

Pursuant to Article 3 of the Law on Privatisation of Economy (Official Gazette of the Republic of Montenegro 23/96, 6/99, 59/00 and 42/04), at its session held on 1st March 2018. the Government of Montenegro adopted the following

DECISION

ON

THE PRIVATISATION PLAN FOR 2018

1. The Privatisation Plan for 2018 is hereby established and it shall be an integral part of this Decision.
2. This Decision shall enter into force on the eight day following that of its publication in the Official Gazette of Montenegro.

Number: 07-813

Podgorica, 1st March 2017

GOVERNMENT OF MONTENEGRO

**Prime Minister,
Duško Marković**

PRIVATISATION PLAN FOR 2018

I. INTRODUCTORY NOTES

The Law on Privatisation of Economy (Official Gazette of the Republic of Montenegro 23/96, 6/99, 59/00 and 42/04) stipulates that privatisation shall be made in accordance with annual privatisation plans adopted by the Government of Montenegro (hereinafter referred to as the "Government") upon proposal of the Privatisation and Capital Investment Council (hereinafter referred to as the "Council"), which shall be published in the media.

The Privatisation Plan for 2018 was prepared on the basis of proposals of ministries, State funds, as well as tender committees of the Council. The Privatisation Plan shall contain in particular:

- privatisation objectives, manner and detailed terms and conditions with deadlines of their fulfilment;
- privatisation methods;
- a list of companies together with the number and ownership structure of shares that are to be privatised in each company;
- a list of locations to be subject of tourism valorisation; and
- social aspect of privatisation.

II. MAIN PRIVATISATION OBJECTIVES

The Privatisation Plan identifies main privatisation objectives and other aspects of this process, methods and manner of privatisation, together with a defined list of companies and the percentage of their share capital to be privatised.

The main objective of the Montenegrin economic policy is reflected in a higher economic growth, ensuring new jobs and employment, increasing investments and export and creating the basis for higher income and growth of citizens' standard of living, together with the increase of competitiveness of the Montenegrin economy.

The Government will achieve this objective through a combination of economic and fiscal measures, structural reforms and improved business environment.

The priority will be to significantly eliminate barriers to new investments. The Government will, *inter alia*, encourage new investments in particular. One way to encourage investments is certainly to privatise the companies that have not been privatised, as well as to valorise tourism locations.

In such a context, the main privatisation objective is the increase of competitiveness and efficiency of operations of companies, encouragement of foreign investments and entrepreneurship in all sectors, increase of employment and improved standard of living.

III. METHODS AND MANNERS OF PRIVATISATION

Privatisation in 2018 will be based on privatisation methods and manners adjusted to the free market demands.

1. SALE OF SHARES AND PROPERTY BY PUBLIC TENDERS

Preparation and implementation of public tenders shall be initiated for privatisation of the following companies:

1. Institute "Dr. Simo Milošević" JSC, Igalo (sale of shares and/or capital increase),
2. HG "Budva Riviera" JSC, Budva (sale of shares following restructuring).

MAIN DETAILS ABOUT COMPANIES AND SUBJECT OF TENDERS

1) Institute for Physical Medicine, Rehabilitation and Rheumatology "Dr. Simo Milošević" JSC, Igalo

1.1 Main details about the Joint Stock Company

The Institute for Physical Medicine, Rehabilitation and Rheumatology "Dr. Simo Milošević" JSC, Igalo is a Joint Stock Company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 4-0000823, with the total registered capital in nominal amount of EUR 59.240.278,65 divided into 382.351 shares. The nominal value of shares amounts to EUR 154,9369. Identification number of the Company is 02008386. The code of the Company's core activity is 8610.

1.2 Subject of the Tender

Subject of the Tender is the sale of 215.954 shares and/or capital increase of the Company Institute for Physical Medicine, Rehabilitation and Rheumatology "Dr. Simo Milošević" JSC, Igalo, i.e. 56.4806% of share capital of the Company, with obligation of the Company to implement the Investment Programme and/or capital increase.

The share capital that is the subject of the sale is owned by the State and the property rights are exercised by the Government (73.387 shares or 19.1936%), Investment and Development Fund of Montenegro (90.411 shares or 23.6461%), Health Insurance Fund of Montenegro (39.117 shares or 10.2307%) and the Employment Agency of Montenegro (13.039 shares or 3.4102%).

