

Pursuant to Article 3 of the Law on Privatization of Economy (“Official Gazette of the Republic of Montenegro”, no 23/96, 6/99, 59/00 and 42/04), at its session held on 12 February 2015, the Government of Montenegro issued

**THE DECISION**  
**ON**  
**THE PRIVATIZATION PLAN FOR 2015**

1. Establishing the Privatization Plan for 2015 which is an integral part of this decision.
  
2. This decision shall come into force on the eight day from its publication in the “Official Gazette of Montenegro”.

Number: 08- 207

Podgorica, 12 February 2015

**THE GOVERNMENT OF MONTENEGRO**

Prime Minister,  
Milo Đukanović

# THE PRIVATIZATION PLAN FOR 2015

## I INTRODUCTORY NOTES

The Law on Privatization of Economy („Official Gazette of the Republic of Montenegro” no 23/96, 6/99, 59/00 and 42/04) establishes that privatization shall be made in accordance with annual privatization plans adopted by the Government of Montenegro (hereinafter: the Government) upon proposal of the Privatization and Capital Investment Council (hereinafter: the Council), which shall be announced in the public media.

Privatization Plan for 2015 was prepared on the basis of proposals of the ministries responsible for economic matters, state funds, as well as tender commissions of the Council.

The Privatization Plan particularly contains:

- privatization objectives, manner and closer terms and conditions for their fulfillment;
- privatization principles;
- list of companies together with number and ownership structure of shares that are to be privatized in each company;
- list of locations that are to be subject of tourism valorization;
- social aspects of privatization.

## II MAIN PRIVATIZATION OBJECTIVES

The Privatization Plan establishes main privatization objectives and other aspects of this process, methods and manner of privatization, together with defined list of companies and percent of share capital to be privatized.

In times of economic crisis, which Montenegro is faced with, it is necessary to advance the economic growth and development, ensure new jobs and employment, increase investments and export and create basis for higher incomes and growth of

citizens' living standard together with increased competitiveness of the Montenegrin economy.

The Government will achieve this goal through combination of economic-fiscal measures, structural reforms and upgraded business environment.

The priority will be to significantly eliminate barriers for new investments. The Government shall, *inter alia*, particularly encourage new investments. A form of incentives for investments is surely privatization of the remaining not privatized companies, as well as valorization of tourism locations.

In such a context, the main objective of privatization is increase of competitiveness and efficient operations of companies, encouragement to foreign investments and entrepreneurship in all sectors, increase of employment and upgraded living standard.

### **III METHODS AND PRINCIPLES OF PRIVATIZATION**

Privatization in 2015 shall be based on privatization methods and principles adjusted to the free market demands.

#### **1. SALE OF SHARES AND ASSETS BY PUBLIC TENDER**

a) According to the Decision of the Council, implementation of the published tenders for privatization of the following companies shall continue:

- Institute „dr Simo Milošević“ AD - Igalo,
- „Novi duvanski kombinat“ AD - Podgorica, /*New Tobacco Plant, JSC*/
- „Poliex“ AD, Berane,
- “Montenegro Defence Industry“ doo - Podgorica, and
- Hotel „Park“, Bijela, Herceg Novi Municipality.

b) Pursuant to the decisions issued by the Council, preparation and implementation of public tenders for the following companies and assets shall continue:

- AD „Montecargo“ Podgorica,
- „Montenegro airlines“ AD Podgorica,
- HG „Budvanska rivijera“ AD Budva,
- HTP „Ulcinjaska rivijera“ AD Ulcinj,
- „Institut za crnu metalurgiju“ AD Nikšić /*Ferrous Metallurgy Institute*/,  
and
- "Montepranzo - bokaprodukt" AD - Tivat.

## MAIN INFORMATION ON COMPANIES AND TENDER SUBJECTS

**Institut za fizikalnu medicinu, rehabilitaciju i reumatologiju „Dr Simo Milošević“ AD – Igalo** /*Institute for physical medicine, rehabilitation and rheumatology “Dr Simo Milosevic” JSC – Igalo/*

### 1.1. Subject to tender:

Subject matter of the Tender is sale of 215,954 shares of the company INSTITUT ZA FIZIKALNU MEDICINU, REHABILITACIJU I REUMATOLOGIJU „DR. SIMO MILOŠEVIĆ“ AD, IGALO or 56.4806% of share capital of the Company with obligation of the company to implement the Investment Program.

The share capital that is subject to sale is state-owned whereby the Government exercises the property right (73,387 shares or 19.1936%), Investment-Development Fund of Montenegro owns (90,411 shares or 23.6461%), Health Insurance Fund of Montenegro (39,117 shares or 10.2307%) and Employment Bureau of Montenegro (13,039 shares or 3.4102%).

### 1.2. Information about the company:

Institut za fizikalnu medicinu, rehabilitaciju i reumatologiju „Dr Simo Milošević“ AD – Igalo is a joint stock company established and existing under the laws of Montenegro, registered with the Central Registry of Companies under registration number 4-0000823, with total registered capital in the nominal amount of 59,240,278.65 € divided into 382,351 shares. Nominal value of shares amounts to

154.9369 €. Company's identification number is 02008386. The code of the company's core activity is 8610.

