



MONTENEGRO

MINISTRY OF SUSTAINABLE DEVELOPMENT
AND TOURISM

BROCHURE
FOR POTENTIAL INVESTORS
IN TOURISM SECTOR



Podgorica, October 2016

1. ABOUT MONTENEGRO	3
2. REASONS TO INVEST IN MONTENEGRO €	4
3. BUSINESS ENVIRONMENT.....	5
4. FAVORABLE TAX CLIMATE	6
5. REAL ESTATE	6
6. TOURISM.....	7
7. EXISTING INCENTIVES AND RELIEFS IN TOURISM.....	8
8. ONGOING MAJOR INVESTMENTS IN TOURISM	9
8.1 Porto Montenegro	9
8.2 Lustica Development	9
8.3 Sveti Stefan	10
8.4 Blue Horizon	10
8.4 Kumbor	11
8.6 Mamula.....	11
9. LOCATIONS TO BE DEVELOPED THROUGH PUBLIC-PRIVATE PARTNERSHIP	12
9.1 Military resort - Mediteran.....	12
9.2 Vranjina with Lesendro.....	12
9.3 Bjelasica and Komovi.....	12
10. LOCATIONS FOR A LONG-TERM LEASE	15
10.1 Military resort - Bigova.....	15
10.2 Valdanos.....	15
10.3 Ada Bojana	16
10.4 Velika Plaža.....	16
10.5 Ostrvo Cvijeća	17
10.6 Njivice - Montrose.....	17
11. HOTELS IN PRIVATE OWNERSHIP – POTENTIALLY INTERESTED IN SELLING.....	18
11.1 Hotel Tamaris	18
11.2 Hotel Plaža	18
11.3 Hotel Resort Igalo.....	18
11.4 Hotel Galeb.....	19
11.5 Hotel Jadran	19
11.6 Hotel Fjord	19
12. POTENTIAL PROJECTS - HOTELS IN THE PROCESS OF CONTRACT TERMINATION	20
12.1 Hotel As	20
12.2 Hotel Planinka	20

The brochure is made for information purposes for potential investors and implies an obligation to subsequently provide additional information or updates. All correspondence and questions can be found at:

www.mrt.gov.me; <http://www.srp.gov.me/naslovnna>; www.montenegroinvestments.me; www.tourismprojects.me

ABOUT MONTENEGRO

Geographic details	Total area is 13,812km ² . The coastline length is 294m (72km of beaches). The highest peak is 2,522m.
Population	621,081, of which Capital City of Podgorica 187,085
Currency	Euro. Average wage 720 Euro.
GDP	3, 327 billion Euro. GDP per capital 5,586 Euro. Real GDP growth rate 3.3%
FDI	477.41 million Euro. Inflation rate 3.1%. Unemployment rate 13.4%
Lakes	40 natural lakes (Skadar, Black, Biograd, Plav etc.). 4 artificial lakes.
Rivers	Tara, Morača, Piva, Ćehotina, Zeta, Bojana and, the only navigable, Crnojevića River
National parks	Durmitor 390 km ² , Lovćen 64 km ² , Biogradska Gora 54 km ² , Skadar Lake 400 km ² and Prokletije 166 km ²
Minerals	Bauxite, coal, zinc, lead
Road network	7,835 km (of which 5,436 km asphalt roads)
International airports	Podgorica and Tivat
Ports	Bar, Kotor, Risan and Zelenika
Power capacity	Hydropower plants of Perućica and Piva and thermal power plant of Pljevlja
UNESCO protection	Durmitor, Tara River Canyon and the Old Town of Kotor

Montenegro, the pearl of the Mediterranean, unique in many ways, is situated in the south of the Adriatic. One can rarely find so many breath-taking natural landscapes, beautiful beaches, clear lakes, fast rivers, and gorgeous mountains in such a compact area as in Montenegro. In the morning you can wake up along the beautiful Adriatic coast, have a lunch on the banks of Skadar Lake, and enjoy an evening walk in the Montenegrin mountains. Montenegro cannot leave you indifferent. Not only an excellent choice for holidays, Montenegro has many other remarkable characteristics: history, culture, tradition, good weather, clean air, beautiful nature, the blue Adriatic Sea. Despite its small size, Montenegro offers great diversity and abundant natural beauty. **“Montenegro” means “Black Mountain”.**

THE BRANDS OF MONTENEGRO



Montenegrin wine and grape brandy (*Rakia*) – have won over 500 medals worldwide. Nikšičko beer - with a tradition since 1896, is produced from pure mountain water and natural ingredients adding to its superior quality, specific taste and pleasant bitterness. Prosciutto from Njeguši - is named after the village of Njeguši, 10 km away from Cetinje. It is an unavoidable specialty on the Montenegrin dining tables. Cheese from Njeguši – produced around the slopes of the mountain Lovćen in an ancient traditional way, is the most famous of a variety of dried, semi-fat and fat cheese types made in Montenegro, including the delicious cheese kept in olive oil. The cheese of Pljevlja and Kuči are of quite specific taste, just as the Piva dairy cream - an exceptional product from the sheep farms in the Piva Mountain.

REASONS TO INVEST IN MONTENEGRO - €

MONTENEGRO IS ON THE LIST OF WORLD'S TOP 5 DESTINATIONS

Renowned real estate showcase “The Luxury Property Show” and British online magazine “Resident” put the Montenegro in the first place, in front of Spain, Italy, Portugal and France, as a destination where in the world to buy a house in 2017.