2) Hotel Group "Budva Riviera" JSC, Budva

2.1 Main details about the Joint Stock Company

HG "Budva Riviera" JSC, Budva is a Joint Stock Company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 40004651 with the total registered capital in the nominal amount of EUR 80.897.155,70. The nominal value of each share amounts to EUR 9.9740. The registration number of the Company is 02005328. The code and name of the Company's core activity is 55110, hotel and similar accommodation.

2.2 Subject of the Tender

The subject of the Tender is the sale of 58.7334% of the capital of the Joint Stock Company HG "Budva Riviera" JSC Budva, after restructuring, which is composed of the following structure of capital and number of shares: 41.6353% of the capital owned by the Government (3.376.939 shares), 12.8236% of capital owned by the Pension and Disability Insurance Fund of Montenegro (1.040.093 shares) and 4.2745% of capital owned by the Employment Agency of Montenegro (346.698 shares).

The list of companies/property to be privatised by the Public Tender is given in Annex 1 which is an integral part of this Plan.

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

2.1. Implementation of the tenders launched for the following locations:

- 1) **VTK "Mediteran"**, Žabljak Municipality and
- 2) **Kolašin 1600, Bjelasica and Komovi**, Kolašin Municipality.

2.2. The relevant Tender Committees shall continue with regular activities on the analysis of current situation and preparation of tender documents, in accordance with the procedure for selection of investors for long-term lease for valorisation of the following locations or companies:

- 1) **Ada Bojana, Ulcinj Municipality** - tourism valorisation of the location through development, construction, financing and management of exclusive tourism complex and long-term lease of the Ada Island;
- 2) **Masline Valley - Odrač Bay, Bušat, Bar Municipality;**
- 3) **The location between Njivice and Sutorina mouth, Herceg Novi Municipality;**
- 4) **Location "Donja Arza", Herceg Novi Municipality;**
- 5) **Location "Kabala for", Herceg Novi Municipality;**
- 6) **The Project of tourism valorisation of the location "Mrkovi – Bijela Stijena", Luštica, Herceg Novi Municipality;**
- 7) **The Project of Tourist complex Ecolodge Lovćen – National Park Lovćen, Cetinje;**
- 8) **Ski Resort "Savin kuk", Žabljak Municipality;**
- 9) **Tourism valorisation of the locations included in the Special Purpose Spatial Plan "Bjelasica and Komovi" - Cmiljača and Žarski, municipalities of Mojkovac and Bijelo Polje.**

MAIN DETAILS ABOUT LOCATIONS/COMPANIES

2.1 Implementation of the launched/published tender

1) MTC "Mediteran", Žabljak

PROJECT DESCRIPTION: The location which is the subject of the Tender includes the land extending over 13.951 m², where 20 structures are built, with 487 m² of useful surface. The location is at 1456 m.a.s.l., in the most attractive zone of the National Park "Durmitor".

The "Mediteran" Complex is located in the Otoka settlement, along the road from Žabljak to the Black Lake, slightly inclined, at around 2 km from Žabljak, which has been used as a military holiday resort. The ski jumping site, which was functional some fifty year ago, is located in the vicinity of the site, which testifies to the skiing tradition in this area. The Military and Tourism Complex "Mediteran" represents a leisure complex with a restaurant, bungalows, boiler plant and a small parking. The site is accessed by asphalt road. The land which is the subject of the tourism valorisation is consisted of the cadastral parcel 2235, 13.951 m² in size and registered in the real estate folio in the land register 1113, cadastral municipality Žabljak I, Žabljak Municipality, owned by the State of Montenegro.

PROPERTY RELATIONS: Property of the State of Montenegro.

PLANNING DOCUMENTS: The location of the Military and Tourism Complex "Mediteran" is included in the Special Purpose Spatial Plan for the Durmitor region for which a detailed

elaboration has been completed and defines the purpose of the area of the former Military Resort "Mediteran" as tourism, i.e. construction of a tourism settlement of minimum 4* is planned. The plan envisages demolition of the existing buildings and construction of a new tourist settlement in the location of the existing one. The plan envisages that the central building is used to organize a reception, cafe and a restaurant, service and other supporting tourism amenities, and up to 40 beds as well. Other buildings are planned as bungalows type T1 and T2, with 2-4 beds, with the total capacity of up to 80 beds.

STATUS: Negotiations for long-term lease for a period of 30 years with the Bidder - Consortium CG SKI, Podgorica, with the aim of building a new 5 * tourist resort, are ongoing.