**Status:** Negotiations on the Agreement on Sale and Purchase of Shares are underway.

**„Novi duvanski kombinat“ AD – Podgorica /“New Tobacco Plant” JSC –Podgorica/**

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2 2.1. Subject to tender:

3 Subject matter of this Tender is:

- sale of 7,669,611 shares in the company Novi duvanski kombinat AD Podgorica or of 100% of the share capital of the Company, together with the obligation of the Buyer to propose and implement a compulsory investment program for factory construction and organization of production, on the newly designated location in Podgorica or on another location subject to Sellers' consent and to organize production on such location within 12 to 15 months from the transaction closing date. The Buyer is obliged to organize production on the existing location before construction of the factory; or
- capital increase of the company New Tobacco Plant JSC Podgorica without purchase of shares, in the amount of the compulsory investment program for construction of the factory, with obligation of the investor to propose and implement the Compulsory Investment Program for construction of the factory and organization of production, on the newly designated location in Podgorica or on another location subject to Sellers' consent and to organize production on such location within 12 to 15 months from the transaction closing date. The investor is obliged to organize production on the existing location before construction of the factory. The share of the Government and the Capital Podgorica in the Company's share capital shall be determined on the basis of the assessment by an independent appraiser, after the capital increase of the Company.

The share capital which is subject to the sale is in the ownership of the Government of Montenegro, 5,362,543 shares, which is 69.92% of the share capital and the Capital Podgorica with 2,307,068 shares, which is 30.08% of the share capital.

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5 2.2 Information on the Joint Stock Company:

„Novi duvanski kombinat AD Podgorica“ is a joint stock company founded by the Decision on establishing the joint stock company “Novi duvanski kombinat” Podgorica

("Official Gazette of MN", no 54/11) and exists in accordance with laws of Montenegro, registered in the Central Registry of Companies in Podgorica under number 4-0009323, with total registered capital in the nominal amount of 7,669,611.00 €, divided into 7,699,611 ordinary shares. The nominal value of each share amounts to 1.00 (one) €.

The core activity of the Joint Stock Company is purchase, production and trade of tobacco and tobacco products - activity code 1200. The identification number of the Joint Stock Company is 02860864.

**Status:** The tender was announced on 2 December 2014 and deadline for bid submission is 12 February 2015.

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### **"Poliex" AD, Berane**

#### 3.1. Subject to tender:

Subject matter of the Tender is sale of 50.7532% of share capital of the company Hemijska industrija "Poliex" A.D.- Berane /*Chemical Industry "Poliex" JSC – Berane*/.

The share capital that is subject to sale is owned by the Government (103,878 shares or 26.65%), The State of Montenegro (76,987 shares or 19.75%) and the Compensation Fund (16,946 shares or 4.35%).

#### 3.2. Information on the Joint Stock Company:

„Poliex" A.D. - Berane is a joint stock company established and existing under the laws of Montenegro, registered with the Central Registry of Companies under the registration number 40000546 with total registered capital in the nominal value of 2,215,539.56 € divided into 389,751 shares. The nominal value of each share is 5.6845 €.

Company's identification number is 02039630. The code of Company's core activity is 2051, activity on production of explosives.

**Status:** signing of the Agreement on Sale and Purchase of Share is expected in the next period.

## **„Montenegro Defence Industry” d.o.o – Podgorica**

### 4.1. Subject to tender:

Subject matter of the Tender is sale of 100% of the Government’s stake in the limited liability company “Montenegro Defence Industry” – Podgorica.

The capital that is subject to sale is entirely owned by the Government.

### 4.2. Information on the Limited Liability Company:

“Montenegro defence industry” - Podgorica is a limited liability company operating and existing under the laws of Montenegro, registered in the Central Registry of Companies under registration number 50088820.

The company’s identification number is 02236575. The code of company’s core activity is 4690– Non-specialized wholesale.

**Status:** Signing of the Agreement of Sale and Purchase of Stake is expected in the next period.

## **Hotel „Park” with related land, Bijela**

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### 2 5.1. Subject to tender:

3 Subject matter of the Tender is purchase of:

- hotel „Park“ with related land and equipment, including reconstruction and/or demolition and construction of a new hotel in accordance with terms of the Detailed Urbanity Plan „Blace – Jošica“;
- facilities in function of hospitality and tourism, known as the “House of the family Đurković” including associated outbuildings and land; and
- lease of a part of the location which is the park.

### 4 5.2. Main information and subject to sale:

5 The Hotel „Park“, building - „House of the family Đurković” with associated outbuildings and land, and the park are located in Bijela - Herceg Novi, Montenegro, and all together represent an unique area, which is by the Detailed Urbanity Plan „Blaca – Jošica“ called the Complex of the Hotel „Park“. The Complex is asset owned by the State of Montenegro in 100%, right 1/1, with total area of 9.711m<sup>2</sup>.

6 **Status:** Deadline for bid submission is 27 February 2015.

## **AD „Montecargo” Podgorica**

### 6.1. Subject to tender:

Subject matter of the Tender is sale of 87.6358% of share capital in AD „Montecargo“ Podgorica expressed as 2,925,901 shares, as follows: 85.4446% of capital (2,853,947 shares) owned by the State of Montenegro, 1.5401 % of capital (51,442 shares) owned by the Fund for Pension and Disability Insurance and 0.6141% of capital (20,512 shares) owned by the Employment Bureau of Montenegro.

### 6.2. Main information on the Joint Stock Company

AD „Montecargo” Podgorica is a joint stock company founded and existing under the laws of Montenegro, registered in the Central Registry of Companies under the registration number 4-0385650/001, with total registered capital in the nominal amount of 17,436,786.00 € divided into 3,340,114 ordinary shares. The nominal value of each share amounts to 5.2285 €. The core activity of the Company is railroad traffic, code 60100. The identification number of the company is 02758628.

