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**2019Q2**





Business opportunities in SEE



**SEE Market Snippets - 2019Q2**

SELA - South East Legal Alliance  
June 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).

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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 are in the energy sector as Bosnia has large potential for hydro energy and coal power plants.

**For more information on the Bulgarian market  
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The European Investment Bank (EIB) plans to more than double its investments in Bulgaria in 2019 - to 250 million euro (\$283 million euro), keeping its focus on infrastructure and support for small and medium-sized enterprises (SMEs). In 2018, the EIB provided 103 million euro of financing for Bulgaria, including a 22-million-euro loan to the Sofia municipality for expansion of the city's underground railway network and 67 million euro for a new combined heat and power (CHP) plant running on refuse-derived fuel.

The EIB will continue to actively support SMEs and midcaps in Bulgaria, working closely with the local units of lenders like Raiffeisen Bank and Piraeus Bank. Earlier the bank signed a 20-million-euro credit line with Raiffeisen Leasing to back investments in SMEs. The loan agreement, representing the second tranche of a 50 million euro loan, will finance projects by some 300 SMEs, supporting at least 8,000 jobs.





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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. Fitch Ratings have raised Croatia`s Long-Term Foreign-Currency Issuer Default Rating from BB+ to BBB-, with Positive Outlook, which moved Croatia`s rating to investment grade.

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.


**For more information on the North Macedonian market please contact**

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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.





**For more information on the Montenegrin market please contact**

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Aspiring to join the EU by 2020, 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.

As part of its 2020 EU strategy, Montenegro has undertaken to update several pieces of legislation, the Law on Prevention of Corruption, the Law on Prevention of Money Laundering and Financing of Terrorism, the Company Law and the Labour Law. Since January 2019 several new pieces of legislation were adopted, such as the Law on Mediation in Employment and Rights during Unemployment, the Law on Enforcement and Securing of Claims the Law on Administrative Fees, the Law on Utility Fees, and the Law on Cosmetic Products.

**For more information on the Serbian market please contact**

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Serbia has been ranked 48th in the World Bank's Doing Business Report 2019. Serbia made dealing with construction permits faster by introducing an electronic application system, which placed her at the 11th place when it comes to ranking regarding dealing with construction permits.

As of 2019 Serbia has adopted and amended several important pieces of legislation. The Law on the Procedure of Registration with the Serbian Business Registers Agency was amended and supplemented in order to be aligned with the provisions of the Stabilization and Association Agreement (SAA), the Law on Foreigners and the Law on Employment of Foreigners were amended in order to speed up and simplify the procedures and to make business, employment, and investments in Serbia more attractive to foreigners. Further, the amendments to the Law on Planning and Construction additionally facilitate the process of obtaining a building permit for certain categories of facilities.

In the relevant period Serbia has adopted a completely new Law on Health Insurance, new law regarding conversion of the loans indexed in Swiss francs, and the Law on Prevention of Corruption. Also, several other important pieces of legislation were amended such as the Law on Amendments to the Law on Security Rights on Movable Property Entered in the Register and the Criminal Law.

**For more information on the Slovenian market please contact**

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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), which is a limited liability public company owned entirely by the Republic of Slovenia. In January 2017, the government of Slovenia approved a privatization plan for 2017, which includes the sale of two wholly state-owned banks – Abanka and Slovenia's largest bank Nova Ljubljanska Banka (NLB) – NLB is now already in private hands. 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 with the task of facilitating the restructuring of banks deemed to have systemic importance and who were facing severe solvency and liquidity

problems. Its core activity is to restructure NPLs and to sell them. Because BAMC is set up as a project company, 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 slowdown will mainly be driven by lower export growth, which will remain high, but will be slightly lower than last year due to the slowdown in the growth of foreign demand. Investment activity will also remain high; growth rates will only be slightly lower than last year. Furthermore, private and state consumption will increase.

The real estate market continues to flourish. Prices are still rising and will continue to rise for some time. Slovenia has been ranked 40th in the World Bank's Doing Business Report 2019.





# POTENT DEALS

By Industry

**TRIAL**

**Q2**

# MERGERS & ACQUISITIONS



## PRIVATIZATION OF BH TELECOM

**Market/jurisdiction:** Bosnia & Herzegovina  
**Sector:** Telecommunications  
**Deal Category:** Privatization

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.