INVESTMENT VALUE: An investment program worth 5 million euros was offered.

2) Tourism valorisation of the locations covered by the SPSP "Bjelasica and Komovi" – Kolašin 1600, Kolašin

PROJECT DESCRIPTION: The zone of the Mountain Centre Kolašin 1.600 is located in the southern region of Bjelasica in the territory of Kolašin Municipality, in the northern part of the zone of the Mountain Centre, at around 1.600 m.a.s.l., and extends over 27.19 ha. The base settlement of the Mountain Centre includes the zone with structures of the Central Settlement with hotels, apartments, reception and public amenities, zones of separate groups with structures of single-family accommodation units and areas of starting points of ski lifts. A network of pedestrian paths is planned in the base settlement to link all facilities of the settlement and allow natural mobility of users while following the configuration of the terrain. The zone of ski tracks is interpolated into the zone of the base settlement. A network of internal roads is planned in the zone to allow access to groups of planned facilities. Access to the base settlement is organized from the direction of Kolašin 1450 and from the road Lubnice-Berane.

The land which is subject of tourism valorisation is consisted of cadastral parcels: 900/7, 904/14, 904/15, 904/16, 904/17, 904/18, 904/19, 904/20, 904/21, 904/22, 939/2, 940/2, 1060/11, 1060/12, 1060/13, 1060/14, 1060/15, 1060/16, 1060/17, 1060/18, 1060/19, 1060/20, 1060/21, 1060/22, 1057/2, 1057/3, 1057/4, 1057/6, 1057/7, 1057/8, 1057/9, 1057/10, 1057/11, 1057/12, 1057/14, 1069/2, 1069/3, 1069/4, 1069/5, 1069/6, cadastral municipality Smrčje, Kolašin Municipality.

PROPERTY RELATIONS: Property of the State of Montenegro.

PLANNING DOCUMENTS: The location is elaborated in detail by the Special Purpose Spatial Plan Bjelasica and Komovi and the Detailed Elaboration of the location Kolašin 1600 (Official Gazette of Montenegro 4/11). The zone for the base settlement is located in the northern area of the Mountain Centre, at around 1600 m.a.s.l., and extends over 27,19 ha. The plan is to build a mountain tourist centre and supporting ski lifts. The base settlement of the Mountain Centre

includes the zone with structures of the central settlement with hotels, apartments, reception and public amenities, the zone of separate groups with buildings of single-family accommodation units and the area of starting points of ski lifts.

STATUS: Negotiations with the Consortium Kolasin 1600, Kolasin are in progress.

INVESTMENT VALUE: The offered value of the required investment is 12.8 million euros.

2.2 Potencial projects for tourism valorisation

1) Tourism valorisation of the location Ada Bojana, Ulcinj

PROJECT DESCRIPTION: The size of the island is 520 ha. The valorisation of approx. 100 ha is planned, together with awarding the right to develop and manage the unique, high-quality tourist complex that offers a range of leisure and recreation activities. It is envisaged that the complex has at least one and possibly several 4+* and 5* hotels, which will be managed by a well-known international tourism operator(s). In addition, the opportunity to develop villas and other residential accommodation for long-term lease, as a part of an integral plan, will be considered: tourism complex in the north-west part of the island (part of capacities to be allocated for a nudist centre), planned tour capacity 2500 beds; "eco-marina" on Bojana with 50 berths; sandy beach; vegetation zone on the dunes in the hinterland of the beach; nature reserve (in the south-east part) with forests, marshes and meadows.

PROPERTY RELATIONS: The area of Ada Bojana covers the land of a total area of 5,132,652m², registered in the land registers 110 and 236 cadastral municipality Gornji Štoj, as a subject of state ownership and disposal of the Government of Montenegro (Land register 110), ie the property of Montenegro and land users - HTP Ulcinj Riviera AD Ulcinj (Land register 236). There is burden "Coastal Zone".

PLANNING DOCUMENTS: The location is covered by the Spatial Purpose Spatial Plan for the coastal zone (100 of the total of 520 ha is envisaged for tourism valorisation), by the Spatial Urban Plan of Ulcinj Municipality and by the Special Purpose Spatial Plan for the coastal zone which in the draft phase. A detailed elaboration of this area is required since the abovementioned plans offer just general guidelines for the capacities (2200 to 3600 beds recommended).

INVESTMENT VALUE: approx. EUR 200 mil.