## **„Montenegro airlines“ AD Podgorica**

### 7.1 Subject to tender:

Subject matter of the Tender is sale of 50%-1 of share capital of „MONTENEGRO AIRLINES“ AD PODGORICA, expressed as 1,750,259 shares owned by the Government.

### 7.2. Main information on the Joint Stock Company

„Montenegro airlines“ AD Podgorica is a joint stock company founded and operating under the laws of Montenegro, registered in the Central Registry of Companies under the registration number 40008862, with total registered capital in the nominal amount of 25,684,928.11 EUR. The nominal value of each share amounts to 8.8550 EUR. The identification number of the Company is 02737175. The core activity of the Company is air and scheduled traffic, code of activity 62100.



## **Hotel Group „Budvanska rivijera” AD Budva**

### 8.1. Subject to tender:

Subject matter of the Tender is sale of 58.7334% of capital of the joint stock company HG „BUDVANSKA RIVIJERA” AD BUDVA expressed as 2,049,778, which comprises of the following structure of capital and number of shares: 41.6353% capital owned by the Government (1,453,058 shares), 12.8236% capital owned by the Fund for Pension and Disability Insurance of Montenegro (447,540) and 4.2745% of capital owned by the Employment Bureau of Montenegro (149.180 shares).

### 8.2. Main information on the Joint Stock Company

HG „Budvanska rivijera” AD Budva is a joint stock company established and operating under the laws of Montenegro, registered in the Central Registry of Companies under the registration number 40004651 with total registered capital in the nominal amount of 69,618,230.66 €. The nominal value of each share is 19.9481 €. Company's identification number is 02005328. The code and core activity of the company is 55110, hotel and similar accommodation.

## **HTP „Ulcinjaska rivijera” AD Ulcinj**

### 9.1. Subject to tender:

Subject matter of the Tender is sale of 63.5273% of capital of the joint stock company HTP „ULCINJSKA RIVIJERA” AD ULCINJ expressed as 968.402 shares, which comprises of the following capital structure and number of shares: 25.2962% owned by the Fund for Pension and Disability Insurance of Montenegro (385,612 shares), 10.1418% owned by the Government (154.600), 12.0104% owned by the Compensation Fund (183,085 shares), 8.4321% owned by the Employment Bureau of Montenegro (128,538 shares) and 7.6468% owned by the Investment-Development Fund of Montenegro (116,567 shares).

### 9.2. Main information on the Joint Stock Company:

HTP „Ulcinjaska rivijera” AD Ulcinj is a joint stock company founded and operating under the laws of Montenegro, registered in the Central Registry of Companies under the registration number 40002204 with total registered capital in the nominal amount of 60,214,127.69 €. The nominal value of each share amounts to 39.5005 €. Company's identification number is 02006146. The code and core activity of the company is 55110, hotel and similar accommodation.

## **„Institut za crnu metalurgiju” AD Nikšić /Ferrous Metallurgy Institute/**

### 10.1. Subject to tender:

Subject matter of the Tender is sale of 51.1159% of capital of joint stock company „INSTITUT ZA CRNU METALURGIJU” AD NIKŠIĆ expressed as 326,992 shares, which comprises of the following structure of capital: 20.4270% owned by the State of Montenegro (130,673 shares), 19.0368% owned by the Fund for Pension and Disability Insurance of Montenegro (121,780 shares), 6.3456% owned by the Employment Bureau of Montenegro (40,593) and 5.3065% owned by the Compensation Fund (33.9456 shares).

### 10.2. Main information on the Joint Stock Company

„Institut za crnu metalurgiju” AD Nikšić is a joint stock company established and operating under the laws of Montenegro, registered with the Central Registry of Companies under the registration number 40004230 with total registered capital in the nominal amount of 5,220,145.22 €. The nominal value of each share is 8.1602 €. Company’s identification number is 02040760. The code and core activity of the company is 7120, technical testing and analysis.

## **11) Montepranzo - bokaprodukt AD - Tivat**

### 11.1. Subject to tender:

Subject matter of the Tender is sale of 51.4010% of share capital in AD „Montepranzo - bokaprodukt" AD - Tivat expressed as 57,710 shares owned by the Investment and Development Fund of Montenegro.

### 11.2. Main information on the Joint Stock Company:

AD „Montepranzo - bokaprodukt" AD - Tivat is a joint stock company established and operating under the laws of Montenegro, registered with the Central Registry of Companies under the registration number 4-0002022/020, with total registered capital in the nominal value of 2,520,068.52 € divided into 112,274 ordinary shares. The nominal value of each share is 22.4457 €. The core activity of the Company is mixed agricultural production and the code is 150. Company’s identification number is 02269066.

List of companies/ assets to be privatized by public tender is enclosed in the Annex 1 which is an integral part of this plan.

