

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 30 January 2014, the Government of Montenegro issued

THE DECISION

ON

PRIVATIZATION PLAN FOR 2014.

1. Establishing the Privatization Plan for 2014 which is an integral part of this decision.
2. This decision shall become effective eight days upon its publication in the “Official Gazette of Montenegro”.

Number: 08- 178

Podgorica, 30 January 2014

THE GOVERNMENT OF MONTENEGRO

Prime Minister,
Milo Đukanović

THE PRIVATIZATION PLAN FOR 2014

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 Projects Council (hereinafter: the Council), which shall be announced in the public media.

Privatization Plan for 2014 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 contains, *inter alia*:

- 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.

I 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 Montenegrin economy.

This goal will be achieved by the Government 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 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.

II METHODS AND PRINCIPLES OF PRIVATIZATION

Privatization in 2014 shall be based on privatization methods and principles adjusted to the free market demands.

1. SALE OF SHARES AND ASSETS BY PUBLIC TENDER

1.1. According to the Decision of the Council, implementation of published tender for privatization of the following company shall continue:

1. „Jadransko brodogradilište“ AD – Bijela /*Adriatic Shipyard, JSC* /.

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

1. „Novi duvanski kombinat“ AD - Podgorica, /*New Tobacco Plant, JCS* /
2. AD „Montecargo“ Podgorica,
3. „Montenegro airlines“ AD Podgorica,
4. HG „Budvanska rivijera“ AD Budva,
5. HTP „Ulcinjaska rivijera“ AD Ulcinj,
6. „Institut za crnu metalurgiju“ AD Nikšić, /*Ferrous Metallurgy Institute* /
7. Fabrika elektroda „Piva“, Plužine, /*Electrode Plant* /
8. „Poliex“ AD, Berane,
9. Institut „dr Simo Milošević“ AD - Igalo,
10. AD „Marina“ Bar,
11. Montenegro Defence Industry“ doo - Podgorica, i
12. Hotel „Park“, Bijela, opština Herceg Novi.

MAIN INFORMATION ON COMPANIES AND TENDER SUBJECTS

1. „Jadransko brodogradilište“ AD – Bijela /*Adriatic Shipyard* /

Subject matter of the Tender is sale of 61.5749% of capital in joint stock company JADRANSKO BRODOGRADILIŠTE A.D. BIJELA expressed as 989,835 shares, which comprises of the following structure of capital and number of shares: 31.6668% of capital owned by the Compensation Fund of Montenegro (509,053 shares), 22.4311% of capital owned by the Fund for Pension and Disability Insurance of Montenegro (360,587 shares) and 7.4770% owned by the Employment Bureau of Montenegro (120,195 shares). The core activity of the Company is ship repair activity and ship reconstruction activity, and the identification number is 02007428.

Owners of the remaining 38.4251% of share capital or of 617,694 shares are Company employees, citizens and legal entities.

Tender procedure shall be implemented in two phases. The first phase of the tender procedure shall establish fulfillment of qualification criteria. Upon fulfillment evaluation the tender participants will in the second phase of the tender procedure have right to submit Bids in accordance with the instructions.

Deadline for submission of bids that prove fulfillment of qualification criteria for participation in the tender is 17 February 2014. Deadline for submission of bids by qualified bidders is 14 April 2014.

2. „Novi duvanski kombinat“ AD – Podgorica /New Tobacco Company/

Subject matter of the Tender is sale of 7,669,611 shares in the company Novi duvanski kombinat AD Podgorica or of 100% of share capital of the Company. The Buyer shall be obliged to implement compulsory investment program for factory construction and to organize production. The share capital subject to sale is owned by the Government with 5,362,543 shares which comprises 69.92% of share capital and by the Capital Town Podgorica with 2,307,068 shares which comprises 30,08% of share capital.

„Novi duvanski kombinat“, joint stock company, Podgorica was founded by the Government Decision no: 06-10962/3, at the session held on 3 November 2011, 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 nominal amount of 7,669,611.00 Euros, divided into 7,699,611 ordinary shares. Nominal value of each share amounts to 1.00 Euro.

3. AD „Montecargo“ Podgorica

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.

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

4. „Montenegro airlines“ AD Podgorica

Subject matter of the Tender is sale of 99.8895% of share capital of „MONTENEGRO AIRLINES“ AD PODGORICA, expressed as 2,897,408 shares owned by the Government.

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

5. HG „Budvanska rivijera” AD Budva

Subject matter of the Tender is sale of 58.7334% of capital of 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).

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

6. HTP „Ulcinjaska rivijera” AD Ulcinj

Subject matter of the Tender is sale of 63.5273% of capital of 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).

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

7. „Institut za crnu metalurgiju” AD Nikšić /Ferrous Metallurgy Institute/

Subject matter of the Tender is sale of 51.1159% of capital of joint stock company „INSTITUT CRNE METALURGIJE” 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).