## INVESTMENT INTEREST IN BULGARIAN BANKS

**Market/jurisdiction:** Bulgaria  
**Sector:** Banking  
**Deal Category:** M&A

Austria's Raiffeisen Bank International AG, the third-biggest bank in eastern Europe, announced investment interest in Bulgaria as a part of its expansion strategy in the region. Most likely targets would be Allianz Bank Bulgaria and ProCredit Bank which portfolio would improve the market share of Raiffeisen Bulgaria.

## SALE OF INVESTBANK AND FIRST INVESTMENT BANK

**Market/jurisdiction:** Bulgaria  
**Sector:** Banking  
**Deal Category:** M&A

There are rumors on the market that the Bulgarian Investbank and First Investment Bank are for sale. The information follows the general trend for consolidation in the banking sector after the acquisition of Societe Generale Expressbank by DSK Bank, the sale of Piraeus Bank Bulgaria to Eurobank Bulgaria and the integration between United Bulgarian Bank and CIBANK was completed.

## MONBAT IS LOOKING FOR INVESTOR IN OCTA LIGHT BULGARIA

**Market/jurisdiction:** Bulgaria  
**Sector:** Manufacturing  
**Deal Category:** M&A

Monbat is one of the leading European batteries producers with more than 60 years of history. Monbat AD and its subsidiaries ("The Group") have 3 main business segments: Lead-acid batteries, Recycling division and Lithium Ion solutions. The ultimate owner of the Group is Prista Oil Group B.V. (the Netherlands). The Group has recycling facilities in Bulgaria, Romania, Serbia and Italy.

The Group is looking for an investor to acquire part of its led lightning business segment,

namely Octa Light Bulgaria EAD by acquiring 49% stake from its current owner Octagon International OOD. The Group, together with Octagon and the management of Octa Light as well as through several external financial consultants, is in active search for an investor and the assessment of the Group's management is that such interested investor should be found within a reasonable timeframe.

#### **NATIONAL BANK OF GREECE SELLS MACEDONIAN SUBSIDIARY**

**Market/jurisdiction:** North Macedonia  
**Sector:** Banking & Finance  
**Deal Category:** M&A

Greece (NBG) is in serious talks to sell their North Macedonia subsidiary Stopanska Banka Skopje (SBS) and have started a tender process. Credit Suisse has been selected as the financial advisor in the selling process, which is expected to be completed by year-end. NBG owns 94.6% of SBS and the remaining shares are held by smaller shareholders. It was reported that a leading Belgium bank is interested in acquiring a majority stake in SBS.

The bank was not named, however Belgian-based KBC Group completed the acquisition of United Bulgarian Bank (UBB), which makes them a good candidate. The process has been on hold.

#### **NLB TUTUNSKA BANKA AD SKOPJE**

**Market/jurisdiction:** North Macedonia  
**Sector:** Banking  
**Deal Category:** M&A

There is an ongoing rumor that the Government of Slovenia is looking to sell their shares in NLB Group. NLB Tutunska banka AD – Skopje is the third largest Bank in North Macedonia.

#### **DEUTSCHE TELEKOM TO SELL NORTH MACEDONIAN SUBSIDIARY MAKEDONSKI TELEKOM**

**Market/jurisdiction:** North Macedonia  
**Sector:** Telecommunications  
**Deal Category:** Rumor

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.

## PRIVATIZATION OF TEC NEGOTINO

**Market/jurisdiction:** North Macedonia

**Sector:** Energy

**Deal Category:** M&A

There is a rumor for privatization of TEC Negotino which will include PPP or concession. 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.

## PRIVATIZATION OF KOMERCIJALNA BANKA

**Market/jurisdiction:** Serbia

**Deal value (in EUR):** cca EUR 4395 million

**Sector:** Banking

**Deal Category:** M&A

On 31 May 2019 The Ministry of Finance announced the Public Invitation for collection of expression of interest for participation in the tender process for the sale of shares in Komercijalna Banka. The government is the largest shareholder of the bank, with 41.7% of ownership, followed by the EBRD (24.4%), IFC (10.1%), DEG from Germany and Swedfund from Sweden. A consortium led by Lazard Freres and composed by KPMG and PricewaterhouseCoopers & Partners has been retained to act as the advisor to the Ministry.

Interested persons fulfilling qualification conditions for participation in the tender are invited to submit to the Ministry the Expression of Interest by 3:30 p.m. local time on 21 June 2019 at the latest.