## **2. VALORIZATION OF TOURISM LOCATIONS OR COMPANIES THROUGH PUBLIC PRIVATE PARTNERSHIP**

a) Tenders announced for the following locations shall continue:

- Island Lastavica with fortress "Mamula", Herceg Novi,
- VTK „Mediteran“, Žabljak,
- Donja Arza, Herceg Novi,
- Tourism Complex Ecolodge, Vranjina, and
- Kolašin 1600, Bjelasica and Komovi.

b) The relevant Tender Commissions shall continue with regular activities on analysis of existing conditions and preparation of tender documentation, in accordance with procedure on selection of investors for the long-term lease for valorization of the following locations or companies:

- Island "Lastavica" with fortress "Mamula", Herceg Novi,
- VTK "Mediteran", Žabljak,
- Location "Donja Arza", Herceg Novi Municipality,
- Tourism Complex Ecolodge, Vranjina,
- Tourism valorization of the location Kolašin 1600, Bjelasica and Komovi,
- Velika plaža /*The Great Beach*/- tourism valorization through development, construction, financing and management of exclusive tourism complex and long-term lease of the land at Velika plaža,
- Tourism valorization of the location Ada Bojana through development, construction, financing and management of exclusive tourism complex and long-term lease of Ada Island,
- Location between Njivice and mouth of Sutorina, Herceg Novi,
- Military-Tourism Complex "Bigovo- Trašte" , Kotor,
- HTP "Ulcinjaska rivijera" AD Ulcinj- Camp Neptun, Ulcinj,

- Locality under the State Study for the Location "Sector16" in Kotor, envisaged for the nautical-tourism complex (NTC Marina Kotor),
- Masline Valley- "Utjeha" for Bay Odrač in Bar,
- Military-Tourism Complex "Valdanos", Ulcinj,
- Barracks "Gornji Klinci"- Herceg Novi,
- Dobra luka, Herceg Novi,
- Warehouse "Morinj"- Kotor,
- Warehouse "Dobre vode"- Bar,
- Warehouse "Kopita" - Kolašin,
- Warehouse "Rakite" - Herceg Novi,
- Motel Šas with Vladimir Cooperate - Ulcinj,
- Ski Resort "Savin kuk", Žabljak Municipality,
- Location "Buljarica" Bar and Budva municipalities,
- Location "Gornji Ibar", Rožaje Municipality,
- Location "Kabala for", Herceg Novi Municipality,
- Tourism valorization of locations included in the Special Purpose Spatial "Bjelasica and Komovi" - Cmiljača,
- Construction of golf complex in Tivat (Montepranzo), and
- "Pošta Crne Gore" AD – Podgorica /Post Office/.

## **MAIN INFORMATION ON LOCATIONS /COMPANIES**

### **1) Island Lastavica with fortress „Mamula“, Herceg Novi**

PLANNING DOCUMENTS: According to the Decision on the State Location Study „Sector 34“ (“Official Gazette of MN”, no 8/12) the location is within the Zone E, as a part of the urbanism plot UPE.1 intended for tourism complex, category 5\*. The

following parameters apply for this plot: Surface of the urbanism plot 36,329 m<sup>2</sup>; BRGP /gross constructed area/ 20,564.50 m<sup>2</sup>; Number of floors P+1; Number of accommodation units 30; Number of beds 66.

PROPERTY RELATIONS: Property of the State of Montenegro; protected cultural monument; planning document adjusted to the requirements of cultural monument protection.

INVESTMENT VALUE: According to the State Study for Location of the Sector 34 the estimated investment into the projects envisaged by such planning document is **99.8 million €**. The estimated investment for valorization of this location amounts to **15 million €**. The land lease value for 49 years is 2.340.828€.

**Status:** Negotiations with the Bidder are completed and the Agreement is sent to the Privatization and Capital investment Council and to the Government for consideration and adoption.

## **2) VTK „Mediteran“, Žabljak**

PLANNING DOCUMENTS: It is located within the Special Purpose Spatial Plan for the Durmitor area, under the Detailed Elaboration for the location "Former military resort", Žabljak Municipality.

The plan proposal is completed and its adoption is underway. The surface of the urbanism plot for tourism resort amounts to 13,513m<sup>2</sup>. The plan for this location envisages the following facilities: central building with accompanying facilities (reception, coffee shop, restaurant), 6 rooms and bungalows: 13 bungalows/ 3 beds and 6 bungalows/ 2 beds.

PROPERTY RELATIONS: Property of the State of Montenegro

INVESTMENT VALUE: The planning document contains no projections. The land lease value for minimum 31 years is 432,481 € and for maximum 90 years of lease is 1,255,590 €.

**Status:** The deadline for submission of bids is 12 March 2015.

## **3) Location „Donja Arza“ Herceg Novi Municipality**

PLANNING DOCUMENTS: The location is elaborated in details by the State Study of the Location „Sector 34“- zone „C“ and zone „F“

**PROPERTY RELATIONS:** The land that is subject to lease is property of the State of Montenegro.

**INVESTMENT VALUE:** According to the State Study for the location Sector 34, the estimated investment into projects included in this planning document, also including this location, is 99.8 million €. The value of lease of the land and aquatorium for at least 31 years is **3,080,671.50€**, and for maximum of 90 years of lease is **8,943,885.00€**.

**Status:** The deadline for submission of bids is 12 February 2015.

#### **4) Tourism Complex Ecolodge, Vranjina**

**PLANNING DOCUMENTS:** The Decision on the State Study for Location “Vranjina with Lesendro” (“Official Gazette of MN, no 2/11”) and the Decision on the State Study for Location “Žabljak Crnojevića” (Official Gazette of MN”, no 77/10). The State Study for location Vranjina with Lesendro envisages construction of hotel or eco villas, in unit phases, with capacity of 149 beds: Unit I – hotels – 74 beds, Unit III eco-lodge hotel -61 beds, Unit IV monastery complex F – 14 beds.

**PROPERTY RELATIONS:** Property of the State of Montenegro.

**INVESTMENT VALUE:** The value of total investments on the basis of construction of the complex Ecolodge with related facilities is estimated to 2,157,488€. The land lease value for minimum 31 years is 407,092 € and for maximum 90 years of lease is 1,181,880 €.