„Institut crne metalurgije” AD Nikšić is a joint stock company established and existing under the laws of Montenegro, registered with the Central Registry of Companies under registration number 40004230 with total registered capital in the nominal amount of 5,220,145.22 Euros. Nominal value of each share is 8.1602 Euros. Company’s identification number is 02040760. Code and core activity of the company: 7120, technical testing and analysis.

8. Fabrika elektroda „Piva”, Plužine /Electrode Plant/

Subject matter of the Tender is sale of 42.1864% of capital of joint stock company FABRIKA ELEKTRODA „PIVA” PLUŽINE expressed as 147,093 shares owned by the Investment-Development Fund of Montenegro.

Fabrika elektroda „Piva”, Plužine is a joint stock company established and existing under the laws of Montenegro, registered with the Central Registry of Companies under registration number 40000952 with total registered capital in the nominal amount of 8,913,711.34.56 Euros. Nominal value of each share is 25.5646. Company’s registration number: 40000952, while the identification number is 02039630. Code and activity: 2593, production of wire products, chains and springs.

9. „Poliex” AD, Berane

Subject number of the Tender is sale of 50.7532% of capital of joint stock company „POLEX” HEMIJSKA INDUSTRIJA A.D. BERANE expressed as 197,811 shares, which comprises of the following structure of capital and number of shares: 46.4053% of capital owned by the State of Montenegro – the Government (180,865 shares), and 4.3479% of capital owned by the Compensation Fund (16,946 shares).

„Poliex” AD, 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 Euros. Nominal value of each share is 5.6845.1602 Euros. Identification number 02039630. Code and activity: 2051, production of explosives.

10. Institut „Dr Simo Milošević” AD – Igalo

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.

Share capital that is subject to sale is owned by the Government (73,387 shares or 19.1936%), Investment-Development Fund of Montenegro (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%).

Company 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 EUR 59,240,278.65 divided into 382,351 shares. Company's identification number is 02008386. Code of the core activity is 8610.

11. AD „Marina” Bar

Subject matter of the Tender is sale of 825,727 shares of the company MARINA AD BAR or 54.3463% of total share capital of the Company.

Share capital that is subject to sale is owned by: the State of Montenegro (19.4710% or 295,838 shares), Investment-Development Fund of Montenegro (16.9992% or 258,283 shares), Fund for Pension and Disability Insurance of Montenegro (13.4071% or 203,704) and Employment Bureau of Montenegro (4.4691% or 67,902 shares).

Company is a joint stock company established and existing under the laws of Montenegro, registered with the Central Registry of Companies under the registration number 4-0001451/019, with total registered capital in the nominal amount of EUR 8,801,154.7954 divided into 1,519,379 ordinary shares. Nominal value of each share is EUR 5.7926. Company's identification number: 02333155. Code of the Company's core activity is 92621 – marina activity.

12. „Montenegro Defence Industry” doo – Podgorica,

Subject matter of the Tender is privatization of 100% of the Government's stake in the company „MONTENEGRO DEFENCE INDUSTRY” DOO – PODGORICA. Company's identification number is 02236575. Core activity of the company is foreign trade with arms and military equipment, wholesale, retail sale and engineering.

13. Hotel „Park” with related land, Bijela

Hotel building includes auxiliary building – garage and related land designed as a park. Hotel's number of floors is P+3, was constructed in 1975 and exists in its original shape. Hotel's accommodation capacities are 45 rooms, 3 apartments and 3 additional staff rooms, accordingly total of 51 accommodation units on floors. Total projected net construction area of the hotel facility is 2,322 m², whilst the gross area is 2,920 m². Usable height is 3.20 m² at the ground floor and 2.65 m² at the upper floors. The real estate is registered in the Transcript of Title Deed no 77 K.O. Jošica /*Cadastral Municipality*/ as of 22 June 2009. Hotel building together with the auxiliary facility of garage was constructed on the cadastral plot no 314/1 with surface of 5,627m², while the concrete plate of the swimming area is located on the cadastral plot 377/1 with surface of 522 m². Right on utilization of the subject land is owned by the State of Montenegro, registered in favor of the JU Regionalni centar za obuku ronlaca Bijela /*Public Enterprise Regional Center for Training of Divers*/ with stake of 1/1. Hotel facility, registered as the building no 1, is not elaborated in respect to floors but registered number of floors is P+3 and surface of foundation is 730m². Garage facility is registered as facility no 2. Minor parts of the garage overlap with the neighboring plot no 314/2. The plot 377/1 belongs to Morsko dobro /*Coastal Zone Management Agency*/ which is registered as a burden.