Montenegro is a safe, economically viable and politically stable country with the potential to continue economic growth. Such growth has so far been mainly based on the growth achieved in the sector of services and the inflow of foreign direct investments. If you come to Montenegro, you will find for yourself many reasons to invest in this country. Montenegro is an open economy, devoted to the improvement of business environment, together with people who have the knowledge and capital to invest in the country. Montenegro is a civic, democratic and ecological society, making a continuing progress on its path towards the EU. It has already proved to be a good partner to credible foreign private or corporate entities.

According to expert forecasts, Montenegro will be one of the fastest growing tourism destinations in the world in the coming years. Besides tourism, the country has strong potential in agriculture, infrastructure and renewable energy. Government of Montenegro is very eager to attract foreign investments, offering:



- Dynamic economic growth and development
- Multi-ethnic harmony and political stability
- Strategic geographic position, with access to the sea
- Qualified human resources
- Favourable tax environment (corporate tax 9%)
- Pro-business Government
- Equal rights for foreign and domestic investors
- Regional business hub
- Easy business start-up

BUSINESS ENVIRONMENT



In the World Bank's Doing Business Report 2016, the position of Montenegro improved for one place compared to the previous year. Montenegro is now ranked 46th out of 189 countries.¹

Security and prosperity of Montenegro created preconditions for further integration into the European Union (EU) and North Atlantic Treaty Organization (NATO), and in March 2012 the country became a fully-fledged member of the World Trade Organization (WTO).

Based on the principles (member) of the WTO, Montenegro is signatory of the multilateral and bilateral agreements - Stabilization and Association Agreement with the EU, CEFTA 2006, EFTA, Russia, Ukraine and Turkey, which enables the cumulation of origin and duty-free trade with around 800 million consumers. Montenegro has signed 15 agreements on economic cooperation and 10 agreements on the reciprocal promotion and protection of investments.

FOREIGN DIRECT INVESTMENT - In the period 2002-2015, Montenegro generated over 7.8 billion Euro of FDI, of which over 90% in the last nine years. The net FDI inflow in 2015 amounted to 619.3 million Euro, or 75% more than the year before. FDI inflow was from 120 countries of the world, of which 5.5 billion Euros, or 70%, came from ten countries with the greatest share.²

Business zones have been declared by eight local self-governments in Montenegro, and therefore investors have the opportunity to invest under favourable terms in Berane, Bijelo Polje, Kolašin, Mojkovac, Nikšić, Cetinje, Ulcinj and Podgorica. The said local self-governments have defined business facilities related to:

- ▶ payment of utility or other charges;
- ▶ bargain price of lease/purchase of premises within business zones;
- ▶ reduction or exemption from surtax on personal income;
- ▶ lowering tax rates on real estate;
- ▶ the possibility to define a favourable model of public-private partnership;
- ▶ provision of infrastructure for the areas which do not have a developed infrastructure.

Therefore, in addition to tax exemptions and administrative facilities, investors who choose to operate within the business zone will also be provided with complete logistical support so that their business operations will be made easier.

¹<http://www.doingbusiness.org/data/exploreeconomies/montenegro>;

²http://www.privrednakomora.me/sites/pkcg.org/files/multimedia/gallery/files/2012/09/cg_vas_partner_2016_www.pdf

FAVORABLE TAX CLIMATE

Montenegro is one of the states with the lowest tax rates in the region, so it is considered favourable investment environment. The tax system for foreign investors is the same as for local business entities.



The corporate income tax, which is equal to 9%, is the lowest in the region. Upon payment of the corporate income tax, business entities operating in Montenegro have the possibility to transfer funds to their accounts abroad at the end of the year. Two positive rates of value added tax (VAT) are applied, standard rate of 19% and the reduced rate of 7%, while the zero rate applies to: export transactions and delivery of medicines and medical devices that are funded by the Republican Health Insurance Fund. Personal income tax is 9% and 15%. All investors are able to remit dividend and interest profit in the full amount, without any restrictions.

The 7% VAT applies to accommodation in hotels and similar hospitality facilities.

The tax on real estate transfer is proportional and amounts to 3% of the tax base. Trade in real estate is considered to include all acquisitions of ownership over real estate in Montenegro and this area is thoroughly regulated by the Law on Real Estate Transfer Tax. The legal basis of the customs system in Montenegro is vested in the Law on Customs Tariff and the Customs Law. Customs clearance includes receipt of import customs declaration, inspection of goods and classification according to the customs tariff and other tariffs, fixing the customs basis, amount of customs duties and other import duties charged on the goods, collection of fixed customs duty amounts and other import duties. According to the law, investors may be eligible for exemption from customs duties.

REAL ESTATE

Foreign investors are guaranteed national treatment by law. You can freely set up a new company, invest in it or buy an existing company or a share of a company. Foreign persons can have property rights on movable or immovable assets and property, and inheritance rights the same as Montenegrin nationals, as well as the right to free transfer of assets and property to foreign or domestic legal and natural persons. There is no limit on the amount of investment capital. Foreign investors are allowed to invest in any industry, except military industry where foreign investor can invest up to 49%, and can freely transfer all financial and other assets, including profits and dividends.



Foreigners as individuals in Montenegro have the right to purchase real estate under the conditions fulfilled by domestic entities and by presenting an identification document. However, according to the Law on Property Relations, a foreigner cannot own natural resources, public goods, agricultural land, forests and forest land, cultural monuments of great and special importance, real estate in a land-border area up to a depth of one kilometre and islands, real estate located in an area which was declared by law an area in which foreigners cannot have right of ownership in view of protecting the interests and security of the country.

Exceptionally, foreigners may also acquire the right of ownership on agricultural land, forests and forest land having a surface area of up to 5,000 m², only if a residential building located on that land is subject to the contract of divestiture (sale, gift, exchange, etc.).

