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SEE MARKET SNIPPETS
2019Q3





Business opportunities in SEE

SEE Market Snippets - 2019Q3

SELA - South East Legal Alliance
September 2019

PREFACE

This report provides a comprehensive analysis of actionable intelligence on current opportunities within the SELA member countries. The information contained herein is intended solely for informational purposes and is generally available to the public and from sources believed to be reliable. SELA does not guarantee the accuracy, completeness, or timeliness of the information and shall not be liable for any damages or costs in connection with the use of the content contained herein.

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OVERVIEW

Country-by-Country

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On 18 April 2018 the EU Commission recommended that the European Council decide to open accession negotiations with Albania at the next meeting in June 2018. This is a major step for Albania's EU accession process following the grant of candidate status in June 2014. The major opportunities for investment in the country are in the tourism and energy sectors (mainly mining, oil and hydropower generation). The Albanian Government is further committed to increase the stock of generation capacities from renewable resources, mainly wind and solar.

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EU members states have accepted the EU membership application of Bosnia & Herzegovina in September 2016, commencing the long process towards EU membership. Bosnia & Herzegovina has a complex multi-level government structure. It is composed of the Federation of Bosnia and Herzegovina and the Republic of Srpska, collectively referred to as the "Entities". The Entities have significant legislative powers in economy and foreign investments.

The major sector for investment in the country is in the energy sector as Bosnia has large potential for hydro energy and coal power plants.

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Bulgaria's economy expanded by 3.3% year-on-year in the second quarter of 2019 and the European Commission affirmed its forecasts for Bulgaria's GDP growth at 3.3% and 3.4% in 2019 and 2020, respectively. This was followed by Fitch' long-term credit rating of Bulgaria in foreign and local currency at BBB level with positive outlook, backed by sound external and public finances, a robust policy of gradual accession to the euro area and prospects for sustainable growth.

The banking system remains stable which was confirmed by the recent positive report of the ECB's stress test led on six leading Bulgarian banks. Meanwhile, several legislation acts are being revised in line with the requirements for the country's accession to ERM II. Prudent fiscal policies, increasing export to markets outside EU and strong capital transfers related to EU funding are other characteristics of the favorable macroeconomic environment in Bulgaria.



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The Government of Republic of Croatia published National Reform Plan 2019 which sets out policies for improvement of competitiveness of economy which may be done by achieving following goals: improvement of business environment, increase of investments, improvement of management of state-owned assets, modernization of justice system and of public administration. Fourth round of tax relief measures in the area of income tax are implemented as of 2 September 2019.

The Government and Croatian National Bank have issued a Letter of Intent to enter into ERM II (the EU's Exchange Rate Mechanism), in order to adopt EUR as a national currency. The macroeconomic environment continues to remain stable - investment trends are positive and there is a significant number of investment possibilities in different types of infrastructure projects, energy projects and in the tourism industry, the latter of which has been recognized by both the investors and the project holders as the key branch for investments.

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Aspiring to join the EU by 2020 (it is expected that the final chapter will be opened in 2019), ranked 50th in the World Bank's Doing Business Report 2019, Montenegro is a small country that is heavily reliant upon capital inflow from abroad. Key sectors driving economic activity include tourism, real estate, agriculture, energy and infrastructure. These sectors have also been the focus of policy developments and IFI financing.

Montenegro makes no distinction between domestic and foreign companies. Foreign companies can own 100 percent of a domestic company, while profits and dividends can be repatriated without limitations or restrictions. Exceptions to this policy are the small number of cases dealing with defense-related industries. Montenegro offers foreign investors low, fixed tax rates, a business-oriented economy, significant economic freedom, a stable currency (Euro), and openness to incentivize investors. Montenegro has favorable tax regime with the lowest corporate tax rate in the region at nine percent. On 1 January 2019, Montenegro launched its economic citizenship program, designed to attract a maximum of 2,000 investors from 2019 to 2021. Preliminary estimates suggest the program could bring as much as USD 1 billion in infrastructure investments to the country.