**Status:** The deadline for submission of bids is 30 April 2015.

#### **5) Tourism valorization of the location Kolašin 1600, Bjelasica and Komovi**

**PLANNING DOCUMENTS:** Location is elaborated in details by the special purpose spatial plan for Bjelasica and Komovi and by the Detailed Elaboration of the location Kolašin 1600. The zone for the main settlement is in the northern part of the mountain center, on around 1600 m above the sea and its surface amounts to 27.19 ha. Construction of mountain tourism center and accompanying ski lifts is planned. The main settlement of the Mountain Center consists of the zone with central settlement facilities with hotels, apartments, reception and public facilities, of the zone with separate groups, including buildings for one-family accommodation and of the area for ski lift starting points.

PROPERTY RELATIONS: Property of the State of Montenegro.

INVESTMENT VALUE: Investment value from 65 to 75 million €.

**Status:** The deadline for submission of bids is 30 April 2015.

**6) Velika plaža / The Great Beach/ – tourism valorization through development, construction, financing and management of exclusive tourism complex and long-term lease of the land at Velika plaža**

PLANNING DOCUMENTS: Under the Special Purpose Spatial Plan for Morsko dobro /Coastal Zone/ a general concept for Velika plaža was completed. The Decision on the State Study – part of the Sector 66 (“Official Gazette of MN”, no 17/10) “Tourism complex on Velika Plaža - existing group of hotels, settlement structure, utility service and sports and recreational zone”, defines intention for this area as for tourism. The planned capacities in respect to modules are the following: I module = 47 ha (4,000 beds); II module = 71 ha (6,000 beds); III module = 76 ha (6,000 beds); IV module = 79 ha (5,500 beds); V module = 87 ha (5,500 beds); VI module = 20 ha (2,000 beds).

Moreover, the State Study for the Location Sector 66 envisages reconstruction of the existing capacities to the extent of:

H1 42.437,16 – 686 users, H2 74.852,79 – 1193-users, H3 56.731,85 – 461 users, H3 33.522,49 – 273 users and H3 39.584,02 – 322 users.

Investments into the hotel construction zone (H1, H2 and H3) – 247.2 million €. Construction of hotel with maximum number of floors P+10, maximum BGP /Gross constructed area/ 247,128 m<sup>2</sup>. Drafting of the spatial urbanism plan for Ulcinj is currently in preparation.

PROPERTY RELATIONS: 903 ha are owned by the State of Montenegro, the remaining is private property (including the restitution requests). Around 200 buildings are constructed on the subject land.

INVESTMENT VALUE: cca 3 to 4 billion €.

**7) Tourism valorization of the location Ada Bojana through development, construction, financing and management of exclusive tourism complex and long-term lease of the Ada Island**

PLANNING DOCUMENTS: Location is under the Special Purpose Spatial Plan for Morsko dobro /*Coastal Zone*/ and its detailed elaboration is required. According to the Special Purpose Spatial Plan for Morsko dobro it is possible to execute tourism valorization on cca 100 ha out of total 520 ha.

PROPERTY RELATIONS: The land is registered in the property deed 110, Cadastre Municipality (CA) Gornji Štoj, owned by the State of Montenegro, and facilities on the subject land are owned by HTP „Ulcinjaska rivijera .

INVESTMENT VALUE: Cca 200 million € .

## **8) Location between Njivice and mouth of Suturina, Herceg Novi**

PLANNING DOCUMENTS: The Detailed Elaboration of the location between Njivice and the mouth of Suturina was completed under the Special Purpose Spatial Plan for the area of Morsko dobro /*Coastal Zone* /.

The plan envisages the following:

- development of 5,000 m<sup>2</sup> of beach,
- construction of hotel with around 1000 m<sup>2</sup> of business and common units, apartment block of around 7000 m<sup>2</sup> with 80 – 100 apartments,
- complex of business premises of 700 m<sup>2</sup>, yachting service of 300 m<sup>2</sup> and 1000 m<sup>2</sup> of garage area (total of 2000 m<sup>2</sup>),
- construction of business-apartment facilities with total of eight apartments and 300 m<sup>2</sup> of business premises (total of 600 m<sup>2</sup>), in the berth hinterland, and
- construction of berths (40 berths in the hotel part and 15 berths for local vessels).

Development of the State Study for the Location “Sector 1” is under preparation, which is to treat area Kobila - Njivice – mouth of Suturina and which includes the mentioned location.

PROPERTY RELATIONS: The land subject to valorization is owned by the State of Montenegro; There are no burdens and restrictions, except the burden „Morsko dobro“. Parcelization was made in accordance with the planning document.

INVESTMENT VALUE: No projections in the planning document.



## 9) Military-Tourism Complex “Bigovo“-Trašte, Kotor

PLANNING DOCUMENTS: The Decision on the State Study for Location „Sector 38 – Bigova“ (“Official Gazette of MN”, no 7/12) and the Decision on the Local Study for Location “Trašte“ (“Official Gazette of MN”, no 6/12). The facilities envisaged for this resort are: hotel, minimum 4\* category, capacity of 328 rooms including also a service center and parking area; dependances with accommodation units TYPE A, TYPE B and TYPE C; villas of TYPE A; marina with 150 berths and accompanying facilities and beach club located at the very end of the valley. The planned capacities for the entire hotel complex: total surface of the location (all plots) – 20,351 m<sup>2</sup>. In addition to hotel facilities, planned under the tourism resort „Marina Village“, it also envisages dependances with different types accommodation units, as well as luxury accommodation unit of high standards for stay of guests.