Foreigners may be entitled to a long-term lease, concessions, BOT arrangements and public-private partnership, over the above mentioned real estate. By means of legal transactions, foreigners may transfer the right of ownership to domestic persons, as well as to foreign persons that may acquire the right of ownership.

TOURISM



In the relatively small area of Montenegro, nature has produced unique contrasts: the quality and diversity of its natural and anthropological values makes Montenegro one of the most attractive regions in the Mediterranean. Over a span of only 100 km in a straight line, three natural environments are distinguishable: the seaside, the karst field zone and the mountainous region.

The Montenegrin coast, 293 km long, includes 117 sandy and pebbly beaches, with the total length of 73 km, of which 33 km are sandy beaches. The tourist has the possibility of taking a swim in a lake or in the sea, rafting down a river and skiing on mountain slopes – all in one day. The tourism sector has recorded an increase for the seventh year in a row, and influenced the growth of agriculture and food-processing industry, transport, telecommunication, trade, as well as a whole set of other branches.



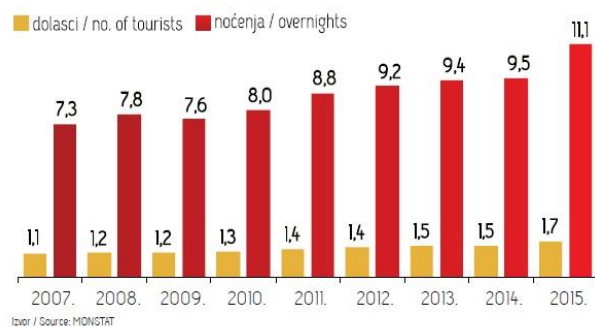
In tourism, there are around ten projects that are underway only at the seaside, which will bring, according to the latest estimates, more than 3 billion Euro of foreign capital to the country. This refers to the coastal area of Montenegro only, while the mountainous north of the country, which is not very far from the sea, has more recently also aroused a lot of interest among investors.

TOURISM STATISTICS

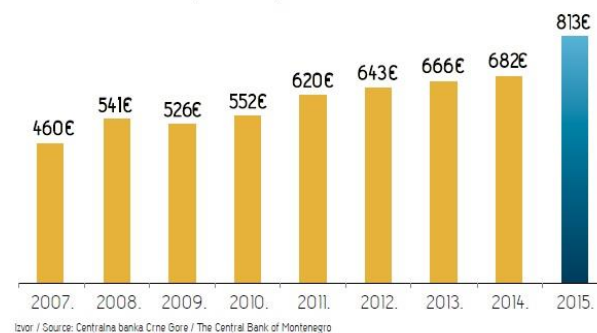
The overall number of tourists who visited Montenegro until August 2016 was 1,447,366, a 4.9% increase compared to the same period last year. The number of overnight stays was 9,265,717 or 0.6% over 2015.

- In Montenegro, the total capacity of hospitality objects is 387, and capacity for collective accommodation is 39,279 beds.
- During 2016, 20 new 4- and 5-star hotels were opened (with total capacity of 2,000 beds).

Tourists arrivals and overnights (in millions)



Revenues from tourism (in millions)



According to the estimates presented by the World Travel and Tourism Council, in the next decade (2012-2022) Montenegro will record the fastest growth when it comes to travel and tourism direct contribution to GDP, with the annual growth rate 11.8%.³

EXISTING INCENTIVES AND RELIEFS IN TOURISM



Montenegro faced the challenge of envisaging and implementing economic and fiscal policy measures to stimulate investment in tourism as a priority development sector. The following section is a brief account of the effectiveness of these measures:

- Planning documentation that enabled the construction of 130 four and five star hotels was completed, this eliminating the existence of undeveloped land as an obstacle for business;
- Amendments to the Law on Spatial Planning and Construction of Structures (2013) abolished the obligation to pay communal fees in the case of construction of four and five star hotels;
- Amendments to the Law on Real Estate Tax introduced a progressive tax rate which enabled the higher taxation of three star hotels located in priority zones. It also introduced the opportunity to tax undeveloped construction land;

³ <http://www.privrednakomora.me/>

- Amendments to the Law on Real Estate Tax envisaged the reduction of annual real estate tax by 30% for 4-star hotels and by 70% for 5-star hotels;
- Amendments to the Law on Value Added Tax (VAT) abolished obligation for payment of import VAT for the delivery of products and services for the construction of the 5 or more stars hotels;
- The Decree on Turning Residential Facilities into Hospitality/Tourism Units has been adopted;
- The reduction of construction zones from 15% to 9% and the prohibition to construct new residential units within a ca. 1,000m radius from the coast represented the starting point for a new 'Special Purpose Spatial Plan for the Coastal Zone', for areas that are currently under development. This will protect undeveloped land from further development by unplanned building and will preserve valuable natural environment;
- Amendments to the Law on Value Added Tax introduced a VAT of 7% on food and beverage in hotels with at least 4 stars in the northern region, and with at least 5 stars in the central and the southern region (application of 7% VAT starts from 1 January 2018).

ONGOING MAJOR INVESTMENTS IN TOURISM



PORTO MONTENEGRO, INVESTMENT CORPORATION DUBAI (ICD)

At the heart of the Boka Bay, Porto Montenegro, a luxurious marina for mega yachts, attracts a tremendous number of tourists. During the summer months, approximately 6,000 people visit Porto Montenegro per day. In the year to come, the number of berths will increase from 248 to 432. A nautical resort with 125 luxury residences and complete entertainment repertoire will be significantly expanded. The construction of sixth

residential and commercial buildings has begun, along with the construction of five-star Regent Porto Montenegro Hotel & Residence that will provide a five-star service including, apart from a range of dining and entertaining options, a cigar lounge, library bar, two swimming pools etc. Porto Montenegro is already known for its shopping area and a variety of restaurants and cafes.