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North Macedonia is working on attracting private investments with improvements in the business climate and trade regimes that support increased export performance and sustainable private sector development and job creation. Government initiatives currently focus on improving transparency, financial sustainability, the delivery of targeted services and upgrading infrastructure in selected municipalities. Policy initiatives are largely geared towards reforming the social protection system and related policies. The Ministry of Labor and Social Policy has linked its information system with the administrative registries of several government agencies, which has simplified registration procedures and reduced the administrative costs attached to various claims.

A new law for support of FDI has been presented which will outline a new regime for promotion and support of FDI. The period will also be market with EBRD and EU funded project mainly in infrastructure.

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Serbia's GDP growth trend continues in 2019, despite global slowdown. Macroeconomic stabilization and improvements to the business environment contributed to high net FDI inflows (8.3% of GDP in Q1 2019), placing Serbia on top of greenfield FDI performance rankings. Exports of goods and services retained their growth momentum in 2019, driven by exports of services, manufactured goods and agriculture. Results were acknowledged by improved credit ratings, by successful completion of a precautionary SBA with the IMF and a sharp decline in the country risk premium – historic low in July 2019. Banking sector stability has been preserved and further reinforced. Encouraged by the NBS measures, the share of NPLs in total loans declined to 5.2% at end-June 2019, which is the lowest level since 2008 when this indicator of portfolio quality was introduced. Capital adequacy indicators are even stronger after the application of Basel III standards in Serbia. In the World Bank's Doing Business Report 2019 Serbia has been ranked 48th.

As of the beginning of 2019 Serbia has adopted and amended several important pieces of legislation.



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In Slovenia, there is an ongoing privatization procedure and the sale of shares in several key companies held directly or indirectly by the government is expected. The privatization procedures are being managed by the company Slovenian Sovereign Holding (SSH), owned entirely by the Republic of Slovenia. Recently have been privatized two wholly state-owned banks – Abanka and Slovenia's largest bank Nova Ljubljanska Banka (NLB). Additional investment opportunities will arise from the sales process of the Bank Assets Management Company (BAMC) equity holdings and non-performing loans (NPLs). BAMC was established in March 2013 as a state-owned company and it is planned to wind up with all of its activities and sales procedures by 2022. According to the latest available data of the Bank of Slovenia (provisional data) foreign direct investments (FDI) in 2018 amounted to EUR 14.6 billion.

In 2018 economic growth in Slovenia was 4.5%, slowing a bit towards the end of the year 2018, but will still remaining high (3.7%) in 2019. The real estate market continues to flourish. Prices are still rising and will continue to rise for some time.

Most foreign investors are attracted by Slovenia's strategic position at the heart of Europe with an ideal land-sea-air transport system and with an educated and skilled local workforce.

Slovenia has been ranked 40th in the World Bank's Doing Business Report 2019.

POTENT DEALS

By Industry

ICIAL

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MERGERS & ACQUISITIONS

THE SALE OF THE CAPITAL OF JAT TEHNIKA SURČIN

Market/jurisdiction: Serbia
Sector: Construction & Engineering
Deal Category: Privatization
Deal value: EUR 10.24 million

The Ministry of Economy has opened a public call for taking part in the procedure of the public collection of bids for the sale of the capital of JAT Tehnika Surčin at the initial price of EUR 10.24 million, which is 50% of the estimated fair market value. The plan is to sell 99.3834% of the total capital of JAT Tehnika, primarily owned by the Republic of Serbia, and those interested may apply by 4 October 2019, at 3 pm.

The subject of the sale is a share of 95.4093% of the total capital of the subject of the privatization owned by the Republic of Serbia, a share of 2.7273% of the total capital owned by the Pension and Disability Insurance Fund, a share of 1.0804% owned by the National Health Insurance Fund and a share of 0.1574% owned by the National Employment Service.

The offer also includes a share of 0.6256% of the capital owned by the local self-government, the Municipality of Pećinci, the City of Pančevo, the Municipality of Alibunar, the Municipality of Kovin, the City of Vršac and the Municipality of Arandjelovac.

The sale of JAT Tehnika in July 2019 was pronounced unsuccessful as there were no bids.