After having received the Expressions of Interest, the Ministry shall decide on the type of the tender process. Those who satisfy the qualification conditions shall be informed so in writing, and shall be invited to:

- Purchase the tender documents;
- Sign the appropriate Confidentiality Agreement, and
- Pay the deposit for participation in the tender sale in the amount which shall be set by the Ministry.

As a reminder, the EBRD entered the ownership structure of Komercijalna Banka in 2006 with a capital increase of EUR 70 million, and the privatization was planned for 2009, but the economic crisis stopped the sale. After that, the EBRD made another capital increase of EUR 50 million, and the IFC also acquired a stake with EUR 40 million, as did Germany's DEG with EUR 20 million and SwedFund with EUR 10 million. The state obliged to make another capital increase of EUR 110 million, so as to not lose its stake.

Today, Komercijalna Banka has 202 branch offices in Serbia, with 2,700 employees, as well as banks in Republika Srpska and Montenegro.



## SALE OF ADDIKO BANK IN 2019

**Market/jurisdiction:** Serbia

**Sector:** Banking

**Deal Category:** M&A

Addiko Bank is an international financial Group headquartered in Austria. Operating through six banks across its core business markets in Croatia, Slovenia, Bosnia and Herzegovina, Serbia and Montenegro efficiently providing clear and direct quality services for over 1.1 million clients. Addiko Bank is owned by private equity group Advent International – 80% (one of the largest and most experienced global private equity firms) and EBRD – 20%

Advent is starting preparations for an initial public offering (IPO) or sale of its Vienna-based bank Addiko (which emerged from the collapse of Hypo Alpe Adria Bank).

Investment banks Goldman Sachs and Citi are working with Advent on an exit process. The buyout group will primarily focus on IPO which could take place in 2019.

Addiko has a book value of around EUR 850 million. While a potential valuation is unclear, European peers trade at an average of 0.85 times book value.

## 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

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:

1. all shares and/or all assets in HARSI, TCK, and TCV and
2. 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.

Expression of interest to participate were collected by Deloitte until 14 December 2018, 12 noon (CET).

The sales process is still in progress.

## SALE OF ABANKA D.D.

**Market/jurisdiction:** Slovenia

**Sector:** Banking

**Deal Category:** Privatization

In 2015, Abanka Vipava and Banka Celje merged, creating Slovenia's second largest bank – ABANKA d.d. The two banks had a combined market share by assets of about 12%.

The merger was in line with the European Commission's state aid clearance, which stipulated that the bank, which were bailed out and nationalized in the previous year, must be merged and privatized by mid-2019.

SSH initiated procedures for the sale of 100% ownership share in the bank in accordance with commitment to the European Commission.

Slovenia has until the end of June time to fulfill the promise of ABANKA's sale given to the European Commission in exchange for granting state aid to the bank in the context of a comprehensive rehabilitation at the end of 2013 and early 2014.

According to unofficial information the bids were submitted and increased by three banks by the end of April, namely NKBM, OTP and AIK.

## SALE OF ISTRABENZ TURIZEM D.D.

**Market/jurisdiction:** Slovenia

**Sector:** Leisure

**Deal Category:** M&A

With the transfer of assets in 2014 from Slovenian banks BAMC became a major creditor of the company Istrabenz Turizem d.d., a Slovenian hotel services provider engaged in hotel, congress, spa and wellness activities. Istrabenz Turizem d.d. owns 6 hotels on the Slovenian coast, namely Grand, Riviera, Slovenija, Apollo, Mirna in Neptun with total of 700 rooms. Their value is ca. EUR 60 million.

On 14 February 2019 the government as the Management Board of the BAMC decided to suspend the sale of shares of Istrabenz Turizem d.d. According to government decision BAMC must establish a dedicated company, to which it will transfer the acquired shares of Istrabenz Turizem d.d. After the establishment of a dedicated company, they will seek the buyer either through procedures for public sale or for the recapitalization of this company.