2) Masline Valley - Odrač Bay, Bušat, Bar

PROJECT DESCRIPTION: Cove Masline is around 15 km away from Bar towards Ulcinj. Hinterland of the Cove accommodates a small settlement and beach in the Cove Masline is around

200 m long, and the average width of the beach is 20 m. The beach is a typical example of the so-called pocket beaches, which are created between two rocky bays. The beach is directly exposed to influences of waves coming from the west. The total area of the land that is the subject of valorisation is 20.471 m² and includes parts of cadastral parcels: 2876, 2877 and 4085.

PROPERTY RELATIONS: Owned by the State of Montenegro; there is burden "Coastal Zone". The respective land includes three structures owned by Bar Municipality.

PLANNING DOCUMENTS: Detailed elaboration of the location of the Cove Masline "Utjeha" has been completed within the Special Purpose Spatial Plan for the coastal zone. The detailed elaboration envisages construction of hotels, with 3185 m² ground floor, as well as villas with restaurants, villas, hospitality and other supporting service facilities of the total gross area of 15.085 m², i.e. a tourism settlement of the total gross area of 34.985 m².

3) Location between Njivice and the Sutorina mouth, Herceg Novi

PROJECT DESCRIPTION: The location what is the subject of the Tender includes 30.597 m² of land and 17.313 m² of aquatorium. The land is located south from the Sutorina River mouth, and north from the Njivice settlement. It is 5 km away from the centre of Igalo, by drive, and around 9 km away from the centre of Herceg Novi. The location is elaborated in detail within the Special Purpose Spatial Plan for the Coastal Zone and includes the area which borders: the beach on the location "Pećine" on the north, Njivice-Kobila-Prevlaka road on the west, Njivice settlement on the south and the sea coast on the east side. The land that is the subject of the Tender is registered in the real estate folio in the land register 1003, cadastral municipality Sutorina, Herceg Novi Municipality, as the property of the State of Montenegro and includes the following cadastral parcels:

- cadastral parcel 5827/2 - 99 m²,
- cadastral parcel 5828/9 - 5.008 m²,
- cadastral parcel 5828/10 - 13.510 m²,
- cadastral parcel 5828/11 - 1.759 m²,
- cadastral parcel 5828/12 - 2.561 m²,
- cadastral parcel 5828/13 - 95 m²,
- cadastral parcel 5828/14 - 283 m²,
- cadastral parcel 5828/16 - 219 m²,
- cadastral parcel 5828/17 - 578 m²,
- cadastral parcel 5828/18 - 778 m²,
- cadastral parcel 5828/19 - 363 m²,
- cadastral parcel 5829/2 - 834 m²,
- cadastral parcel 5829/3 - 546 m²,
- cadastral parcel 5829/4 - 309 m²,
- cadastral parcel 5829/5 - 50 m²,

- cadastral parcel 5829/6 - 728 m²,
- cadastral parcel 5829/7 - 25 m²,
- cadastral parcel 5829/8 - 73 m²,
- cadastral parcel 5829/9 - 114 m²,
- cadastral parcel 5829/10 - 562 m²,
- cadastral parcel 5829/11 - 114 m²,
- cadastral parcel 5829/12 - 344 m²,
- cadastral parcel 5829/13 - 1.537 m²,
- cadastral parcel 5829/14 - 38 m²; and
- cadastral parcel 5985/2 - 70 m².

PROPERTY RELATIONS: The land that is the subject of the valorisation is owned by the State of Montenegro; There are no burdens and restriction, except the burden "Coastal Zone". Subdivision of the land was performed in accordance with the planning document.

PLANNING DOCUMENTS: The Detailed Elaboration of the location between Njivice and the Sutorina mouth was completed under the Special Purpose Spatial Plan for the area of the Coastal Zone. The Plan envisages the following: construction of a hotel with around 1000 m² of business and common premises, an apartment block of around 7000 m² with 80 – 100 apartments, development of 5.000 m² of beach, a complex of business premises of 700 m², a yachting service of 300 m² and 1000 m² of garage area (2000 m² in total), construction of business-apartment facilities with the total of eight apartments and 300 m² of business premises (600 m² in total), in the mooring hinterland, and construction of mooring (40 berths in the hotel part and 15 berths for local vessels).

The State Study of Location for Sector 1 is under preparation and it will address the area Kobilja - Njivice - Sutorina mouth that includes the said location.