SALE OF UNIQA BULGARIA

Market/jurisdiction: Bulgaria

Sector: Insurance

Deal Category: M&A

Deal value: n/a

Uniqa Bulgaria is one of the Top 5 insurance companies in Bulgaria, part of UNIQA Insurance Group - leading European player represented in 18 countries in the CEE region. There are rumors in the sector about its potential sale.

Potential investor would get advantage of Uniqa Bulgaria's over 25 years of good market reputation, broad portfolio of products in all areas of general and life insurance, a network of over 100 outlets nationwide and well-structured set of insurance brokers and agents, innovative technologies including online and mobile services and AI.

PRIVATIZATION OF BH TELECOM

Market/jurisdiction: Bosnia & Herzegovina

Sector: Telecommunications

Deal Category: Privatization

Deal value: n/a

BH Telecom is the biggest telecom provider in Bosnia and Herzegovina and there are plans for privatization. Due diligence for management of the company has been completed in 2018.

DEUTSCHE TELEKOM TO SELL NORTH MACEDONIAN SUBSIDIARY MAKEDONSKI TELEKOM

Market/jurisdiction: North Macedonia

Sector: Telecommunications

Deal Category: Potential M&A

Deal value: n/a

There have been rumors about a potential exit of Deutsche Telekom from the North Macedonian market. There has been no official confirmation in regards to this.

INTRODUCTION OF A THIRD MOBILE NETWORK OPERATOR

Market/jurisdiction: North Macedonia

Sector: Telecommunications

Deal Category: Potential M&A

Deal value: n/a

There is a rumor that in the following 6 months there will be a tender for a third mobile network operator in North Macedonia. Currently, the market is operated by Telekom (as a merger between T-Mobile and Macedonian Telekom) and A1 (previously One. Vip, as merger between One and Vip).

MODERNIZATION AND PRIVATIZATION OF TEC NEGOTINO

Market/jurisdiction: North Macedonia

Sector: Energy

Deal Category: Potential Privatization/PPP/Concession

Deal value: n/a

TEC Negotino is a thermal power plant operating on fuel oil. It is the second largest producer of electricity in the country with maximal capacity of 215 MWh. It is kept as reserve of North Macedonia's energy system. There is a rumor for its modernization into Natural Gas Turbine Power Plant and privatization which will include PPP or concession.

PRIVATIZATION OF KOMERCIJALNA BANKA

Market/jurisdiction: Serbia

Sector: Banking

Deal Category: M&A

Deal value: cca EUR 400-600 million

The non-binding bids sent within the first phase of the tender for the sale of state-owned shares of Komercijalna Banka were opened on 10 September. The Tendering Commission determined that four bids had been sent within the deadline defined in the documentation. The Ministry of Finance will analyze these non-binding bids with the help of privatization advisers (a consortium led by Lazard Freres and composed by KPMG and Prica & Partners) and determine which bidders qualify for the second, binding, phase. These bidders will then be allowed to perform additional and through analysis of the bank's operations. The binding bids should be made in mid-November 2019.

Previously Raiffeisen Bank, AIK Bank, NLB Bank and the American-European consortium consisting of Ripplewood Advisors, Direktna Banka and Greece's Eurobank had expressed interest.

As a reminder, the Republic of Serbia, EBRD and IFC Capitalization Fund have reached an agreement concerning the sale of 34.58% of the ordinary shares in Komercijalna Banka a.d. owned by EBRD and IFC Capitalization Fund to the Republic of Serbia. Following completion

of the transaction the Republic of Serbia will own 83.23% of the ordinary shares of the Bank. The transaction follows the acquisition by the Republic of Serbia of 6.89% of ordinary shares from Swedfund and DEG which was completed on 26 June 2019. The transaction therefore completes the consolidation of the ownership structure of the Bank and allows the Republic of Serbia to offer for sale a total of 83.23% of the Bank's ordinary shares to facilitate the privatization of the Bank under the ongoing privatization process.

SALE OF HETA ASSET RESOLUTION D.O.O., TCK D.O.O. AND TCV D.O.O.