## TAB D.D. SEEKING STRATEGIC PARTNER

**Market/jurisdiction:** Slovenia

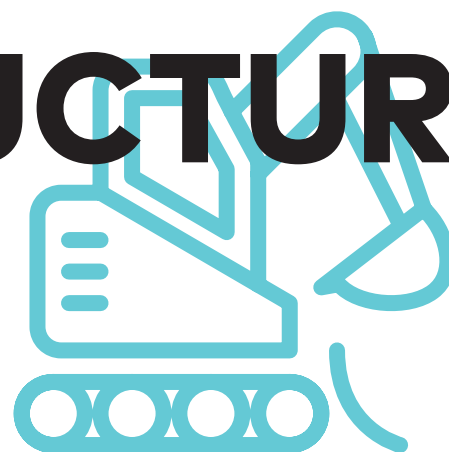
**Sector:** Industry

**Deal Category:** Investment

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.

# INFRASTRUCTURE



## EXPECTED TENDER FOR NEW CONCESSION FOR THE VLORA INTERNATIONAL AIRPORT

**Market/jurisdiction:** Albania  
**Sector:** Transport Infrastructure  
**Deal Category:** Project

It has been announced that the Albanian government will published an international tender for award of a concession project for the construction, maintenance and operation of a new international airport in Vlora, to boost the developing southern tourism of the southern Albania Riviera.

## TURKSTREAM GAS PIPELINE

**Market/jurisdiction:** Bosnia & Herzgovina  
**Sector:** Infrastructure – Gas  
**Deal Category:** Investment

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

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.

## HEMUS MOTORWAY

**Market/jurisdiction:** Bulgaria  
**Sector:** Transport Infrastructure – Roads  
**Deal Category:** Public Procurement Procedure

With a total planned length of 433 km, Hemus motorway will connect Sofia with coastal Varna.

Two new sections of the highway are currently actively working and by the end of the year it is expected that a new public procurement procedure will be announced for two more segments - from the Boaza junction to Pleven and to Lovech districts with a length of 52 km, and the remaining about 85 km to the connection with the Rousse-Veliko Tarnovo road.

It will be followed in the next months by another public procurement for the construction of additional 137 km of Hemus Motorway.

## CHERNO MORE (BLACK SEA) MOTORWAY

**Market/jurisdiction:** Bulgaria

**Sector:** Transport Infrastructure – Roads

**Deal Category:** PPP

The 103km motorway is planned to connect the major Bulgarian coastal cities Varna and Burgas. The project may not receive full financing under the OP Transport 2014-2020 programme and the Bulgarian Road Infrastructure Agency will probably look for public-private partnership to complete the project.

## BULGARIA – ROMANIA CROSS-BORDER INFRASTRUCTURE PROJECTS

**Market/jurisdiction:** Bulgaria

**Sector:** Transport Infrastructure – Roads

**Deal Category:** PPP

Bulgaria and Romania seek investors for big infrastructure projects:

1. Second bridge over the Danube river connecting the Bulgarian city of Rousse and the Romanian city of Giurgiu, with the aim to improve infrastructure connectivity in the region and attract more foreign investment. The construction of the new bridge is estimated to cost about €250 million;
2. Another bridge over the Danube river, between Nikopol and Turnu Magurele;

3. 200km motorway linking Romania's Black Sea port of Constanta with Varna and Burgas.

## RIJEKA AIRPORT MODERNIZATION AND DEVELOPMENT

**Market/jurisdiction:** Croatia

**Sector:** Transport Infrastructure – Aviation

**Deal Category:** Project

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.

## CONTAINER TERMINAL ZAGREB PIER

**Market/jurisdiction:** Croatia

**Sector:** Transport Infrastructure – Water

**Deal Category:** Project

The construction of a new container terminal at the Zagreb pier of the Port of Rijeka is planned as a joint investment project of the Port of Rijeka Authority and a future concessionaire to be selected in a public tender procedure.

The terminal will occupy an area of approximately 22 hectares and is conceived as a 680m long pier with the terminal 300m wide on average. Two construction stages are planned; the first includes the construction of a 400m long pier. The second phase will be the extension of the terminal to a total pier length of 680m, which will allow the terminal to achieve a throughput capacity of 500.000 TEU / year.

The financing arrangement to back up this project will be a combination of funds from the World Bank, EU funds and private investment from the future concessionaire.

## CORRIDOR VIII – RAILWAY CONSTRUCTION

**Market/jurisdiction:** North Macedonia

**Sector:** Transport Infrastructure – Railway

**Deal Category:** Project

The railway on Corridor VIII is the main highlight that will mark 2019 in North Macedonia, It is expected that this year there will be announcements of public calls for the last sections that will complete the railway connection along Corridor VIII:

- Kriva - Palanka – Bulgaria: It is 34 km in length. The preparation of the project documentation is in the final stage. The construction costs for this section are estimated between EUR 350 and 400 million
- Kičevo – Albanian border: It is 66km long. The construction will cost around EUR 550 million.