4) Location "Donja Arza", Herceg Novi

PROJECT DESCRIPTION: The location which is the subject of the Tender includes 94.681m² of land and 4.695,5 m² of aquatorium. The site is located in the vicinity of the Arza Fortress, the Austrian-Hungarian structure located on the island of the same name, and in the vicinity of the Žanjice Beach on the road to the Blue Cave. The land which is the subject of the Tender is registered in the real estate folio in the land register number 755, cadastral municipality Radovanići, Herceg Novi Municipality, as the property of the State of Montenegro, and includes cadastral parcels: 3230/12 of 93.330m² in size and 1850 of 1.351m² in size.

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

PLANNING DOCUMENTS: The location is elaborated in detail through the State Study of Location "Sector 34" - zone "C" and zone "F".

INVESTMENT VALUE: Estimated investment according to the State Study of Location Sector 34 in the projects included in this planning document, including this location, amounts to EUR 99,8 mil.

5) Location "Kabala for", Herceg Novi

PROJECT DESCRIPTION: Public Call would be structured so as to valorise the property at the location "Kabala for" through the long-term lease of the land owned by Montenegro, which would ensure a unique valorisation in order to provide a high-category hotel and a tourism complex.

PROPERTY RELATIONS: The land is owned by the State of Montenegro.

PLANNING DOCUMENTS: This location is defined by the Decision on adoption of the Study of Location Sector 32 (Official Gazette of Montenegro 71/09), part of facilities of the hotel and the tourism settlement "Kabala for".

6) The Project of tourism valorisation of the location "Mrkovi – Bijela Stijena", Luštica, Herceg Novi

PROJECT DESCRIPTION/ PLANNING DOCUMENTS: The site is located on the Luštica Peninsula, "Mrkovi - Bijela Stijena", Herceg Novi Municipality. A part of the land is located in the Coastal Zone. Also, the site is located in the immediate vicinity of the future mixed-use resort - a hotel complex which is, according to the Spatial Plan of Herceg Novi Municipality, planned for construction of a luxury hotel complex of 5* category. The mixed-use hotel resort which is planned in the immediate vicinity of the location is designed in the spirit of the development of the entire location and the surrounding of preserved nature and autochthonous characteristics of Luštica.

PROPERTY RELATIONS: The location that is the subject of the valorisation is recorded in Land register 242 - cadastral parcel 1563/2, cadastral municipalities Rose and Mrkovi, Herceg Novi; Land register 24 - cadastral parcel 1537/1, Land register 185 - cadastral parcel 1537/2 and Land register 24 - cadastral parcel 1529 and cadastral parcel 41, which are in the ownership of Montenegro, there is a burden "Coastal Zone".

INVESTMENT VALUE: estimated at around EUR 150 mil.

7) The Project of Tourist complex Ecolodge Lovćen – National Park Lovćen, Cetinje

PROJECT DESCRIPTION: site includes land that covers an area of 29.131 m² and includes the cadastral parcel number 6208 cadastral municipality Njeguši and part of cadastral parcel number 6381 cadastral municipality Njeguši in an attractive area of the National Park Lovćen, the grasp of spatial plan special the purpose of the Lovćen national park. The plot is located in the Centre of the National Park, Ivanova korita, not far from the local road connecting Cetinje with Boka Bay, near children's resorts and bungalows of the National Park.

PROPERTY RELATIONS: the location is in the ownership of Montenegro.

PLANNING DOCUMENTS: the plan objects to a temporary character in the area of the National Park "Lovćen" for the period 2017-2019 year envisions the construction of accommodation facilities of a specific type-30 the Treehouse capacity per unit 2 + 2 beds, expanding an existing object and its adaptation to the café bar with a terrace, souvenir shop and warehouse space for storage of equipment is used for the operation and conduct of business in the Park, and a set of synthetic Alpine walls and a playroom for children. In addition to the construction of the Ecolodge resorts, we also plan the reconstruction and adaptation of the ruiniranog mountain hut, which is in the grasp of Detailed elaboration lokaliteta Ivanova korita in the physical plan of the areas with specific purposes for the Lovćen national park (Official Gazette Of the republic of Montenegro", no. 19/97) and the Spatial plan for the specific purposes of the National Park Lovćen (" Official Gazette of Montenegro "No. 34/14).

INVESTMENT VALUE: the estimated value of the investment is approximately 1.65 million euros.