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

2.1. Tenders announced for the following locations shall continue:

1. Island Lastavica with fortress „Mamula“, Herceg Novi,
2. VTK „Mediteran“, Žabljak,
3. Location between Njivice and mouth of Sutornine, Herceg Novi,
4. Military-Tourism Complex “Bigovo“-Trašte, Kotor,
5. Tourism Complex Ecolodge, Vranjina, and
6. Sale of land of the former barracks “Radoje Dakić“, Žabljak.

1. Island Lastavica with fortress „Mamula“, Herceg Novi

PLANNING DOCUMENTS: The subject location is under the State Location Study „Sector 34“ 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 m²; BRGP /*gross constructed area*/ 20,564.50 m²; Number of floors P+1; Number of accommodation units 30; Number of beds 66.

PROPERTY RELATIONS: State property; 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 assessed investment into the projects envisaged by such planning document is **99.8 million €**. It is assessed that framework investment for valorization of this location could be around **9.5 million €**. Land lease value for minimum 31 years is 987,288 € and maximum 90 years of lease is 2,866,320 €.

Deadline for submission of bids is 31 January 2014.

2. VTK „Mediteran“, Žabljak

PLANNING DOCUMENTS: It is located within the special purpose spatial plan for Durmitor area, under the Detailed Elaboration for location “Former military resort”, Žabljak Municipality. Plan proposal is completed and its adoption is underway. Surface of the urbanism plot for tourism resort amounts to 13,513m². 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: State property

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

Deadline for submission of bids is 7 April 2014.

3. Location between Njivice and mouth of Sutrina, Herceg Novi

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

1. development of 5,000 m² of beach,
2. construction of hotel with around 1000 m² of business and common units, apartment block of around 7000 m² with 80 – 100 apartments, complex of business premises of 700 m², yachting service of 300 m² and 1000 m² of garage area (total of 2000 m²),

3. construction of business-apartment facilities with total of eight apartments and 300 m² of business premises (total of 600 m²), in the berth hinterland, and

4. construction of berths (40 berths in the hotel part and 15 berths for local vessels).

PROPERTY RELATIONS: The land subject to sale is owned by the State; 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. Land and aquatorium lease value for minimum 31 years is **1,270,600€** and for maximum 90 years of lease is **3,688,830 €**.

Deadline for submission of bids is 7 March 2014.

4. Military-Tourism Complex “Bigovo“-Trašte, Kotor

PLANNING DOCUMENTS: The State Study for Location „Sector 38 – Bigova“ and Local Study for Location “Trašte“ were adopted. 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.

Planned capacities for the entire hotel complex: total surface of the location (all plots) – 20,351 m². In addition to hotel facilities, planned under the tourism resort „Marina Village“, it also envisages dependances with different types of high standard accommodation units 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 m² - 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 €**. Land and aquatorium lease value for minimum 31 years is **2,077,837€** and for maximum 90 years of lease is **6,032,340 €**.

Deadline for submission of bids is 21 February 2014.

5. Tourism Complex Ecolodge, Vranjina

PLANNING DOCUMENTS: State Study for location Vranjina with Lesendro and Žabljak Crnojevića was adopted.

State Study for location Vranjina with Lesendrom 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: State property.

INVESTMENT VALUE: Value of total investments on the basis of construction of the complex Ecolodge with related facilities is estimated to **2,157,488€**.

Land lease value for minimum 31 years is 407,092 € and for maximum 90 years of lease is 1,181,880 €.

Deadline for submission of bids is 7 March 2014.

6. Sale of land of former barracks “Radoje Dakić“, Žabljak.

PLANNING DOCUMENTS: The subject plot is included in the Amendments to the Detailed Urbanism Plan for Žabljak. The Draft Plan is completed. One part of this cadastral plot, which is under the Zone G, forms an urbanism plot of the Urbanism Plan 542 intended for tourism – tourism resort and the following parameters are given thereof: Surface of the urbanism plot is 11,110 m².

PROPERTY RELATIONS: State property

INVESTMENT VALUE: Assessed land value is **2,353,935 €**.

Deadline for submission of bids is 21 February 2014.

- 2.2. Pursuant to the decisions of the Council, responsible Tender Commission shall implement procedure on selection of investor by public international tender for long-term lease of the following locations:

1. Tourism valorization of Velika plaža /The Great Beach/ through development, construction, financing and management of exclusive tourism complex and long-term lease of 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. State Study for the location of Sector 66 was adopted, which defines intention for this area as for tourism. 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 envisages reconstruction of 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 m². Drafting of the spatial urbanism plan for Ulcinj is currently in preparation

PROPERTY RELATIONS: 903 ha are owned by the State, 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 €

2. Tourism valorization of location Ada Bojana through development, construction, financing and management of exclusive tourism complex and long-term lease of 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 owned by the State.