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LUSTICA DEVELOPMENT, ORASCOM

The integrated project is planned to offer 2,080 residential units, 7 hotels with a total capacity of 1,370 rooms, 2 world-class marinas on the Adriatic Sea with 170 berths, an 18-hole golf course, a Thalasso Centre, commercial facilities, a town centre, and basic

infrastructure facilities. The project will be the first certified eco-labelled development in Montenegro. The value of this investment is expected to reach ca. 1.1 billion Euros.

Contact information:

Company: Orascom Development Holding/**company in MNE:** Luštica Development

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SVETI STEFAN, AMAN RESORTS

One of the best-known hotel managing brands in the world, Aman Resorts, has been successfully operating in Montenegro for the past few years in the most exclusive location in the country. Sveti Stefan has been known for years as a gateway for world-renowned celebrities, where they were able to soak up one of the best views in the world with the total privacy that the place provides for them. Since 2008, Adriatic Properties, a subsidiary of Greece's Restis group, has invested around 52 million Euros in Aman Sveti Stefan.

After years of restoration, the reconstruction of the 15th century fishing village has been completed, creating one of the most exclusive addresses in Montenegro.

Contact information:

Company: Adriatic Properties

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BLUE HORIZON, QATARI DIAR

One of the largest real estate companies in the world, Qatari Diar, has started to develop a luxury project in Montenegro. The company acquired rights to the Blue Horizon hotel complex for 24 million Euros, and plans to develop a five-star luxury hotel that will include sports facilities and villas. Set up in Plavi Horizonti, on the Lustica Peninsula, this project represents one of the most exclusive projects in whole Europe, considering the green surroundings on one side and clear blue water on the other side of the project. Since Qatari Diar

is known worldwide for its high-end projects, there is no doubt that the project in Plavi Horizonti will live up to the company's reputation. Investment cost will be 250 million Euros.

Contact information:

Company: Qatari Diar Real Estate/ **company in MNE:** QD Hotel and Property Investment Montenegro

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KUMBOR, AZMONT

The resort with an area of 25 hectares will be located on the shore of the Boka Bay, on the site of the old barracks in Kumbor town. Once complete, Portonovi will include the One&Only Portonovi, a destination wellness spa, a marina catering to super yachts, a luxury beach club, the Portonovi Arena, Conference Centre and a tennis academy. Visitors will be able to explore waterfront shops, cafes and restaurants, botanical gardens with biodiversity and eco-park, as well as a fish market and organic food market. Initially,

a 250 million Euro investment was planned, however later a decision was made to increase the amount of investment to up to 650 million Euros. The new facility will include a network of One&Only resorts, focused on the exclusive clients. The investment will be the biggest one in this type of business in the SEE.

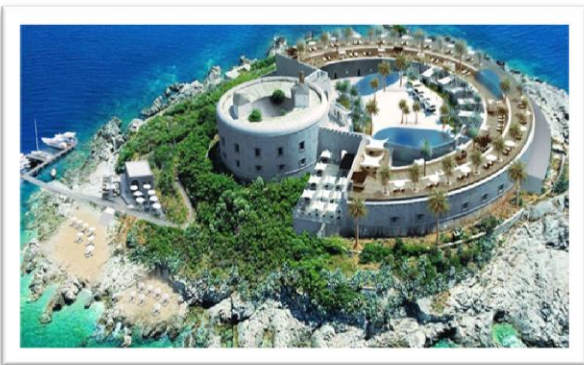
Contact information:

Company: Socar Azerbaijan/ **company in MNE:** Azmont Investments

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MAMULA

This islet with a fort, 3.4 nautical miles away from Herceg Novi, is of circular shape and has about 200 m in diameter. By its architectural design, the fort is considered the most beautiful in the Adriatic area. The Mamula Fort served as a camp during both World Wars. The whole project is based on the precise principles of conservation, because it will enable the protection of the site with the Mamula Fort, which is now in a precarious condition, from further deterioration. It includes the valorisation for tourism

purposes through reconstruction within the existing dimensions, with strict adherence to conservation requirements. The project plans comprise a hotel with 23 guest rooms and one memorial room of a museum character. And, most importantly, there is no dilemma about the conservation and preservation of this structure through the new life it will be given in this way.

Company: Orascom Development Holding/company in MNE: Luštica Development

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LOCATIONS TO BE DEVELOPED THROUGH PUBLIC -PRIVATE PARTNERSHIP

► MILITARY RESORT – KASARNA MEDITERAN, ŽABLJAK

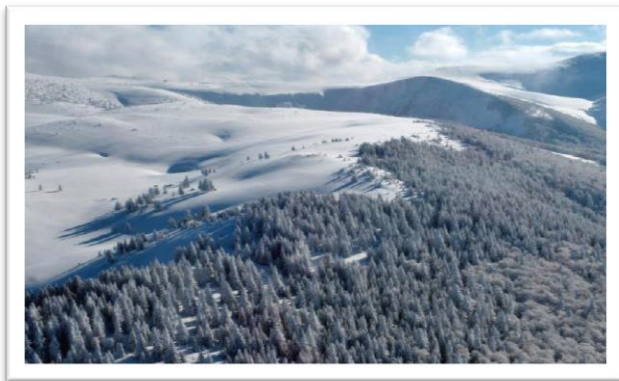
Military resort “Kasarna Mediteran” in Žabljak includes an area of 13,951 m². Within this resort there are 25 buildings, a central building and 24 bungalows with the overall gross built area of 880 m² and the basic purpose of providing tourism services. 10 bungalows and the central building were built earlier, while 14 bungalows are of more recent date.