8) Ski Resort "Savin kuk", Žabljak

PROJECT DESCRIPTION: The location Savin Kuk includes the zone of the existing ski resort Savin Kuk with the immediate surroundings. In addition to skiing facilities, planning documents envisage construction of new tourism facilities at the location of the existing ski resort, together with reconstruction and adaptation of commercial facilities and services. The location is planned as a high-category destination with quality offer intended primarily to visitors practicing

sports. Reconstruction of the entire existing skiing infrastructure is planned, which implies construction of new ski terrains and tracks and installation of new ski lifts. The immediate vicinity of the location is planned for setting up snowmobile and sledging terrains, with all supporting services. Valorisation of this location is planned through long-term lease.

PROPERTY RELATIONS: Property of the State of Montenegro and the "Tourist Centre Durmitor" Ltd. Žabljak – state-owned company established and owned, with 100% capital, by the Investment and Development Fund of Montenegro JSC Podgorica.

PLANNING DOCUMENTS: The location is included in the detailed elaboration of Savin Kuk within the Special Purpose Spatial Plan for the Durmitor Region. Defined purpose – tourism.

INVESTMENT VALUE: approx. EUR 80 mil.

9) Tourism valorisation of the locations included in the Special Purpose Spatial Plan "Bjelasica and Komovi" – Cmiljača and Žarski

PROJECT DESCRIPTION: The zone of the base settlement Cmiljača is located in the northern part of the territory of Bjelasica, in the territory of Bijelo Polje Municipality, in the north-east part of the zone of the Mountain Centre Žarski at 1.620 m.a.s.l., north from ski terrains, and it extends over 7.5 ha. Access to the base settlement is organized from the east, from the direction of Bijelo Polje, and is connected with the ski plateau of the base settlement Žarski which is located between mountain tops Mušnica and Govedarica.

The concept of organization of the base settlement of the Mountain Centre - base settlement Cmiljača should ensure accommodation capacities for tourists in the vicinity of ski lifts and tracks of the ski area Žarski. Cmiljača will be used as an additional accommodation capacity during winter months and the main capacity of summer tourist destination. The commercial zone is located in the base settlement Žarski. A road connection to Žarski is planned on the route of the existing unpaved road to connect base settlements Žarski and Cmiljača. The concept of the zone of ski tracks is such that it represents an integrated network.

PROPERTY RELATIONS: The locations of Cmiljaca and Žarska are mostly owned by Montenegro, while in smaller part they are privately owned (natural persons).

PLANNING DOCUMENTS: The location is elaborated in detail by the Special Purpose Spatial Plan Bjelasica and Komovi and by the Detailed Elaboration of the location Cmiljača (Official Gazette of Montenegro 4/11). The base settlement of the Mountain Centre Cmiljača includes a zone with 4 hotels and 22 bungalows and starting points of ski lifts with the total of 1995 beds. A network of pedestrian paths is planned within the base settlement, which connects all facilities of the settlements and allows natural mobility of users while complying with the configuration of the terrain. The zone of ski tracks is interpolated into the zone of the base settlement so as to ensure ideal accessibility to skiers.

INVESTMENT VALUE: Investment value of EUR 41 mil.

Launching of public calls for these locations/companies will also depend of the dynamics of preparation of tender documents, implementation of previously launched public calls, priorities to be defined by the Council, and interest expressed by potential investors.

The list of all locations/companies is contained in Annex 3 which is an integral part of this Plan.

3. SALE OF SHARES AT THE STOCK EXCHANGE

On the basis of the proposal of the Government of Montenegro, Pension and Disability Fund of Montenegro, Employment Agency of Montenegro and Investment and Development Fund of Montenegro, shares of the following companies will be offered for sale through the stock exchange:

1. Papir JSC Podgorica;
2. "Agrotransport" JSC – Podgorica;
3. HTE "Berane" JSC – Berane;
4. "Dekor" JSC – Rožaje;
5. "Metal produkt" JSC – Podgorica;
6. "Montenegroturist" JSC – Budva;
7. "Crnagoracoop" JSC – Danilovgrad.

1. "PAPIR" JSC - PODGORICA

"Papir" JSC - Podgorica is a joint stock company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 4-0003382/4, with the total registered capital in the nominal amount of EUR 378.356,08 divided into 14.800 shares. Nominal value of each share amounts to EUR 25,5646. The Company's core activity is non-specialized wholesale, code 4690. Identification number of the Company is 02017083. The subject of the sale is 23,9865% of share capital of "Papir" JSC – Podgorica which is owned by the Employment Agency of Montenegro, which represents 6,0135% of share capital (890 shares) and the Pension and Disability Insurance Fund of Montenegro 17,9730% (2.660 shares). Shares of this Company were not subject of trade through stock exchange in 2017.