PROPERTY RELATIONS: Parceling had been completed, thus the following cadastral plots were awarded for lease in accordance with the Public Call, 2788/1 and 2788/2, registered in the Title Deed number 243, Cadastral Municipality Glavatičići, Kotor Municipality and cadastral plots: 2786/3, 2786/4, 2786/5 and 2786/6, Cadastral Municipality Glavatičići, registered in the Title Deed no 385, which are located next to the coast, as well as the related aquatorium area of 44.249 m<sup>2</sup> - Morsko dobro / *Coastal Zone*/), Kotor Municipality; two court disputes are ongoing: documentation delivered from the Ministry of Defense, relevant for one dispute.

INVESTMENT VALUE: 184.3 mil €. The land and aquatorium lease value for minimum 31 years is 2,077,837€ and for maximum 90 years of lease is 6,032,340 €.

The Public Call for valorization of the location was published on 6 December 2013. After the analysis of bids the Tender Commission made the decision to reject the only bid received as incomplete, and thereafter the Privatization and Capital Investment Council declared the tender as cancelled.

After cancellation of the Tender by the Working Group of the Tender Commission, analysis were made which show that the location can be better valorized if merged with the Local State Study for **Trašte**. After that the procedure for amendments to the State Study of the Location Sector 38– Bigova and the Local State Study Trašte was initiated in cooperation with Kotor Municipality, pursuant to which the Decision on amendments to the mentioned planning documents was adopted.

## 10) HTP „Ulcinjaska rivijera“ AD Ulcinj - Camp Neptun, Ulcinj

PLANNING DOCUMENTS: Location is under the Special Purpose Spatial Plan for Morsko dobro /Coastal Zone/; intention – tourism complex, no detailed elaboration. Drafting of the spatial urbanity plan for Ulcinj is under preparation.

PROPERTY RELATIONS: Cadastral plots number: 166, 167, 168, 169, 170, 171, 172/1, 172/2 – Cadastral Municipality Donji Štoj, Ulcinj Municipality, registered in the Title Deed no 2018, wherein the land is registered as the state property 1/1 and buildings as the property of HTP Ulcinjska rivijera. Considering that the land is owned by the state, activities on settling property legal relations commenced during the previous period. The government, at its session held on 11 December 2014, issued the Decision on transfer of property right over the state owned land on the grounds of property-management transformation of the user DP „Ulcinjaska rivijera” AD.

INVESTMENT VALUE: Planning document contains no investment projections.

### **Location under the State Study for the Location „Sector 16“in Kotoru, envisaged for nautical-tourism complex ( NTC Marina Kotor)**

PLANNING DOCUMENTS: The Decision on the State Study for the Location Sector 16 (“Official Gazette of MN”, no 25/11); The Study envisages construction of marina (around 150 berths) and of administrative building with related commercial facilities; also, construction of 3 hotels (4 to 5 stars) is planned for the purpose of nautical tourism.

PROPERTY RELATIONS: Land that is subject to valorization has the surface of 9,196m<sup>2</sup>, and includes the following cadastral plots: 254, 255, 256, 261 and 262 – Cadastral Municipality Škaljari and cadastral plot 491 – Cadastral Municipality MUO I with related aquatorium. Cadastral plot 256, which is subject to valorization, is registered as the property of Montenegro used by Kotor Municipality, thus it is necessary to agree with the Municipality on the valorization modality thereof. All the other cadastral plots were registered with notes on litigations between the stakeholders Port Kotor, YU Briva and the State. There are also restitution notes on certain plots.

INVESTMENT VALUE: 89.6 million €

### **12) Masline Valley - „Utjeha“ for Bay Odrač in Bar**

PLANNING DOCUMENTS: Detailed elaboration for the location Valley Masline „Utjeha” was completed under the Special Purpose Spatial Plan for the area of Morsko dobro /Coastal Zone/.The detailed elaboration envisages construction of hotels, ground floor surface of 3185 m<sup>2</sup>, as well as villas with restaurants, villas, restaurant and other related service facilities in total gross surface of 15,085 m<sup>2</sup>, or tourism resort in total gross surface of 34,985 m<sup>2</sup>.

PROPERTY RELATIONS: Land that is subject to valorization has total surface of 20,471 m<sup>2</sup> and includes parts of cadastral plots: 2876, 2877 and 4085. It is owned by the State of Montenegro, there is a burden „Morsko dobro“ /*Coastal Zone*/. There are three buildings on the subject land owned by Bar Municipality.

### **13) Military-Tourism Complex „Valdanos“, Ulcinj**

PLANNING DOCUMENTS: The Decision on the State Study for the Location Valdanos (“Official Gazette of MN”, no 76/10) envisages construction of high category (4 and 5 stars) tourism capacities with the following structure: Hotels of 312 accommodation units – 684 beds; Villas 168 – 1008 beds. Also, construction of quay is planned, together with related facilities for sport and recreation, olive orchard, etc...

PROPERTY RELATIONS: The subject real estate is registered in the Title Deed number 972, Cadastral Municipality Ulcinj. The „G” List of real estate contains noted burden „Morsko dobro” /*Coastal Zone*/.

INVESTMENT VALUE: The estimated total investment value according to the planned concept is 211,250,247 million €, as follows:

- Hotels with dependances – 148,612,603 €.
- Villas and other facilities – 47,534,163 €.
- Infrastructure 15,103,481 €

### **14) Military-Tourism Complex „Ostrvo cvijeća“ /*The Island of Flowers*/ and land of Prevlaka**

PLANNING DOCUMENTS: The Decision on the State Study for Location “Kalardovo -Ostrvo Cvijeća – Brdište” (“Official Gazette of MN”, no 77/10) defines main purpose for areas included in this plan, such as tourism / hotels (hotel complex), tourism –rent-a-villas and bungalows, restaurants, sport and recreation, etc...