## CONSTRUCTION OF A NEW CLINIC CENTRE IN SKOPJE

**Market/jurisdiction:** North Macedonia

**Sector:** Health

**Deal Category:** Project

A new Skopje Clinic Centre will be built in the municipality of Gjorce Petrov. The public should be this year. 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.

## SKOPJE CITY HOSPITAL

**Market/jurisdiction:** North Macedonia

**Sector:** Health

**Deal Category:** Project

A new Skopje City Hospital will be built in the Aerodrom, a municipality in the City of Skopje, financed by the European Central Bank. The public call should happen in 2019.

## WASTEWATER TREATMENT PLANTS IN BITOLA AND TETOVO

**Market/jurisdiction:** North Macedonia

**Sector:** Environment

**Deal Category:** Project

In 2019, the Ministry of Finance should announce bids for construction of wastewater treatment plants in Bitola and Tetovo.

## PODGORICA AND TIVAT AIRPORT CONCESSION

**Market/jurisdiction:** Montenegro

**Sector:** Transport Infrastructure – Aviation

**Deal Category:** Project

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 served about 2 million passengers in 2018 and 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.

#### **INSTITUT DR SIMO MILOŠEVIĆ – AD IGALO TENDER**

**Market/jurisdiction:** Montenegro  
**Sector:** Social Infrastructure – Hospital  
**Deal Category:** Privatization

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.

#### **BELGRADE SUBWAY CONSTRUCTION PROJECT**

**Market/jurisdiction:** Serbia  
**Sector:** Transport Infrastructure – Subway  
**Deal Category:** Project

The Belgrade subway has been talked about for several decades, and the Government of Serbia has recently 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) - a state-owned company that provides investment and financing, planning design, engineering construction, equipment manufacturing and operation management for infrastructure projects. A contest for designing the subway stops is expected to be published in June. The most expensive item is the preparation of a feasibility study with a preliminary design which costs around EUR 7 million and it should be completed by the end of 2020.

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.



## TAB D.D. SEEKING STRATEGIC PARTNER

**Market/jurisdiction:** Slovenia

**Sector:** Industry

**Deal Category:** Investment

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# NATURAL RESOURCES



## TENDER FOR PROCUREMENT OF ELECTRONIC ENERGY METERS

**Market/jurisdiction:** Albania  
**Sector:** Energy  
**Deal Category:** Public Procurement

The distribution system operator of Albania has published a tender notice for the procurement of 1 and 3 phase electronic meters of electricity, to be installed with Albanian household customers. The value of the procurement is approximately EUR 1.6 Million, and the bid deadline has been set for 03/07/2019.

## TENDER FOR NEW TRANSMISSION LINE

**Market/jurisdiction:** Albania  
**Sector:** Energy  
**Deal Category:** Public Procurement

The transmission system operator of Albania has published a tender notice for the procurement of works for the construction of a new 220 kV line in Komsi-Shumat. The value of the procurement is approximately EUR 8.6 Million, and the bid deadline has been set for 10/07/2019.

## TENDER FOR ELECTRICITY SUBSTATION REFURBISHMENT

**Market/jurisdiction:** Albania  
**Sector:** Energy  
**Deal Category:** Public Procurement

The distribution system operator of Albania has published a tender notice for the procurement of works for reconstruction and improvement of 110/20 kV Kashar Substation near Tirana. The value of the procurement is approximately EUR 1 Million, and the bid deadline has been set for 12/07/2019.

## TENDER FOR WATER / SEWAGE SYSTEM IMPROVEMENT

**Market/jurisdiction:** Albania  
**Sector:** Utilities  
**Deal Category:** Public Procurement

The National Water and Sewage Agency has published a tender notice for the procurement of works for improvement of the sewage system in the coastal city of Vlora. The value of the procurement is approximately EUR 3.3 Million, and the bid deadline has been set for 09/07/2019.

## CONCESSION FOR HPPS PAUNCI AND FOČA

**Market/jurisdiction:** Bosnia & Herzegovina

**Sector:** Natural Resources – Water

**Deal Category:** Concession, PPP

The Government of the Republic of Srpska and Elektroprivreda Republike Srpske signed concession agreements for construction of HPP Paunci (43 MW) and HPP Foca (44 MW). Elektroprivreda Republike Srpske will form joint venture with Elektroprivreda Srbije for development of these HPPs.