Market/jurisdiction: Slovenia

Sector: Finance

Deal Category: M&A

Deal value: EUR 661 million

HETA ASSET RESOLUTION AG (HETA), 100% owned by the Republic of Austria, indirectly holds 100% stakes in HETA Asset Resolution d.o.o. (HARSI), TCK d.o.o. (TCK), and TCV d.o.o. (TCV), which are non-regulated entities operating within Slovenia. HETA intends to divest:

- all shares and/or all assets in HARSI, TCK, and TCV and
- the selected cross border portfolio of HETA (HARSI, TCK, TCV and the selected cross border portfolio of HETA are collectively referred to herein as the Target Group).

As of 30 September 2018, the Target Group has a total gross loan/leasing portfolio of EUR 551 million and manages a real estate portfolio with a fair market value of EUR 110 million.

According to publicly available information the best bid was submitted by the Serbian company MK Group. The sales process is still in progress.

SALE OF THERMANA D.D.

Market/jurisdiction: Slovenia

Sector: Leisure (Hotels & SPA)

Deal Category: M&A

Deal value: n/a

BAMC is selling its 100% ownership of the company THERMANA D.D.

A hotel and wellness center comprised of:

- 2 hotels (Hotel Thermana Park Laško Superior, Hotel Zdravilišče Laško),
- Laško retirement home and
- Parking for campers

SALE OF GORENJE TIKI D.O.O. – IN LIQUIDATION

Market/jurisdiction: Slovenia/Serbia

Sector: Household Appliances

Deal Category: M&A

Deal value: n/a

A branch office GORENJE TIKI d.o.o. in Stara Pazova, Serbia together with a trademark TIKI is for sale.

In 2010, Gorenje d.o.o. moved its production of water heaters (small liters) from Ljubljana to Serbia.

GORENJE TIKI d.o.o. is a part of Hisense, one of the largest companies of household appliances worldwide. The core of GORENJE TIKI d.o.o. are heating, cooling and ventilations systems as water heaters, heat pumps, air conditioners and radiators.

TAB D.D. SEEKING STRATEGIC PARTNER

Market/jurisdiction: Slovenia

Sector: Battery Manufacturing

Deal Category: Investment

Deal value: n/a

TAB d.d. was established in 1965 and for the first 15 years TAB d.d. was a licensed partner of Tudor, Sweden. Nowadays, TAB d.d. is producing a wide range of lead acid flooded, VRLA AGM and VRLA Gel batteries in three

modern factories with approximately 1,300 employees on three different locations. TAB d.d.'s high quality batteries are known worldwide, especially in Europe, Asia and America.

The first attempt of the sale failed in summer 2018 due to the financial issues of a potential South African investor. TAB d.d. is supposedly re-for sale, which is not officially confirmed. TAB d.d. remains open for strategic cooperation. Last year the net profit amounted to EUR 30 million and more.

PRIVATIZATION OF THE ARMS PRODUCTION COMPANIES IN REPUBLIC OF SRPSKA

Market/jurisdiction: Bosnia & Herzegovina

Sector: Arms Industry

Deal Category: Privatization

Deal value: n/a

The Government of the Republic of Srpska intends to privatize companies engaged with production of arms and provision of services related to defense including Kosmos Banja Luka and Orao Bijeljina.

INFRASTRU

UNDERGROUND PASSAGES IN BELGRADE TO BE PUT UP FOR CONCESSION

Market/jurisdiction: Serbia

Sector: Infrastructure

Deal Category: PPP

Deal value: EUR 35.2 million

The passages beneath the busiest Belgrade streets are functional, but are often flooded after it rains. The city has decided to address the problem and install equipment traffic control to be used by the city, through a concession investment – a public-private partnership.

The subject of the concession is financing, procurement, construction, installation and connection of elements of urban equipment in the public interest of the city of Belgrade, fixing parts of underground pedestrian passages, replacement of the existing escalators and the installation of new ones, maintenance and installation of new elevators for the disabled. The concessionaire will get the right of using digital panels as ad space for commercial purposes. The city will be able to use those screens to broadcast information important to the citizens of Belgrade.

The concession is given for a period of 25 years, and the concessionaire will invest funds in the reconstruction of underground passages and equipment and pay the city a concession fee amounting to EUR 12.4 million. It is not yet known when the realization of the entire project could begin, but by adopting this

decision, the city has enabled the Roads of Belgrade and the Secretariat for Traffic to start the procedures for the realization.