INVESTMENT VALUE:: Cca 200 million € (assessment from 2011)

3. Tourism valorization of locations included into the Special Purpose Spatial Plan for „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. 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. Main settlement of the Mountain Center consists of the zone with central settlement facilities, including 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: State property

INVESTMENT VALUE: Investment value from 65 to 75 million €

4. 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 urbanism plan for Ulcinj is underway.

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 were implemented during the previous period and the draft 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 was prepared. The mentioned Decision has not been sent to the Government for consideration and adoption since the Protector of Property-Based Interests suggested that it is necessary to determine whether the mentioned land is a natural heritage considering that “G” list contains burden „Morsko dobro” /*Coastal Zone*/.

INVESTMENT VALUE: Planning document contains no investment projections.

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

PLANNING DOCUMENTS: State Study for the Location Sector 16 adopted; 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 9,196m², 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. Ministry of Sustainable Development and Tourism has prepared Information on previous investments by the former concessionaire and on open issues, together with proposal on conclusions that the Government is to adopt with the aim to amend the Tender Documentation adopted in 2012. There are also restitution notes on certain plots.

INVESTMENT VALUE: 89.6 million €

6. Masline Valley - „Utjeha“ for Bay Odrač u Baru

PLANNING DOCUMENTATION: Detailed elaboration for the location Valley Masline „Utjeha“ was completed under the Special Purpose Spatial Plan for the area of Morsko dobro /*Coastal Zone*/. Detailed elaboration envisages construction of hotels, ground floor surface of 3185 m², as well as villas with restaurants, villas, restaurant and other related service facilities in total gross surface of 15,085 m², or tourism resort in total gross surface of 34,985 m².

PROPERTY RELATIONS: Land that is subject to valorization has total surface of 20,471 m² and includes parts of cadastral plots: 2876, 2877 and 4085. It is owned by the State, there is a burden „Morsko dobro“ /*Coastal Zone*/. There are three buildings on the subject land owned by Bar Municipality.

7. Military-Tourism Complex „Valdanos“, Ulcinj

PLANNING DOCUMENTS: Adopted State Study for location Valdanos, which envisaged construction of high category (4* and 5*) 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: Subject real estate is registered in the Title Deed number 972, Cadastral Municipality Ulcinj.

„G“ List of real estate contains noted burden „Morsko dobro“ /*Coastal Zone*/.

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

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

8. Military-Tourism Complex „Ostrvo cvijeća“ /The Island of Flowers/ and land of Prevlaka

PLANNING DOCUMENTS: State Study for Locations Kalardovo, Ostrvo Cvijeća and Brdište was adopted in 2012, which 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 (TD 628-Cadastral Municipality Đuraševići).

The subject land is owned by the State. 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 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.

9. 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.

10. Lalovina komanda - PKL, Herceg Novi

PLANNING DOCUMENTS: Cadastral plot no 314 is included into the DUP "Meljine" /Detailed Urbanism Plan/, as a part of urbanism plot of the Urbanism Plan 52 which is envisaged for residential villa, having dimensions of the existing building. There is possibility to reconstruct the existing building within the existing horizontal and vertical dimensions. The following parameters apply thereof: Surface of the urbanism plot 7,599.63 m²; Number of apartments 7 and number of beds 28.

PROPERTY RELATIONS: Real estate are registered in the cadastral plot no 314 and in the Title Deed no 186, Cadastral Municipality Podi, with total area of 7,596 m², as registered in the Title Deed, owned by Montenegro 1/1. There are no burdens and limitations.

INVESTMENT VALUE: Planning document contains no projections.

- 11. Warehouse „Morinj“- Kotor**
- 12. Warehouse „Dobre vode“ – Bar**
- 13. Warehouse „Kopita“ Kolašin**
- 14. Warehouse „Rakite“ - Herceg Novi**
- 15. 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: 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.

16. Location „Donja Arza“ Herceg Novi Municipality

PLANNING DOCUMENTS: Location is elaborated in details under the State Study for Location „Sector 34“.

PROPERTY RELATIONS: The land that is subject to lease is owned by the State of Montenegro.

INVESTMENT VALUE: According to the State Study for Location Sector 34, the assessed investments into projects included by this planning document, including this very location, is 99.8 million €.

17. Location „Špiljice“, Herceg Novi Municipality

18. Location „Valac“, Herceg Novi Municipality

19. Ski Resort „Savin kuk“ , Žabljak Municipality

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.

- 2.3. Pursuant to the Decision issued by the Council, procedure for selection of investor for the public-private partnership model shall be implemented for the following company:

2.3.1. Pošta Crne Gore AD – Podgorica /Post Office/

Pošta Crne Gore AD 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 this year.

List of all locations /companies is contained in the Appendix number 3.

3. SALE OF SHARES AT THE STOCK EXCHANGE

List of companies that are to be privatized through stock exchange sale is enclosed in the Appendix 2.

Sale of shares for companies from the paragraph 1 of this item, 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.

III 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.