## CEZ STARTED EXCLUSIVE TALKS WITH BULGARIA'S EUROHOLD ON SALE OF ITS LOCAL ASSETS

**Market/jurisdiction:** Bulgaria

**Sector:** Natural Resources – Gas

**Deal Category:** PPP

Bulgarian financial and insurance group Eurohold said it had been granted exclusivity for the acquisition of local assets of Czech energy company - CEZ. The company also confirmed the plans to pay for the acquisition with its own funds and with loans from banks located in Western Europe – three banks among of the world's Top 10 have been shortlisted.

In February 2018, CEZ announced it had selected local family owned firm Inercom as the buyer of its Bulgarian assets, which raised,

serious concerns about the Bulgarian assets, which raised serious concerns about the Bulgarian company's ability to fund and run the assets.

In July 2018, the competition watchdog CPC ruled that the highly controversial deal could not be completed as Inercom would gain excessive power on the photovoltaic electricity market. In April 2019, CEZ terminated its agreement with Inercom and cleared the way for talks with the new investor.

## PROJECT DRAVACEL – PULP AND PAPER PRODUCTION AND GEOTHERMAL ENERGY PRODUCTION

**Market/jurisdiction:** Croatia

**Sector:** Natural Resources

**Deal Category:** Thermal power

The project Dravacel envisages the construction of a pulp and paper production plant with a capacity of 185,000 tons per year and paper factory with a capacity of 440,000 tons per year, as well as the construction of a 10 MW geothermal power plant (cogeneration of electricity and heat production from geothermal energy) and construction of 15 MW bio power plant (cogeneration of electricity and heat production from biomass).

The project holder is looking for a potential strategic partner / investor to participate in the project. The planned investment in the

construction of the pulp and paper factory is EUR 223 million and EUR 90 million for the for the power plant.

#### CONSTRUCTION OF PHOTOVOLTAIC POWER PLANTS

**Market/jurisdiction:** North Macedonia

**Sector:** Energy

**Deal Category:** Project – Public call due date 21.08.2019

The first public call for construction of photovoltaic power plants was announced. The call is for construction of photovoltaic power plants on 11 parcels of state-owned land in the cities of Sveti Nikole and Makedonski Brod. The total capacity is 35 MWh: 25 MWh in Sveti Nikole and 10 MWh in Makedonski Brod. The public call due date is 21.08.2019.

#### MODERNIZATION OF THERMAL POWER PLANTS

**Market/jurisdiction:** North Macedonia

**Sector:** Energy

**Deal Category:** Project

It is expected that this year there will be announcements of tenders for modernization of the existing facilities from thermal power plant running on fossil fuels to Natural Gas Turbine Power Plant.

#### SECONDARY GAS DISTRIBUTION NETWORK IN SKOPJE

**Market/jurisdiction:** North Macedonia

**Sector:** Natural Resources

**Deal Category:** Project

It is expected that the Government together with the local authorities in the city of Skopje will give priority to the construction of a gas distribution network in Skopje. Most likely this will be by means of a public private partnership.

#### HYDRO POWER PLANT GALISTE – 185 TO 197 MW

**Market/jurisdiction:** North Macedonia

**Sector:** Natural Resources

**Deal Category:** Project

The Government will award a concession for the construction of the Galiste Hydro Power Plant on the Crna River. The hydro power plant will have an installed capacity of 185 to 197 MW. The investment is approximately EUR 200 million EUR.

It is expected that the tender will be announced by the end of the year.

## HYDRO POWER PLANT – CEBREN – 315 TO 333 MW

**Market/jurisdiction:** North Macedonia

**Sector:** Natural Resources

**Deal Category:** Project

The government will award a concession for the construction of the Čebren Hydro Power Plant on the Crna River. The hydro power plant will have an installed capacity of 315 to 333 MW. The investment is approximately EUR 320 million EUR.

It is expected that the tender will be announced by the end of the year.

## EPCG ACQUISITION

**Market/jurisdiction:** Montenegro

**Sector:** Electricity

**Deal Category:** M&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.

## THIRD DEVELOPMENT AXIS

**Market/jurisdiction:** Slovenia

**Sector:** Transport Infrastructure – Roads

**Deal Category:** Project

The term third development axis means a transport connection that will take place from north to south-eastern Slovenia (from the border with Austria to the border with Croatia). Two new state roads are also part of this connection.