CONSTRUCTION OF THE PRILEP - GRADSKO EXPRESS ROAD

Market/jurisdiction: North Macedonia

Sector: Transport Infrastructure

Deal Category: Project

Deal value: n/a

The Government is currently preparing the tender documentation for the construction of the second phase of the Prilep - Gradsko express road. The project is financed by the EBRD.

THIRD DEVELOPMENT AXIS

Market/jurisdiction: Slovenia

Sector: Transport Infrastructure – Roads

Deal Category: Project

Deal value: EUR 800 million

The term third development axis states for a future transport connection taking place from north to south-eastern Slovenia (from the border with Austria to the border with Croatia). Part of this connection are also 2 new state roads.

The investor of a new road connection is a public company DARS d.d. (Motorway Company in the Republic of Slovenia). Sources

STRUCTURE

of financing have not yet been determined, nor is the total value of the investment.

TENDERS FOR IMPROVING THE RURAL ROAD INFRASTRUCTURE

Market/jurisdiction: Albania
Sector: Transport Infrastructure – Roads
Deal Category: Project
Deal value: EUR 16 million (approx.)

It has been announced that the Albanian Development Found has launched three tenders for a total value of approx. EUR 16 million, for work related to the improvement of the rural road infrastructure. The ADF expects offers by the end of September 2019.

PROJECT FOR LED LIGHTNING OF NATIONAL ROAD SYSTEM

Market/jurisdiction: Albania
Sector: Transport Infrastructure
Deal Category: Project
Deal value: n/a

The Ministry of Infrastructure and Energy has announced that its investment plans will include the equipment of the national road system with LED lightning technology. The project is currently under feasibility study and no exact timelines/budgets have been made available for this ambitious project.

TURKSTREAM GAS PIPELINE

Market/jurisdiction: Bosnia & Herzegovina
Sector: Infrastructure – Gas
Deal Category: Investment
Deal value: EUR 300 million

The Ministry of Energy and Mining of Republic of Srpska announced plans for the construction of the 300 kilometers long transport pipeline trough Republic of Srpska and the construction of a distribution gas network along the cities that will be connected to the transport network in the length of about 5000 kilometers. The construction of the planned gas pipeline should be financed by the Russian company "Gazprom" together with still undetermined participation of Republic of Srpska.

MOTORWAY NETWORK

Market/jurisdiction: Bosnia & Herzegovina
Sector: Transport Infrastructure – Roads
Deal Category: Concession / PPP
Deal value: n/a

The Government of the Republic of Srpska announced ambitious plans for construction of motorway network in Republic of Srpska with Chinese investors as well as highway between Sarajevo and Belgrade through Republic of Srpska with support of Turkish Government.

EPCG ACQUISITION

Market/jurisdiction: Montenegro

Sector: Electricity

Deal Category: M&A

Deal value: n/a

Elektroprivreda Crne Gore AD Nikšić (EPCG) is the Montenegrin national energy company.

Montenegro seeks a partner capable of securing greater profits for EPCG and the construction of new production facilities.

According to media reports, Montenegro does not need a buyer for EPCG but a strategic partner to ensure the utility company development. Companies from the European Union, USA, and China are interested in the acquisition of EPCG share.

In 2009, Italian energy provider A2A paid EUR 436 million for 42% of EPCG. Eight years later it decided to sell the shares, activating the Put Option and offering them to the Government of Montenegro. The Put Option envisaged the sale of the entire stake owned by the Italian company for EUR 250 million, paid in seven annual instalments. However, the government decided to accelerate the takeover and complete it within the next six months.

The share participation of the future partner is not defined yet, but it is expected to be entrusted with management rights over EPCG.

BORDER CHECKPOINT

Market/jurisdiction: Bulgaria

Sector: Infrastructure

Deal Category: Public Procurement Procedure

Deal value: EUR 8 million

Bulgaria's Customs Agency opened a 15.4 million levs (EUR 7.9 million) tender for the reconstruction and modernisation of Stanke Lisichkovo border checkpoint, on the border with North Macedonia.