► VRANJINA WITH LESENDRO



This zone relies on two major traffic routes (Belgrade-Bar railway and the corridor of the Podgorica-Petrovac and Podgorica-Sozina-Bar roads). The site covers an area of 13,132 m² and is to feature an Eco-Lodge tourism resort with 30 facilities servicing visitors to the resort with a maximum capacity of 61 beds. The investment is also to include an info desk, a souvenir shop, a healthy food traditionally designed restaurant that will serve organic, locally grown food, a 50-seat conference hall, a wellness and SPA zone located on the waterfront, a beach with a cafe bar, and a viewpoint relaxation zone. The total investment cost is estimated at 2,157,488 Euros.

► BJELASICA – KOMOVI

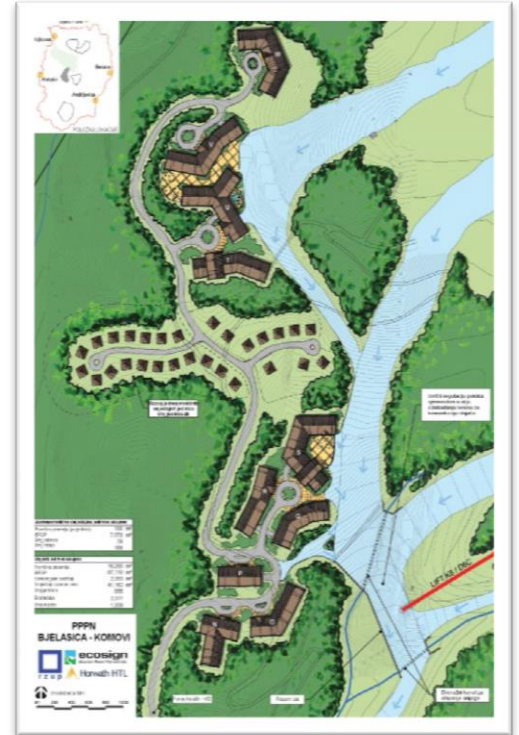


From its many lakes to the highest peaks, the mountain range of Bjelasica and Komovi, thanks to its favourable geographical location and easy accessibility, offers excellent opportunities for development of all forms of recreation and tourism. It covers an area of 851.74 km² or over 8% of the territory of Montenegro, and encompasses parts of Andrijevica, Berane, Bijelo Polje, Kolašin, Mojkovac and Podgorica Municipalities. The spatial planning document for Bjelasica and Komovi identified several mainstays of tourism development in this region and defined the same eight new greenfield

projects for the construction of modern, market-oriented mountain centres/resorts. The main focus is on the concept of mountain resort development in accordance with international professional standards regarding construction planning of top-class centres with all the amenities of tourist infrastructure-oriented year-round business. These are: **Mountain centres Žarski, Cmiljača, Torine, Kolašin 1450, Kolašin 1600, Jelovica with golf resort, Komovi and Eco Adventure Park Komovi**. Important projects are also revitalization of shepherd’s cottages, tourism eco-ethno villages, agricultural farms, etc. Long-term lease is going to be offered.

► KOLAŠIN 1600 SKI RESORT

The area foreseen for the Kolašin 1600 Ski Resort project is located in the southern part of the Bjelasica Mountain in the Municipality of Kolašin. The construction area of the base village is located in the northern part of the ski resort at about 1600 meters above sea level. Its area is 27.19 ha. The mountain resort base village consists of the central zone with hotels, apartments, reception and public facilities and also areas for special groups, with accommodation designated for single-families, as well as ski lifts. The ski trails are starting from the base village in such a way that they provide ideal access to skiers. The planned capacity of the Kolašin 1600 Ski Resort base village is 2,485 beds and 1,357 skiers. The project would welcome a reliable domestic or international partner. The new investor can make use of the tourism areas, hospitality commercial facilities, transport areas (service and pedestrian communications), and developed green areas. The owner is the State of Montenegro, and the project is planned to be a public-private partnership (PPP). Investment cost estimate, depending on development plans, is from 65-75 million Euro.



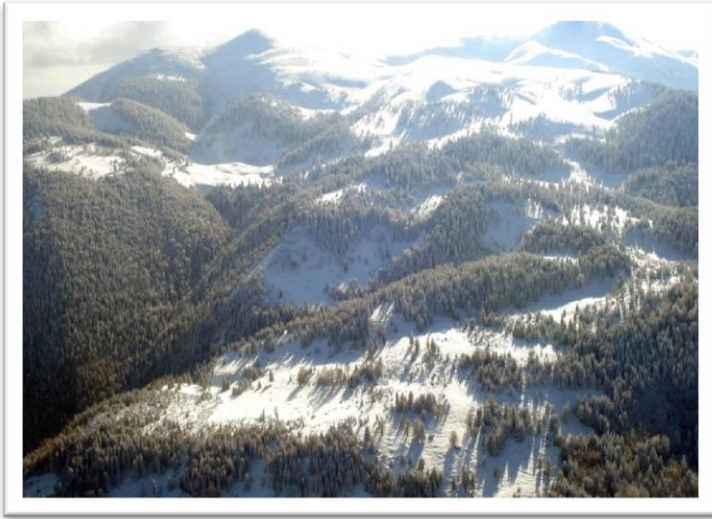
► ŽARSKI SKI RESORT



The development area of this ski resort is located in the northern part of the Bjelasica Mountain, in the municipalities of Bijelo Polje and Mojkovac. High alpine plateaus and relatively gentle precipitation characterize this area of 1,550 ha. The planned area for the base village is located in the north-western part of the ski resort area at 1,650 m above sea level, on the west side of the future ski terrains. Its area is 178 ha. The

planned mountain resort base village will include: the zone with central village facilities such as hotels, apartments, reception and public facilities, areas for special groups with accommodation structures for multi- and single-families, as well as ski lifts and parking areas. The planned capacity of the Žarski Ski Resort base village is 6,796 beds and 3,891 skiers.