2. "AGROTRANSPORT" JSC – PODGORICA

"Agrotransport" JSC – Podgorica is a joint stock company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 4-0006912/4, with the total registered capital in the nominal amount of EUR 1.867.216,47 divided into 36.519 shares. Nominal value of each share amounts to EUR 51,1300. The Company's core activity is freight transport by road, code 4941. Identification number of the Company is 02026341. The subject of sale is 52,4139% of share capital owned by the Investment and Development Fund of Montenegro 44,9246% (16.406 shares) and the Employment Agency of Montenegro 7,4893% (2.735 shares). Shares of this Company were not subject of trade through stock exchange in 2017.

3. HTE "BERANE" JSC - BERANE

HTE "Berane" JSC - Berane is a joint stock company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 4-0000804/5, with the total registered capital in the nominal amount of EUR 5.176.815,02 divided into 267.800 shares. Nominal value of each share amounts to EUR 19,3309. The Company's core activity is hotel and similar accommodation, code 5510. The identification number of the Company is 02009030. The subject of sale is 15,3544% (41.119) of share capital owned by the Investment and Development Fund of Montenegro. Shares of this Company were not subject of trade through stock exchange in 2017.

4. "DEKOR" JSC - ROŽAJE

"Dekor" JSC - Rožaje is a joint stock company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 4-0005313/10, with the total registered capital in the nominal amount of EUR 4.647.837,4332 divided into 681.781 shares. Nominal value of each share amounts to EUR 6,8172. The Company's core activity is production of other paper and cardboard products, code 1729. The identification number of the Company is 02028565. The subject of sale is the total of 22,5948%, of which 16,9461% of share capital of JSC "Dekor" - Rožaje expressed through 115.535 shares is owned by the Pension and Disability Insurance Fund of Montenegro, and 5,6487% of share capital expressed through 38.512 shares is owned by the Employment Agency of Montenegro. Shares of this Company were not subject of trade through stock exchange in 2017.

5. "METAL PRODUKT" JSC - PODGORICA

"Metal produkt" JSC - Podgorica is a joint stock company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 4-0006874/9, with the total registered capital in the nominal amount of EUR 380.016,30 divided into 20.175 shares. Nominal value of each share amounts to EUR 18,8360. The Company's core activity is repair of household appliances and home and garden equipment, code 9522. The identification number of the Company is 02091747. The subject of sale is 8,3724% of share capital, of which the Employment Agency of Montenegro owns 6,1717% (1.335 shares) and

the Pension and Disability Insurance Fund of Montenegro owns 2,2007% (444 shares). Shares of this Company were not subject of trade through stock exchange in 2017.

6. "MONTENEGROTURIST" JSC – BUDVA

"Montenegroturist" JSC – Budva is a joint stock company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 4-0005882/19, with the total registered capital in the nominal amount of EUR 2.062.059,21 divided into 524.697 shares. Nominal value of each share amounts to EUR 3,9300. The Company's core activity is the activity of tour-operators, code 7912. The identification number of the Company is 02005379. The subject of sale is 29,6706% of share capital of "Montenegroturist" JSC - Budva, of which the Employment Agency of Montenegro owns 7,4176% (38.920 shares) and the Pension and Disability Insurance Fund of Montenegro owns 22,2530% (116.761 shares). Shares of this Company were not subject of trade through stock exchange in 2017.

7. "CRNAGORACOOP" JSC - DANILOVGRAD

"Crnagoracoop" JSC - Danilovgrad is a joint stock company incorporated and operating under the laws of Montenegro, registered in the Central Register of Business Entities under the registration number 4000326. The Company's core activity is processing of tea and coffee, code 1083. The identification number of the Company is 02000326. The subject of sale is 10,6294% of share capital of "Crnagoracoop" JSC - Danilovgrad expressed through 54,651 shares owned by the Investment and Development Fund of Montenegro. Current market price of shares is EUR 0.2000.

The companies to be privatised by sale through stock exchange are listed in Annex 2 which is an integral part of this Plan.