PROPERTY RELATIONS: Location that could be subject to valorization includes cadastral plots 608/1, 626/2, 627/3, 628/2, 629/2, 635/2, 637/6 (Title Deeds 628-Cadastral Municipality Đuraševići), which are owned by the State of Montenegro. The Title Deed contains notes on disputes and restitution. There are currently 81 families living on the island, whereof 15 families are illegally using buildings of the former military resort. According to the information from the Ministry of Defense, other families possess ownership rights on the facilities of the island. In

addition, there are 120 buildings constructed on the cadastral plot no 608/1, which have not been registered in the real estate cadastre. The Title Deed contains note „Morsko dobro“ /*Coastal Zone*/, as well as note on restitution case which was rejected by the resolution of the Commission for appeals to proceedings on regain of ownership rights or compensations from 30 July 2012. The procedure is underway (by the virtue of the appeal procedure).

### **15) Barracks „Gornji Klinci“ - Herceg Novi**

PLANNING DOCUMENTS: The subject plot is part of the Spatial Plan for Herceg Novi and is designated as the rural area.

PROPERTY RELATIONS: Title Deed 95 records note of a dispute before the Basic Court in Herceg Novi (no 560/04). Note on two proceedings and one dispute on determination of the property right.

### **16) Dobra luka, Herceg Novi**

The analysis (property relations, planning documents, etc...) of this location will be conducted during the year and proposal for its valorization will be made.

### **17) Warehouse „Morinj“ - Kotor**

Total surface of the land is 55,182 m<sup>2</sup>. There are 8 buildings on the location, but not registered in the title deed.

PLANNING DOCUMENTS: Part of the cadastral plots belongs to the Detailed Urbanism Plan for Morinj (cadastral plot 2027/2 – this plot is intended as the free green area and CP 1192/2 – this plot is intended as the road area).

PROPERTY RELATIONS: Property of the State of Montenegro.

INVESTMENT VALUE: The Planning document contains no investment projections.

### **18) Warehouse „Dobre vode“ – Bar**

Total surface of the land is 10,071 m<sup>2</sup>. There are 3 building on the location.

PLANNING DOCUMENTS: According to the General Urbanism Plan the intended for – low density housing.

PROPERTY RELATIONS: State property.

INVESTMENT VALUE: The Planning document contains no investment projections

### **19) Warehouse „Kopita“ Kolašin**

Total area of the land on two urbanism plots is 14,784 m<sup>2</sup>. There are 6 buildings on the location: 2717.82 m<sup>2</sup> under buildings.

PLANNING DOCUMENTS: The location is within the Detailed Urbanism Plan which is an integral part of the Decision on adoption of the Detailed Urbanism Plan “Breza” (“Official Gazette of MN”, no 27/11) – Municipal regulations, intended – hotel complex.

PROPERTY RELATIONS: Property of the State of Montenegro.

INVESTMENT VALUE: The Planning document contains no investment projections.

### **20) Warehouse „Rakite“- Herceg Novi**

PLANNING DOCUMENTS: this location is in the zone of the Special Purpose Spatial Plan for the Coastal Zone. The Spatial Plan defines for one part of this plot the purpose of tourism complex, while the other, bigger, part is green area. The State Study for this location has not been made since there has been no interest expressed by any authority for further elaboration of this location through the SSL. The Special Purpose Spatial Plan for the coastal area envisages tourism valorization for this location.

PROPERTY RELATIONS/ RESTITUTION: The restitution procedure is underway upon several requests submitted to the Restitution and Compensation Commission– Bar.

INVESTMENT VALUE: The Planning document contains no investment projections.

### **21) Motel Šas with Vladimir Cooperate – Ulcinj**

PLANNING DOCUMENTS: Drafting of the Spatial Urbanism Plan for Ulcinj is underway; Motel Šas is part of Spatial Urbanism Plan for Ulcinj and one part of Vladimir Cooperate is under the Spatial Urbanism Plan for Šas and one part is outside the plan – area planned for tourism.

PROPERTY RELATIONS: The Title Deed no 95 contains note on dispute before the Basic Court in Herceg Novi (no 560/04). Note on two proceedings and one dispute.

## **22) Ski Resort „Savin kuk“, Žabljak Municipality**

PLANNING DOCUMENTS: The Location is under the Special Purpose Spatial Plan for the Durmitor area, whose preparation is underway. The defined intention –tourism.

PROPERTY RELATIONS : Property of the State of Montenegro.

## **23) Location "Buljarica" Bar and Budva municipalities**

The public tender would be structured in such a manner so as to simultaneously include:

- 1) *sale of land owned by the State of Montenegro, respectively owned by the municipality and*
- 2) *long-term lease of land and aquatorium in the Coastal Zone.*

The subject location is under the Draft Special Purpose Spatial Plan for the coastal area of Montenegro and the Draft Urbanism Plan Buljarica I.

PROPERTY RELATIONS: Land is owned by the State and Municipalities Bar and Budva.

The tender will require from investor to construct a unique complex of mixed purpose, together with tourism facilities of high category which would include marina, hotels, exclusive villas and apartments, but also facilities of urban character (shops, services, administrative and other necessary public facilities).

## **24) Location "Gornji Ibar" Rožaje**

Public call would be structured in a manner where the real estate would be valorized through sale, respectively through lease, together with submission of investment program and employment program.

