed in exchange for title to the property s/he is currently using, then:

- Property will not be eligible to be reinstated.
- Dispossessed owner will be awarded compensated in exchange for title to the affected property.

Similarly, if the person from whom the current user bought the affected property is willing to renounce title to the property from which s/he was dispossessed and transfer it to the Property Board, the affected property will not be eligible to be reinstated, the dispossessed owner will be compensated and the current user will be granted title

- Has the property been significantly improved?

If it has been significantly improved then:

- The affected property will not be eligible to be reinstated.
- Dispossessed owner will be awarded compensation in exchange for title to the affected property.

All other affected property will be eligible for reinstatement. Reinstatement will be awarded provided the agreed levels of reinstatement have not been met. (see pp. 11-13)

The dispossessed owner must make any payments required under the provisions of the Foundation Agreement before reinstatement can come into effect.

Moratorium on Reinstatement:

The Property Board will not order the reinstatement of properties located in areas not subject to territorial adjustment before a date which is:

- 3 years after the Foundation Agreement has come into force for property that is vacant; and,
- 5 years after the Foundation Agreement has come into force for all other property.

The Property Board will pay market rent to the dispossessed owner, effective from the date of the decision of the Property Board that the property is eligible for reinstatement up to the date on which reinstatement occurs.

Applications of current users of affected property

Options for current users

Under certain circumstances, current users of affected properties may file applications for transfer of title to the affected property:

Under certain circumstances, current users of affected properties may file applications for transfer of title to the affected property:

- If the current user is a dispossessed owner himself/herself (or purchased the property from a dispossessed owner to whom the property was assigned to): the current user can apply for title to the affected property s/he is currently using in exchange for title to the property of which s/he has been dispossessed (or title to the property of which the vendor was dispossessed), provided that the two are of similar value.

  Otherwise the current user who is himself/herself a dispossessed owner can opt for the same measures available to owners dispossessed of a property located in the areas that are not subject to territorial adjustment (see pp. 30-32).

- If the affected property has been significantly improved:
  A current user may apply for title to the affected property if s/he has significantly improved it. An improvement is significant if its market value is greater than the value of the affected property in its original state.

Current users of properties designated for reinstatement may apply to benefit from the following measures:

- Current users without sufficient financial means who are Cypriot citizens may apply to the Property Board for:
  - Preferential loans to assist in the purchase or leasing of alternative accommodation; or
  - In cases of urgent humanitarian need and where not eligible for preferential loans, the allocation of low-cost or cost-free alternative accommodation from the holdings of the Property Board.

- Current users without sufficient financial means who are not citizens of Cyprus but enjoy permanent residence and are using the property for their own purposes, may apply for housing or financial assistance from the constituent state in which they enjoy permanent residence.

- Current users of a property designated for reinstatement, with sufficient financial means, may apply to the Property Board for an extension to enable them to continue to use the property for their own purposes for up to three years after the Property Board's decision.

- Current users who have made an improvement whose market value is at least 10% of the current value of the affected property without the improvement, may apply for compensation for the market value of the improvement.

Right of first refusal for current users and others in sales of affected property

For a transitional period of 20 years after entry into force of the Foundation Agreement, any sale of an affected property to a person who has not enjoyed permanent residence for at least three years in the constituent state in which such property is located, is subject to a right of first refusal by a current user, who is a Cypriot citizen, at the proposed contract price. Such right will apply:

- For as long as the current user continues to use such property, and
- For five years thereafter, if the current user has vacated it to allow reinstatement of the dispossessed owner.

If the current user does not exercise the right of first refusal any other person hailing from the constituent state in which the relevant property is located will have a secondary right of first refusal, at the contract price.

Rights of first refusal may be exercised within 45 days after the dispossessed owner signs a sales contract with a potential purchaser, and at the same price as stated in any such contract.

Any dispute regarding rights of first refusal will be referred to the Property Board.

Determination of applications filed by current users of affected properties

Applications for transfer of title

- If the current value of the affected property is not greater than 50 per cent more than the current value of the property of which s/he was dispossessed:
  Transfer of title to the affected property will be granted to the current user provided:
- The current user agrees to transfer title to property of which s/he was dispossessed to the Property Board.
  If the current value of the affected property is more than that of the property of which the current user was dispossessed, s/he will pay the difference; if it is less, she will be entitled to compensation for the difference.
- If the current value of the affected property is more than 50 per cent greater than the current value of the property of which s/he was dispossessed:
  The Property Board will assist the dispossessed owner and the current user to reach an amicable agreement. If this fails, the Property Board may grant or refuse the exchange, taking into account the arguments of both sides, or partition the property as appropriate.
- If the affected property has been significantly improved the owner of the significant improvement may apply for transfer of title:
  Title will be will be transferred to the owner of the significant improvement provided s/he makes a payment to the Property Board for the current value of the affected property without the improvement.

Applications of current users of properties to be reinstated to dispossessed owners

- Current users without sufficient financial means who are Cypriot citizens (see pp. 27, 29)
- Current users without sufficient financial means who are not Cypriot citizens (see p. 27-29)
- A current user of a property designated for reinstatement, with sufficient financial means, who has applied for an extension to enable him/her to continue to use the property for his/her own purposes, will be granted an extension unless and up to the time when it is found that the current user is not using the property for his/her own purposes, or that the current user has immediate access to alternative accommodation. This extension will not be more than three years after the Property Board's decision for reinstatement. The Property Board may extend the time in cases of urgent humanitarian need, as determined by the Property Board. The current user will pay market rent to the Property Board for the period of continued use of the affected property from the date of the Property Board's decision on eligibility for reinstatement.
- Current users who claim compensation for any improvement carried out on the affected property will be compensated for improvements whose market value is at least 10% greater than the current value of the affected property without the improvement.