► TORINE SKI RESORT



The Torine Ski Resort is located in the north-eastern part of the Bjelasica Mountain, bounded to the west by the Bistrice River canyon and to the north and east by steep slopes of low altitude. The total area of the Torine Ski Resort is 1,399 ha. The base village is planned in the north-eastern part of the ski resort, at an altitude of 1,450 to 1,660 m. Its area is 110.54 ha. It would comprise ten urban development parcels projected for the construction of ski trails, central resort area, parking space and other facilities. The planned capacity of the Torine Ski Resort base village is 4,682 beds and 2,990 skiers.

► JELOVICA SKI RESORT

The area projected for the construction of the Jelovica Ski Resort is located in the southern part of the Bjelasica Mountain, in the municipalities of Berane and Andrijevica. It covers an area of 1,022ha. The planned area for the construction of the base village is located on the northern part of the ski resort below the Jelovica River, at 1,330 m above sea level. Its area is 139.61 ha. On the south side of the river, given the suitable configuration of the field for future expansion and growth, the resort would be built in such a way as to be connected to the ski grounds on the northern slopes of Goveđe Hill. The draft plan foresees the construction of additional accommodation near the ski grounds and parking area for daily skiers with an area of 2.7 ha. The planned capacity of the Jelovica Ski Resort base village is 2,918 beds and 763 skiers.

► CMILJAČA SKI RESORT



The Cmiljača base village would be located in the northern part of the Bjelasica Mountain, in the municipality of Bijelo Polje, northeast from the Žarski Ski Resort. It is 1,620 m above sea level, with a total area of 7.5 ha. The Cmiljača base village will provide accommodation for tourists near the ski lifts and trails of the Žarski Ski Resort. The base village will consist of 4 hotels and 22 bungalows and a starting point for the ski lifts. Cmiljača will provide additional accommodation capacity during the winter months as well as basic accommodation for summer tourism. The commercial zone is

located in the Žarski base village. The planned capacity of the Cmiljača Ski Resort base village is 1,995 beds and 3,819 skiers.

► KOMOVI SKI RESORT

The Komovi Ski Resort area is located in the central part of the Komovi Mountain, in the municipalities of Kolašin and Andrijevica. The future Ski Centre will be located in the northwest portion of the mountaintop and will have an area of 3,204 ha. The south-western part of the ski resort was planned as a location for the construction of the mountain home that will be reachable by the cable car and the mountain road. The planned capacity of the Komovi Ski Resort base village is 100 beds and 80 skiers. When the real estate and all related assets are concerned, Montenegro is primarily interested in a public-private partnership (PPP) model. The properties, related assets and real estate owned by Montenegro will be always offered by way of public announcement.

www.bielasica-komovi.com ; www.montenegroinvestments.inf

LOCATIONS FOR A LONG-TERM LEASE

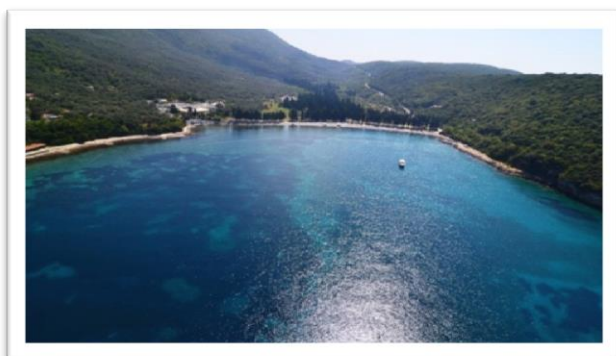
► VALORISATION OF THE MILITARY RESORT BIGOVA-TRAŠTE, KOTOR



Bigovo Valley belongs to the locality of Donji Grbalj and is situated in Trašte Bay, between Budva and Tivat. The land of 38,490m² with the water surface of 44,249m² owned by the State of Montenegro and currently with 43 building structures, is a prime waterfront location, situated in the breath-taking Bigova Cove. The location study in question provides for the construction of an exclusive marina and tourism resort with a minimum 4-star category hotel with the capacity of 328 rooms – the location study also envisages a transport and commercial centre, a parking area, annexes with

accommodation units of TYPE A, TYPE B and TYPE C and villas TYPE A. The project is also proposed to include a marina with up to 150 berths and related amenities and a beach club located towards the shore.

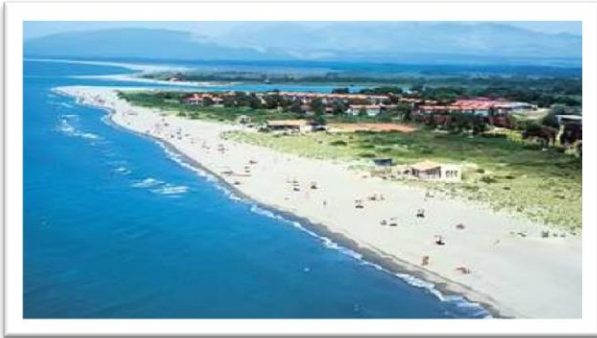
► VALDANOS



Valdanos is located close to Ulcinj, southeast of Bar. It is one of the most beautiful locations along the Montenegrin coastline. This former military vacation camp, surrounded by olive trees, offers an unobstructed ocean-front view with exclusive privacy, a Mediterranean climate and an average of over 240 sunny days annually.