The sale of shares of the companies listed in Annex 2 of this Plan, whose starting price (nominal price of shares) has been reduced by 95% due to stock price fluctuations, can be offered under different conditions through auction stock exchange with prior consent of the Privatisation and Capital Investment Council, in accordance with the sale of package of shares (sale of the total number of shares to a single buyer) as defined by the Rules of Montenegroberza. The sale of shares will be stopped for the companies that introduce bankruptcy during the year.

4. SALE OF SHARES AND PROPERTY BY PUBLIC AUCTION

Parts of property, shares, i.e. stakes in companies will be sold by public auction on the grounds of prior decisions of owners.

For companies where the State or State Funds are the majority owners, the Privatisation and Capital Investment Council will approve the decision to sell the property whose values exceeds EUR 50.000.

5. COMPANIES OR PROPERTY NOT INCLUDED IN THE PLAN

If a company or property is not included in this Plan, or if there is a need to change methods and manners of privatisation, the Council will decide on the method and principle of privatisation in accordance with the Law on Privatisation of Economy.

The Privatisation Plan may be complemented on the basis of a proposal of the project for valorisation of a specific location by competent ministries, on the initiative of a potential investor, as well as on the proposal of the owner of a part of the share capital in the companies listed in Annex 2 of this Plan.

IV. SOCIAL ASPECTS OF PRIVATISATION

It is necessary to include settlement of social issues as a contractual obligation when privatising companies through public tenders and ensure 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 methods and manners of privatisation, with the exception of the sale through stock exchange.

Companies/property to be privatised through public tenders

No.	Company	% of capital to be privatised	Structure of the capital to be privatised					
			State	PDI Fund	Employment Agency	Investment and Development Fund	Compensation Fund	Health Insurance Fund
1	Institute "Dr. Simo Milošević" JSC - Igalo (sale of shares and/or capital increase)	56,4806%	19,1936%		3,4102%	23,6461%		10,2307%
2	HG "Budva Riviera" JSC Budva (sale of shares)	58,7334%	41,6353%	12,8236%	4,2745%			

Annex 2

Companies to be privatised through stock exchange sale

No.	Company	% of capital to be privatised	Structure of the capital to be privatised			
			State	PDI Fund	Employment Agency	Investment and Development Fund
1	"Papir" JSC, Podgorica	23,9865%		17,9730%	6,0135%	
2	"Agrotransport" JSC, Podgorica	52,4139%			7,4893%	44,9246%
3	HTP "Berane" JSC, Berane	15,3544%				15,3544%
4	"Dekor" JSC, Rožaje	22,5948%		16,9461%	5,6487%	
6	"Metalprodukt" JSC, Podgorica	8,3724%		2,2007%	6,1717%	
7	"Montenegroturist" JSC, Budva	29,6706%		22,2530%	7,4176%	
8	"Crnogoracoop" JSC, Danilovgrad	10,6294%				10,6294%

Annex 3

Locations/companies to be valorised through public-private partnership

I	List of locations	Expected income from lease in EUR	Expected investment in EUR
1	MTC "Mediteran", Žabljak	422.715	5.006 mill.
2	Kolašin 1600 "Bjelasica and Komovi", Kolašin Municipality	2.447,100	77.32
3	Ada Bojana, Ulcinj Municipality - tourism valorisation through development, construction, financing and management of exclusive tourist complex and long-term lease of the Ada Island	/	/
4	Masline Valley - Odrač Bay, Bušat, Bar Municipality	/	/
5	The location between Njivice at the Sutarina mouth in Herceg Novi Municipality	/	/
6	Location "Donja Arza", Herceg Novi	/	/
7	Location "Kabala for", Herceg Novi Municipality	/	/
8	Project of tourism valorisation of the location "Mrkovi – Bijela Stijena", Luštica, Herceg Novi Municipality;	/	150
9	The Project of Tourist complex Ecolodge Lovćen – National Park Lovćen, Cetinje	1.65	/

10	Ski Resort "Savin kuk" Žabljak Municipality	/	80
11	Tourism valorisation of the locations included in the Special Purpose Spatial Plan "Bjelasica and Komovi" – Cmiljača and Žarski, municipalities of Mojkovac and Bijelo Polje	/	41

Note: Expected income from lease and investments has been estimated on the basis of data contained in planning documents. The value of investments and the amount of lease for the locations for which there are no data will be known after contracting a specialized institution to do the estimation, as well as on the basis of decisions taken by the Tender Commission in the process of calling the public calls