Sources of financing for the construction have not yet been determined. A public company DARS d.d. (Motorway Company in the Republic of Slovenia) has only provided about EUR 400 of the required (roughly estimated) 800 million, the rest should be obtained through loans with a state guarantee. Therefore, adoption of an act on the state guarantee for borrowing to DARS d.d. will be crucial in this project.

# REAL ESTATE



## BLOCK 18 – THE NEW FINANCIAL DISTRICT IN BELGRADE

**Market/jurisdiction:** Serbia

**Sector:** Real Estate

**Deal Category:** Project

Russian investment fund Marera Properties is interested in building a business center across the Belgrade Waterfront, in Block 18 in New Belgrade. This is the last remaining undeveloped piece of land in the central city core, very attractive and with an amazing potential. Just like New York, Paris or Singapore, the City of Belgrade now has a chance to develop a modern financial and business district overlooking a river (the Sava River). Apart from Marera Properties, all other investors are welcome to take part in this project, as unofficially invited by the city representatives. Detailed regulation urban-planning document has recently been adopted and approved by the city authorities, covering 55.5 ha of the location, whereas the surface area of 15 ha is designated for the mixed-use and commercial development. Gross building area for residential buildings is in total 250,000 m<sup>2</sup>, whereas additional 250,000 m<sup>2</sup> is allowed for the commercial buildings and 54,000 m<sup>2</sup> is for the state administration.

## CONSTRUCTION OF SERBIAN-CHINESE INDUSTRIAL PARK

**Market/jurisdiction:** Serbia

**Sector:** Real Estate

**Deal Category:** Project

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 construction of the Chinese industrial park in Belgrade should begin in mid-2019, and the first effects will become apparent in late 2019. In the first phase alone, the industrial park will bring Serbia USD 2.6 billion in direct investments. The industrial park will be the first such project in Europe and a model for industrial parks in other countries.

In the first phase, most companies will be production companies, especially those in the food processing sector, but there will also be logistics companies, whereas, in the second and the third phase, there will also be companies from other fields. The industrial park will spread across an area of 320 hectares and will attract about 1,000 Chinese companies, opening some 10,000 jobs.



# LEISURE



## PROJECT 3 SISTERS – CROATIAN DREAM DUBROVNIK

**Market/jurisdiction:** Croatia

**Sector:** Leisure

**Deal Category:** Project

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 m<sup>2</sup>) 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

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.



## CONSTRUCTION OF FIVE-STAR HOTEL "MIA BUDVA"

**Market/jurisdiction:** Montenegro

**Sector:** Leisure

**Deal Category:** Construction

The Municipality of Budva gave the green light to the Turkish company Mia investments to build a five-star hotel "Mia Budva" on the land plot located in the exclusive zone, only 20 meters from the sea. On the other hand, the Turkish company, through the protocol on donation, committed to build and donate the kindergarten to the city within two years from the beginning of the construction of the hotel.

According to the Montenegrin media the preliminary project submitted by the Turkish company envisaged that the future five-star hotel will have two underground floors, ground floor and 15 floors. This would be the largest investment of Turkish investors in the Montenegrin hotel business.

## PRIVATIZATION OF HOTEL GROUP BUDVANSKA RIVIJERA AD BUDVA

**Market/jurisdiction:** Montenegro

**Sector:** Leisure

**Deal Category:** PPP

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.

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The information contained in this brochure is provided for informational purposes only, and should not be construed as legal advice on any subject matter.

## **Albania**

**Hoxha, Memi & Hoxha**

[www.hmh.al](http://www.hmh.al)

## **Bosnia and Herzegovina**

**Dimitrijević & Partners**

[www.dimitrijevicpartners.com](http://www.dimitrijevicpartners.com)

## **Bulgaria**

**Dimitrov, Petrov & Co.**

[www.dpc.bg](http://www.dpc.bg)

## **Croatia**

**Žurić i Partneri**

[www.zuric-i-partneri.hr](http://www.zuric-i-partneri.hr)

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[www.businesslaw.mk](http://www.businesslaw.mk)

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**Bojović, Drašković, Popović & Partners**

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[www.k-p.si](http://www.k-p.si)

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