Valdanos Bay covers 4 km², which includes a pebbly beach of approximately 100 metres in length and various low-rise camp and general public service facilities, i.e. tennis courts and parking areas. The conceptual framework includes a five-star resort, protection of the coastal area allowing up to 100 m² of green surface per bed, luxury tourism accommodation with a maximum of 4 floors and protection of its ecological structure. It is offered for a long-term lease of 30 years, with a possibility of extension.

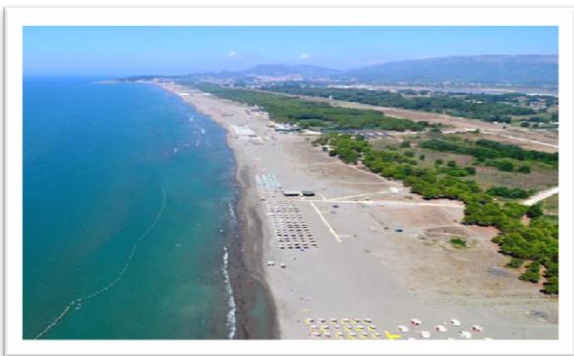
► ADA BOJANA



Ada Bojana is located at the most southern tip of Montenegro, with a Mediterranean climate and an average of over 240 sunny days. The premium property, a largely unspoiled triangular island with its 494 hectares, flanked on two sides by the Bojana River and thereby connecting directly with the Skadar Lake. It offers beautiful natural beach with fine shimmery-dark sand and long and continuous vistas of beach which are unusual for the region, covering over 2.7 km in length, and a private ocean front including an unobstructed

view onto Adriatic Sea. One of the many qualitative attributes of the island is a constant sand accretion from the Bojana River for the 30 to 35 m wide and 2,750 m long sandy beach with the total beach area of about 75,000 m². The privacy of the island is ensured by its connection to the mainland over one bridge on the northern arm of the Bojana River. As a nature resort, the current facilities include bungalows and one-story structures with 540 hotel beds and a caravan and tent camping area. Being operated as a nudist resort, the daily occupancy for the hotel resort and camping had topped about 3,000 guests per day during the peak seasons. The unique natural environment and secluded private setting facilitates the configuration and operation of an exclusive 4 to 5 star hotel resort village mix, reflecting a contemporary Montenegrin architecture with appropriate and harmonious buildings and recreational facilities and services, in harmony with the existing wildlife, fauna and flora. While the master plan for Ada Bojana foresees a capacity of up to 2500 hotel beds within the current area design for tourist development, it is expected that the hotel resort, once developed, will be listed in the international hospitality industry among the top exceptional hotel resorts. This property, its assets and real estate, owned by Montenegro, will be always offered by way of public announcement.

► VELIKA PLAŽA



Located between the town of Ulcinj and the Ada Bojana Island, Velika Plaža (a 13 km-long sandy beach with an unobstructed view of the Adriatic Sea) represents the southern tip of Montenegro. Velika Plaža complex includes land of 1.357 ha, of which 903 ha are owned by the State. Plans and issues for its gradual development include: (i) the development of a high-level tourist area; (ii) the construction of a small VIP airport; (iii) upgrading of telecommunications, and an efficient energy and water

supply; and (iv) coastal area protection (allowing up to 100 m² of green surface per bed in order to provide deluxe tourist accommodation). The land owned by the State is offered for a long-term, with an obligation to construct an exclusive tourism complex.

► OSTRVO CVIJEĆA



The Flower Island is an oval-shaped islet, around 300 m long, 200 m wide, with total surface of beaches of 1,200 m² and numerous small sandy beaches. This attractive location on Montenegrin coast, 2 km from Tivat, had been until recently used as a military holiday resort. Due to preserved environment, this location offers great opportunities for development of high-end tourism. It is offered for a long-term lease, with an obligation to construct an exclusive hotel complex.

► NJIVICE-MONTROSE, HERCEG NOVI



Agreement on long-term land lease with the obligation of construction, development and management of exclusive tourist complex in Dobroč Rose, Herceg Novi, between the Government and a consortium consisting of Northstar d.o.o. and Equest Capital Limited, was signed on 26 August 2013. The project involves the construction of a tourist resort, which includes a 5-star hotel in Phase I, villas, mooring area with infrastructure and other facilities, 5 km away from Igalo, land of 30,597 m² and water space of 17,313 m². The minimum investment commitment is 210 million Euros, of which 141.8 million for Phase I and 68.2 million for Phase II. The project completion deadline is 2018.

Tender Commission for valorization of tourism locations

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HOTELS IN PRIVATE OWNERSHIP POTENTIALLY INTERESTED IN SELLING



HOTEL TAMARIS was located in the centre of Igalo near the famous “Dr Simo Milošević” Medical Institute and was privatized in December 2007. Its total gross area was 7,980 m². In 2012, the demolition works on the existing hotel building were completed, in accordance with project documents. The total hotel capacity used to be 280 beds. The planning documents foresee a 4- or 5-star hotel for this site. The hotel of this category must include entrance hall, reception, bar, restaurant, and many other facilities under required standards.



HOTEL PLAŽA is located next to a private beach in Herceg Novi, Boka Bay. The hotel includes a restaurant offering local traditional dishes, a bar in the lobby, and a health spa. Old Town is located just 5 minutes’ walk.

The current investor and major owner “Vektra Boka” has planned reconstruction of the existing buildings to upgrade them to the 5- and 4-star category. The land use planned for this area is high-

quality tourism. It includes a high-class hotel with a park area in the hotel and public pedestrian paths. Herceg Novi has many spa resorts, and is famous for its medicinal mud from nearby Igalo. The Pet Danica promenade starts right outside the hotel.