The tender includes investment project management, construction works and supervision. The project will be financed by agency's own funds.

Bids in the tender will be ranked based on technical criteria (60% weight) and on price offer (40% weight).

Deadline for submitting offers - 30 September 2019.

INTERNATIONAL TENDER FOR THE CONSTRUCTION OF A NEW GAS TRANSMISSION PIPELINE IN BULGARIA

Market/jurisdiction: Bulgaria
Sector: Energy/Gas/Infrastructure
Deal Category: Public Procurement Procedure
Deal value: EUR 4.7 million

The state-owned company Bulgartransgaz has announced an international call for tender for the construction of a new gas transmission pipeline in Bulgaria.

The estimated cost of the contract is EUR 4.7 million and its scope comprises supply of equipment, installation, construction and commissioning of a gas transmission pipeline to the town of Svishtov in the northern part of the country. The expected length of the new gas pipeline is around 42 km.

Bulgartransgaz will finance the contract with a grant from the European Bank for Reconstruction and Development (EBRD). The tender procedure will be carried out in accordance with EBRD Procurement Policies and Rules and the terms and conditions of FIDIC contracts will apply.

Deadline for submitting bids is 21 October 2019.

RIJEKA AIRPORT MODERNIZATION AND DEVELOPMENT

Market/jurisdiction: Croatia
Sector: Transport Infrastructure – Aviation
Deal Category: Project
Deal value: EUR 350 million

The government of Croatia is seeking a strategic partner to participate in the modernization and development of the Rijeka Airport through a concession or private-public partnership. The airport is strategically important to the development of Croatian coastal tourism. The project aims to increase the passenger capacity of the airport for up to 5 million passengers per year and to revitalize existing infrastructure and to expand on current capacities.

NEW PORT SISAK

Market/jurisdiction: Croatia
Sector: Transport Infrastructure – Water
Deal Category: Project
Deal value: EUR 150 million

Sisak is located on the pan-European corridor X (from Salzburg in Austria to Thessaloniki in Greece). It is traditionally recognized as the intersection of traffic routes and has a well-developed rail, road and inland waterway infrastructure. River port Sisak located on the Sava River is the largest river port in Croatia. This is a long term project planned in three phases:

First phase is planned to be implemented in the period between year 2020 and 2024 including the construction of two berths: for bulk cargo and other cargo. Second phase will be implemented between year 2025 and 2034 and it will expand the port to a total of four berths. The final phase is planned for years 2035 – 2044 and it will consist of the construction of pontoons for oil and LPG trans-shipment. Additional area for economic-industrial zones will be constructed during the same, final phase.

CONSTRUCTION OF A NEW CLINIC CENTRE IN SKOPJE

Market/jurisdiction: North Macedonia
Sector: Social Infrastructure – Clinic Centre
Deal Category: Project
Deal value: EUR 400-450 million

A new Skopje Clinic Centre will be built in the municipality of Gjorce Petrov. The public call is expected by the end of 2019. The construction should begin in the next few years.

In accordance with the Government's plan for increased privatization in the health sector, this project might be the first big PPP project in the health sector in the country. The Government is still deciding whether the project will go as PPP or on tenders for construction.

PODGORICA AND TIVAT AIRPORT CONCESSION

Market/jurisdiction: Montenegro
Sector: Transport Infrastructure – Aviation
Deal Category: Project
Deal value: n/a

The Montenegrin government will put its two international airports in Podgorica and Tivat up for concession. The scope of the concession will include the upgrade, operation and maintenance of the two existing international airports of Podgorica and Tivat, as well as feasibility studies and concept development for two greenfield airports in Berane and Ulcinj. Combined, Tivat and Podgorica airports have experienced strong growth over the past ten years (an average of 6% and 7% respectively).

IFC is a consultant on this project and the concession act for this specific tender is still pending in the Parliament and is expected to be adopted in the near future and the tender announced. The government plans to offer a concession contract with a term of 25 to 30 years. There will be a two-stage tender procedure to find a preferred partner. So far there has been a lot of interest, about 10-12 bidders are expected to compete. According to the Concession act adopted by the Government in July 2019, the public call is expected in September this year.