Property relations: The land and buildings are owned by the State of Montenegro.

## **25) Location "Kabala for" Herceg Novi Municipality**

Public call would be structured in a manner where the real estate on the location "Kabala for" would be valorized through a long-term lease of land owned by Montenegro

ensuring that way a uniform valorization with the aim to provide a hotel tourism complex of high category.

The subject location is defined by the Decision on adoption of the Study for the location sector 32 ("Official Gazette of MN ", no 71/09) part of the facilities of hotel –tourism resort „Kabala for“.

PROPERTY RELATIONS: Land is owned by the State of Montenegro.

## **26) Tourism valorization of locations included in the Special Purpose Spatial Plan „Bjelasica and Komovi“ – Cmiljača**

Zone of the main resort Cmiljača is located in the northern part of the Bjelasica area on the territory of Bijelo Polje Municipality, on the northeast part of the zone of the mountain center Žarski on 1,620 above sea level, north from the ski slope and its surface area amounts to 7.5ha. The access to the main settlement is organized from the east, from Bijelo Polje and is connected to the ski plate of the main resort Žarski which is located between the mountain peaks Mušnica and Govedarice.

**Organizational concept of the main resort of the mountain center –** The main resort Cmiljača should provide accommodation capacities for tourists close to ski lifts and slopes of the ski area Žarski. Cmiljača will serve as an additional accommodation capacity during winter months and as a main capacity of the summer tourism destination. The commercial zone is located in the main resort Žarski. A road connection towards Žarski is planned on the stretch of the existing unpaved road in order to ensure connectivity between the mainresorts Žarski and Cmiljača. The concept of the ski slope zone is made in such a way so as to represent a connected network.

The main resort of the mountain center Cmiljača consists of 4 hotels and 22 bungalows and the area for the ski lift starting points. It is planned that inside the main resort there would be a net of pedestrian communications which would connect all resort's facilities and ensure natural movements of users, adjusted to configuration of the terrain. The ski slope zone is interpolated into the zone of the main resort ensuring the perfect accessibility for skiers.

## **27) Construction of Golf Complex in Tivat (MONTEPRANZO)**

PLANNING DOCUMENTS: Location which is subject to Tender includes the area on the surface of 852,232 m<sup>2</sup> in the Mrčevac zone in Tivat. The area is under the Detailed Urbanism Plan Golf economy. The area planned for the golf resort is next to the magistral road itself and the zone of the Tivat Airport, which creates certain limitations for future use of the area. This implies necessity to organize a protective green area next to the magistral road, as well as compliance with limitation on number of floors for buildings planned in the zone of central activities. This also implies obligation on

construction of capacities in accordance with principles of sustainable development, in terms of environment protection, resource preservation and management, etc...

PROPERTY RELATIONS/ RESTITUTION: total of 4 property disputes – 3 litigations ongoing at the first instance, while the fourth litigation has been awarded with a partial decision in favor of "Montepranzo - Bokaproduct" AD - Tivat which is confirmed by the High Court.

The entire land is owned by Montepranzo Bokaproduct 1/1.

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Dynamics in preparation of tender documentation shall depend on settling open issues for certain locations (primarily issues related to property-legal relations). Announcement of public tenders for the above stated locations shall depend on dynamics in preparation of tender documentation, implementation of previously announced public tenders, priorities that are to be defined by the Council, as well as on interests expressed by potential investors.

## **28) Pošta Crne Gore AD – Podgorica /Post Office/**

“Pošta Crne Gore AD Podgorica” was restructured from the limited liability company into the joint stock company. Tender for privatization of Pošte Crne Gore has not been announced. Announcement of tender according to the private-public partnership model is expected during the IV quarter of 2015.

The list of all locations /companies is contained in the Appendix number 3, which is an integral part of this plan.

## **3.SALE OF SHARES AT THE STOCK EXCHANGE**

The list of companies that are to be privatized through stock exchange sale is enclosed in the Appendix 2, which is an integral part of this plan.

Sale of shares for companies from the Appendix 2 of this plan, whose starting price (nominal price of shares) is reduced for 95% due to stock price fluctuations, could be offered under different conditions through auction stock exchange sale upon the previous consent of the Council, in accordance with the sale of share package (sale of total number of shares to a single buyer) as defined by the Montenegroberza Rules.



Sale of shares shall cease for companies that introduce bankruptcy procedure during the year.

#### **4. SALE OF SHARES AND ASSETS BY PUBLIC AUCTION**

Parts of assets, shares, respectively, stakes in companies shall be sold by public auction in accordance with previous decisions of owners.

For companies where the state or state funds are majority owners, the Privatization and Capital Projects Council is to give approval to the decision on sale of assets whose value exceeds 50,000€.

#### **5. COMPANIES OR ASSETS NOT INCLUDED IN THE PLAN**

In the event that a company or asset is not included in this plan or if there is a need to change privatization methods or principles, the Council shall decide on the privatization method and principle pursuant to the Law on Privatization of Economy.

Privatization Plan may be amended on the basis of proposal project on valorization of certain location proposed by relevant ministries and upon the initiative of potential investor, as well as on the basis of proposal by the owner of a part of share capital in companies from the Appendix number 2 of this plan.

#### **IV SOCIAL ASPECTS OF PRIVATIZATION**

It is necessary to include settlement of social issues as a contractual obligation when privatizing companies by public tender as well as provision on credible guarantees and termination clauses should a failure to meet contractual obligations occur. It is also necessary to envisage obligation to settle social issues for other privatization methods and principles, with exception of the stock exchange sale.