HOTEL COMPLEX IGALO, IGALO, HERCEG NOVI was built in the 1960s. It was badly damaged by the 1979 earthquake and was afterwards partly reconstructed through complex reconstruction and extension works in line with new seismic requirements. The buildings have the height from GF (ground floor) to GF+3 and the gross built area of 15,205 m². The complex is located in the centre of Igalo, surrounded by plenty of green Mediterranean plants, and has the capacity of 550 beds. The project design for reconstruction of

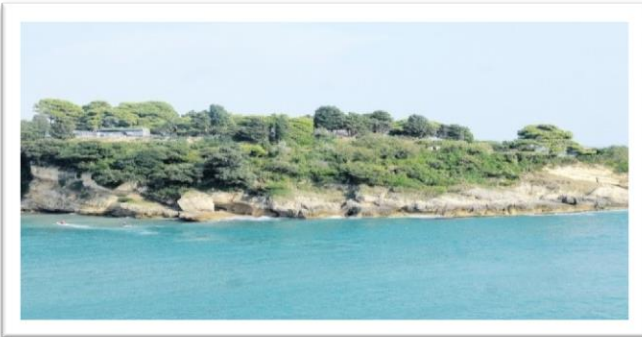
the Hotel Igalo was prepared by ARCVS Studio upon request of the client Vektra Boka. It includes a 5-star hotel, 417 rooms, 277 parking spaces, fitness, wellness and spa facilities. The investor has not applied yet for the issuance of the urban development and technical (zoning) requirements (the so-called UTU) for the hotel reconstruction.

Contact information for Hotels Tamaris, Plaža and Igalo:
 Company: D.o.o "Vektra Boka" Herceg Novi
 Email: vektraboka@t-com.me
 Web: <http://www.bokaturist.rs>



HOTEL GALEB, ULCINJ is located on the opposite site of the Old Town of Ulcinj. It was privatized in 2006 when it was acquired by Roksped company from Podgorica. Hotel Galeb with villas for renting and the land covers an area of 20,318 m². The hotel is not operational at the moment. The hotel project was issued the urban development and technical requirements (UTU) in April 2013. The planned gross built area of the hotel with related facilities and garages is 45,505 m².

Contact information:
 Company: D.o.o "Roksped"
 Email: roksped@roksped.com
 Web: <http://www.roksped.com>



HOTEL JADRAN, ULCINJ area has been leased to "Star of Montenegro" DOO Ulcinj. The planning document covering this site is the so-called State Location Study for Sector 63-Old Town of Ulcinj that was issued in October 2009. This Study recommends a 4- or 5-star tourism resort on this location. The former capacity would be reduced to 200 beds in line with requirements of minimum 4-star category.

Contact information:
 Company: D.o.o "Star of Montenegro" Ulcinj and Public Enterprise for Coastal Zone Management
 Email: jpmdcg@t-com.me
 Web: <http://www.morskodobro.com/>



HOTEL FJORD, KOTOR is situated at a very attractive location in the heart of Kotor. The hotel owners are New Fjord Development (Michael Fingleton, founder and owner, holding a 75% stake in the company) and UEP Montenegro (co-owner with a 25% stake). Both the hotel and the land are the owners' property. Their Business Plan envisages demolition of existing buildings and construction of a brand new hotel. At the moment, the two owners are involved in mutual litigation.

Contact information: Michael Fingleton ; Email: mpf@hiberniancapital.com

POTENCIONAL PROJECTS - HOTELS IN THE PROCESS OF CONTRACT TERMINATION



HOTEL AS, PETROVAC. Perazica Do, also known as the "Pearl of the Adriatic", is a small bay on the Adriatic coast near the Reževići Monastery. The resort built there in the 1960s had about 60 stone houses. Ten years later, the Hotel AS was built as one of the most luxurious hotels on the Adriatic at the time. Hotel AS was opened in 1983.

Building permit, issued in 2006, included the reconstruction of the existing hotel and construction of a new part of the hotel, including external sports facilities, restaurant, marina, conference rooms and many other attractions. According to the analysis conducted by the CVC for investors, the hotel is planned to have 432 accommodation units, about 1,700 m² of conference facilities, a spa & wellness centre area of 2,500 m², casino area 2.525 m², and over 8000 m² of other entertainment and recreation amenities, of 5-star category. The whole complex would be developed on almost 100,000 m².

Contact information:

Company: "Nega-Tours" Montenegro d.o.o

Email: info@neimar.me

Web: <http://www.neimar.me/en/nega-tours-en>



HOTEL PLANINKA, ŽABLJAK, was privatized in 2005 through the sale of assets of Ski Centre "Durmitor" AD Žabljak, the parent company in bankruptcy. The assets were bought by "HLT fund" AD Podgorica and HTP "Primorje" AD Tivat. The privatized assets include: the right of ownership and use of the buildings and associated facilities registered in the Deed of Title no. 201 KO Žabljak 1, the land of 22.919 m² on cadastral plot no. 3146 and the hotel of 1,499

m² (GF +6), built in 1983, categorized as a 2-star hotel, with 324 beds in rooms with a private bath and balcony each, the restaurant and kitchen, utility rooms, and related equipment and inventory that is an integral part of the deed. **Facilities:** The hotel has 132 rooms, 6 suites and 5 semi-suites, a restaurant with 260 seats, national restaurant, nightclub, bar, congress halls with 200 seats and outdoor parking.

Contact information:

Company: Consortium Mutual fund "HLT FOND" AD Podgorica and "PRIMORJE" hotels & restaurants AD Tivat

Email: primorjesales@t-com.me

Web: <http://www.primorje.me>