INSTITUT DR SIMO MILOŠEVIĆ – AD IGALO TENDER

Market/jurisdiction: Montenegro
Sector: Social Infrastructure – Hospital
Deal Category: Privatization
Deal value: EUR 33.4 million

The institute for physical medicine, rehabilitation and rheumatology Dr Simo Milosevic JSC – Igalo is one of the largest and the most famous institutions for multidisciplinary spa treatments in the Balkans.

The company has the total registered capital in the nominal amount of EUR 59.2 million divided into 382,351 shares. The subject-matter of the tender will be sale of the state-owned share capital which comprises of 215,954 shares or 56.4806% of share capital of the company or recapitalization of the company.

The public invitation was announced in October last year. The deadline for submission of bids was 19 January 2019, and according to the official statements from the Tender Commission for Privatization session held on 24 January 2019, the bid submitted by the Philibert Consortium and Villa Oliva DOO, meets the formal requirements. The Commission gave the green light for entering into negotiations phase which shall be held in September this year. According to the local newspapers, there are some disagreements over a couple of issues, however it is expected that they shall be resolved in the negotiations.

BELGRADE SUBWAY CONSTRUCTION PROJECT

Market/jurisdiction: Serbia
Sector: Transport Infrastructure – Subway
Deal Category: Project
Deal value: EUR 3.6 billion

The Belgrade subway has been talked about for several decades, and the Government of Serbia has formed the Task Force for the realization of the Belgrade Subway Construction project, whose task is to prepare acceptable technical, commercial and financial solutions for the realization of this project together with the Power Construction Corporation of China (POWERCHINA). In June, the City of Belgrade adopted the General Project and the Previous Feasibility Study for subway lines 1 and 2, completed by the French company Egis. Egis had done a study of transportation demand, a proposition of the urban integration of the subway and connecting it with other means of urban and suburban and inter-city transport (train, BG voz, tram, bus and trolley).

It is projected that the works would cost a total of EUR 3.6 billion, of which EUR 1.3 billion for the first phase.

NATURAL RESOURCES

CCPP SLAVONSKI BROD

Market/jurisdiction: Croatia

Sector: Natural Resources

Deal Category: Natural gas

Deal value: EUR 450 million

CCPP Slavonski Brod is a greenfield project of phased construction of gas Combined Cycle Power Plant of rated capacity up to 2×250 MWe and 25 MWt next to the City of Slavonski Brod. The net rated capacity of the first phase of CCPP Slavonski Brod is up to 240 MWe. Estimated value of the total investment is EUR 450 million, while the investment estimate for the first phase is EUR 200 million.

The location of the project is equipped with utilities and infrastructure and is ready for construction. Legal affairs regarding the land plot have been resolved by way of concession contract for 35 years. The environmental impact assessment procedure has been completed. The environmental permit and location permit have been obtained and are final and effective. Space for managing future carbon capture and storage requirements has been reserved at the power plant location. Project holder, CRODUX ENERGETIKA Ltd., a 100% privately owned company, is looking for potential financial/strategic investors and partners to enter the project through the acquisition of certain amount of the company's shares. Investors and project participants have an opportunity to achieve profits from sales of a broad portfolio of products and services that

the CCPP Slavonski Brod can offer on the open energy market in Croatia, the European Union and Energy Community (especially the South East Europe region). Financial success will be achieved over the estimated period of the project (20 years), generating future positive cash flows and fulfilling all financial obligations within the planned life of the project.

REAL ESTATE

ATTRACTIVE PROPERTIES FOR SALE

Market/jurisdiction: Bulgaria

Sector: Real Estate

Deal Category: Acquisition

Deal value: Various

Bulgarian Ministry of Defence announced 100 real estate properties for sale. Attractive land plots in Varna, Burgas and on the Black Sea coast, suitable for development of leisure complexes, are on the list. Another group of properties includes locations in big cities like Plovdiv, Ruse, Sofia and the vicinities, neighbouring quickly developing industrial zones.

The tenders will be led by the Ministry of Defense as per approved schedule in the months from August until the end of 2019. Potential investors are invited to contact DPC for details and assistance.