Affected property

Property in Cyprus which the owner left or of which s/he lost control, as a consequence of the events between December 1963 and entry into force of the Foundation Agreement, and which has not since been reinstated to the owner (or his/her heir, personal representative or successor in title) and over which s/he has not regained use and control. Affected property does not include any property which was voluntarily sold, transferred or otherwise permanently disposed of by the owner, to a natural or legal person who was able to gain effective control over the property.

Agreed Levels of Reinstatement

In either constituent state, no more than 10%, and in any given municipality or village no more than 20%, of the total land area and of the number of residences shall be reinstated to persons hailing from the other constituent state. These limitations do not apply to religious sites or villages specified in the Foundation Agreement.

Alternative accommodation

Alternative accommodation is residential housing for people who will be affected by the reinstatement of the property they are currently using. It should be an accommodation comfortable by reasonable modern standards, including being connected to public utilities where available, such as water and electricity. It should be of a size that provides adequate living space for the number of household persons which it must accommodate. This size should be no less than:

- 70 square metres for a household of up to two persons,
- 100 square metres for three persons,
- 120 square metres for four to five persons, and
- 140 square metres for larger households.

Current user

A person who has been granted a form of right to use or occupy property by an authority under a legal or administrative process established to deal with property belonging to dispossessed owners, or any member of his/her family who has a derivative right to use or occupy such property, or his/her heir or successor in title. This does not include:

- any person who occupies or uses a property without any legal, administrative or formal basis;
- any person using or occupying property under a lease contract from a private person;
- any military force, body or authority.

Current value

This is the value of the property at the time of dispossession plus an adjustment to reflect appreciation taking into account the increase in average sale prices of properties in Cyprus. The current value will be assessed as at the date of entry into force of the Foundation Agreement. The calculation of the increase would be based on the hypothesis that events between 1963 and 1974 had not taken place. The calculation would not take into account depreciation in values due to those events; it would therefore be based on comparable locations where property prices were not negatively affected by those events. Expert advice will be sought from quantity surveyors, economists and/or specialists in property valuation on the final formulation of provisions relating to assessment of value.

Dispossessed owner

A natural or legal person who, at the time of dispossession, held a legal interest in the affected property as owner or part owner, his/her legal heir, personal representative or successor in title, including by gift.

Institutions

Entities other than natural persons, including privately or publicly-owned or controlled bodies, such as public or private trusts, religious institutions; military forces and companies (other than sole corporations) This definition is not intended to include private family corporations (whose shareholders are members of the same family, or corporations, the shareholders of which hold shares that relate to separate and self-contained tenements used for their own purposes.

Market value

The amount for which a property could be sold on the open market, based on an assessment of purchase prices or amounts paid for comparable properties in comparable locations at the time of the assessment. The provisions that define market value as well as rent will be reviewed by relevant experts in valuation.

Market rent

The amount of rent which could be charged for a property on the open market, based on an assessment of market rents paid for comparable properties in comparable locations at the time of assessment. Provisions defining market rent and value will be reviewed by relevant experts in valuation.

Original state

The state or condition of affected property at the time of dispossession of the dispossessed owner, assessed at current value, not including improvements subsequently made by any party.

Permanent Residence - Limitations

Until Turkey accedes to the European Union, the following limitations may apply to Cypriot citizens who wish to establish permanent residence in a constituent state other than the one of which they hold internal citizenship status.
First 6 years - Moratorium on permanent residence
Between the 7th to 10th years - A maximum of 7% of the population of a village or municipality.
Between the 11th to 15th years - A maximum of 14% of the population of a village or municipality.
After the 15th year - A maximum of 21% of the population of the relevant constituent state.

Notwithstanding the above, 2 years after entry into force of the Foundation Agreement, there will be no limitations on the right to return for former inhabitants over the age of 65 (and his/her spouse or one sibling) or former inhabitants or descendents of specified villages.

Property Board

The independent and impartial administrative body established to deal with property claims according to criteria laid down in the Foundation Agreement. It will be composed of seven members: two members from each constituent state, and three non-Cypriot members who are not citizens of the guarantor powers.

Reinstatement

Restitution through the award of legal and physical possession to the dispossessed owner, so as to enable him/her to exercise effective control over such property, including use for his/her own purposes.

Significant improvement

An improvement to an affected property of which the market value is greater than the value of the affected property in its original state. This includes any new constructions on vacant land. The improvement must have been made between the time of dispossession and 31 December 2001, or based on a building permit issued prior to 31December 2001. For the purposes of determining the ownership of the improvement, it shall not be considered as having attached to the land; the owner of the improvement is the natural or legal person who paid for the improvement or his/her heir, personal representative or successor in title. The burden of proof concerning the value, ownership and date of construction of any improvement lies on the owner of the improvement.

Sufficient financial means

Income (taxable or otherwise) of more than X (X being the amount required to meet mortgage payments) or wealth of more than Y (Y being the amount required to purchase the currently-used property or alternative accommodation). Entitlements and interests in affected property will be taken into account for the purposes of calculating wealth. The Property Board will determine the amounts of X and Y and revise the amounts annually, based on market figures and expert input.

Use for own purposes

Use and enjoyment of affected property by a person, his/her family member, employee or representative (other than a tenant) through regular personal use (not necessarily as a permanent residence). Use for own purposes will not include selling, renting, transferring by gift or otherwise disposing of an interest in affected property.