CONSTRUCTION OF SERBIAN-CHINESE INDUSTRIAL PARK

Market/jurisdiction: Serbia

Sector: Real Estate

Deal Category: Project

Deal value: EUR 300 million

Serbia's government signed an agreement with China Road and Bridge Corporation (CRBC) for the construction of an industrial park in the Belgrade suburb of Borča.

The preparation of the project's master plan has been underway, while all preparatory works necessary for the start of construction in early 2020 go as planned. The park is intended to turn into an innovation centre in this part of Europe, hosting a big number of innovative companies, colleges, modern laboratories for exploration and development, particularly in the areas of artificial intelligence and robotics. The industrial park will spread on an area of 330 hectares in the Belgrade suburb of Borča, and will be built in three phases. The industrial park will create 10,000 high-tech jobs and provide indirectly for the opening of a further 15,000 jobs. Construction works are expected to start by the end of 2019.

PROJECT 3 SISTERS – CROATIAN DREAM DUBROVNIK

Market/jurisdiction: Croatia

Sector: Leisure

Deal Category: Project

Deal value: EUR 920 million

Project "3 sisters - Croatian Dream" envisages the construction of a luxury resort and marina for mega yachts with golf courses.

The project has a total area of about 260 ha (2.6 million sqm) of which the tourist zone is 40 ha with accommodation planned for 4,100 beds, a golf course on 205 ha (building area of 27.3 ha), and the marina area of 10 ha. Within the project, it is planned to construct the following facilities: 7 hotels, 220 villas, 500 apartments, a golf course with 27 holes, a marina for mega yachts up to 400 boats, sports facilities, restaurants, bars, museums, galleries and more.

The project is 100% privately-owned and is located in the area of special state concern of the Republic of Croatia, which provides certain tax incentives.

TERRA ISTRIANA - THIRD-GENERATION TOURISM PROJECT IN UMAG, ISTRIA

Market/jurisdiction: Croatia

Sector: Leisure

Deal Category: Project

Deal value: EUR 200 million

Terra Istriana is an integrated third-generation tourism project located on the building area of 14.75 ha in total with concession rights for the seafront area. The scope of the project is the construction of a high-category tourist resort with a wide range of activities relating to leisure, culture and relaxation.

The main characteristic of the project is the lake that along with the agricultural production forms an integral part of the resort. The project plans to construct a 2,270-bed resort accompanied by all kind of contemporary tourism services as well as 199-berth marina with anchorages and water and electricity hook-up connections for mega yachts.

PRIVATIZATION OF HOTEL GROUP BUDVANSKA RIVIJERA AD BUDVA

Market/jurisdiction: Montenegro

Sector: Leisure

Deal Category: PPP

Deal value: EUR 200 million

According to the privatization plan for 2019, the Montenegrin government is expected to announce a public tender for the privatization of the HG Budvanska Rivijera AD. The subject of the tender will be the sale of 58.73% of the capital, after restructuring. The preparation for the tender is underway and it will be publicly announced upon restructuring of the company. Hotel Group Budvanska Rivijera AD is a hotel management company and the major tourism company in Montenegro. Its long and rich history of providing hospitality services makes the image of Budvanska Rivijera Hotel Group recognised in the tourism market of Europe. Hotel Group Budvanska Rivijera now manages and operates 6 hotels and over 3,800 beds: the Palas Hotel (4*), Petrovac, 171 accommodation units; Slovenska Plaza Tourist Development (3+*) Budva, 1069 accommodation units; Aleksandar Hotel (3*), Budva, 219 accommodation units; Castellastva Hotel (4*), Petrovac, 185 accommodation units and Hotel Mogren (3*) Budva 49 accommodations units.

According to the conclusion of the meeting of the Board of Directors held in May 2019, all requirements for privatization are fulfilled. Further, the eleventh extraordinary session of the General Meeting of Shareholders of the

Hotel Group Budvanska rivijera AD Budva which was held in June this year, supported the earlier government decision to separate and establish a new company, which shall have in possession hotels Sveti Stefan and Miločer, with an associated land complex.



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